tullett prebon

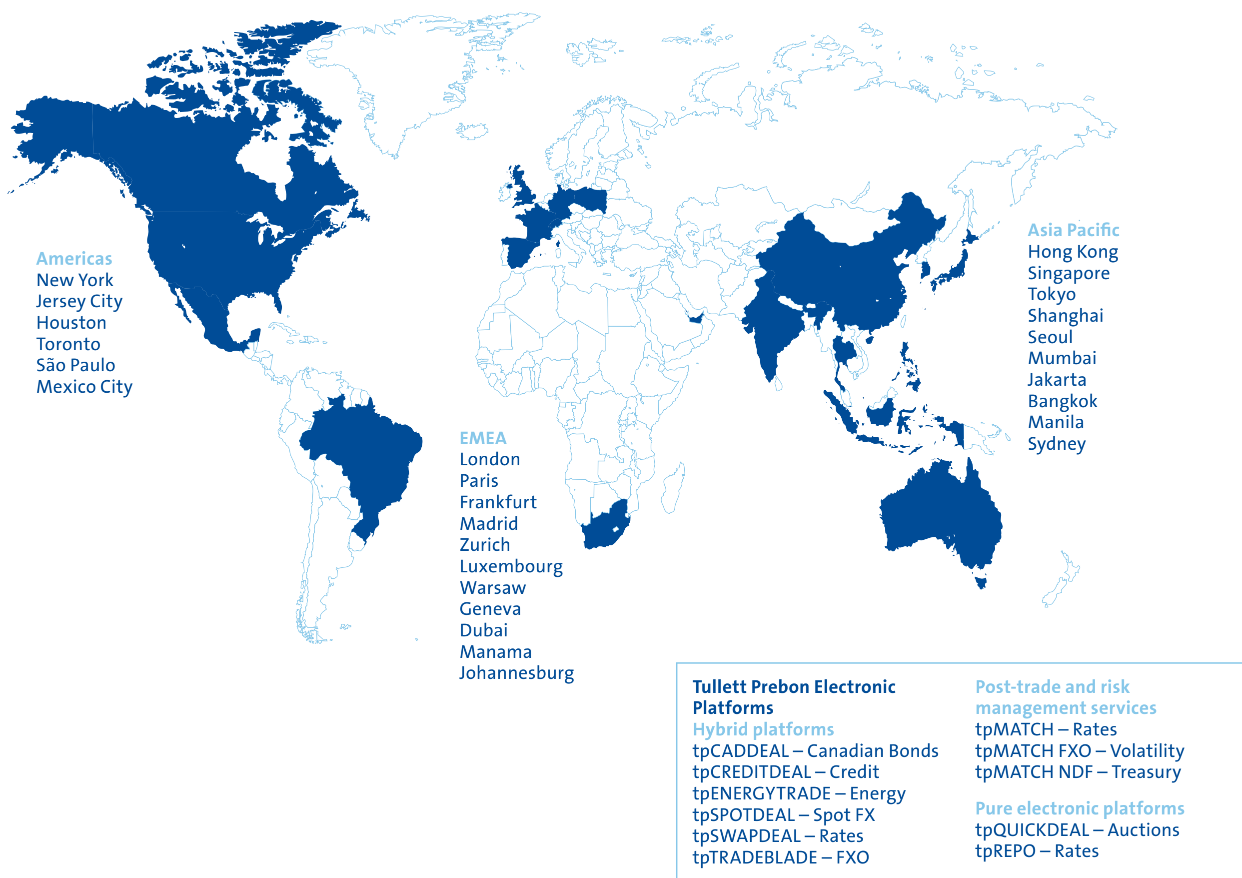
Tullett Prebon's global presence

Tullett Prebon is one of the world's largest interdealer brokers, and acts as an intermediary in the world's major wholesale over-the-counter and exchange traded financial and commodity markets, facilitating the trading activities of its clients, in particular commercial and investment banks.

The business covers five major product groups: Fixed Income Securities and their derivatives; Interest Rate Derivatives, Treasury Products, Equities and Energy. The business brokers the products on a Name Passing basis (where all counterparties to a transaction settle directly with each other), a Matched Principal basis (where the business is counterparty to both sides of a matching trade), or an Executing Broker basis (where the business executes transactions on certain regulated exchanges in accordance with client orders and then 'gives-up' the trade to the client). Tullett Prebon does not take any proprietary positions.

Tullett Prebon's business is conducted through voice broking, where brokers, supported by proprietary screens displaying historical data, analytics and real-time prices, discover price and liquidity for their clients; and through electronic platforms, which complement and support the voice broking capability.

Tullett Prebon also has an established information sales business, Tullett Prebon Information, which collects, cleanses, collates and distributes real-time information to data providers, and a Risk Management Services business, which provides clients with post-trade, multi-product matching services.



Tullett Prebon Electronic Platforms

Hybrid platforms
tpCADDEAL – Canadian Bonds
tpCREDITDEAL – Credit
tpENERGYTRADE – Energy
tpSPOTDEAL – Spot FX
tpSWAPDEAL – Rates
tpTRADEBLADE – FXO

Post-trade and risk management services
tpMATCH – Rates
tpMATCH FXO – Volatility
tpMATCH NDF – Treasury

Pure electronic platforms
tpQUICKDEAL – Auctions
tpREPO – Rates

Financial highlights

Underlying

Revenue
£803.7m

2012: £850.8m

Operating profit
£115.4m

2012: £125.5m

Operating margin
14.4%

2012: 14.8%

Profit before tax
£99.6m

2012: £111.3m

Basic EPS
36.0p

2012: 39.5p

Reported, after exceptional items

Profit before tax
£84.4m

2012: Loss before tax £38.1m

Basic EPS
30.1p

2012: Basic loss per share 28.1p

Dividend
16.85p

2012: 16.85p

In order to give clarity to the operating performance of the business, the results are presented showing charges relating to exceptional items separately from the underlying results. A table showing Underlying and Reported figures for each year is included in the Financial Review on page 11.

Contents

Strategic Report
2 Chairman's Statement
3 Objective, Strategy, Business Model and Risk Profile, Trends and Factors likely to affect the Company
5 Overview
8 Operating Review
10 Litigation
11 Financial Review
13 Risk Management
19 Corporate Social Responsibility

Governance
21 Board of Directors
22 Directors' Report
25 Corporate Governance Report
32 Report on Directors' Remuneration
44 Statement of Directors' Responsibilities

Financial Statements
Group
45 Independent Auditor's Report to the Members of Tullett Prebon plc
49 Consolidated Income Statement
50 Consolidated Statement of Comprehensive Income
51 Consolidated Balance Sheet
52 Consolidated Statement of Changes in Equity
53 Consolidated Cash Flow Statement
54 Notes to the Consolidated Financial Statements

Company
95 Company Balance Sheet
96 Notes to the Financial Statements

Shareholder Information
99 Shareholder Information

This Annual Report has been prepared for, and only for, the members of the Company as a body, and no other persons. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and such responsibility is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty since future events and circumstances can 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 and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Strategic Report

CHAIRMAN'S STATEMENT

This is my first report to shareholders, having been appointed Chairman on 6 March 2013 when Keith Hamill retired.

Market conditions were challenging throughout 2013 as the overall level of activity in the financial markets remained subdued, particularly during the second half of the year. The business has also faced higher costs relating to the regulatory readiness project. The impact of these factors on the underlying operating margin, however, has been largely offset by the actions that have been taken to reduce costs and to maintain flexibility in the cost base, to strengthen the broking business in all three regions, and to continue to develop the Information Sales and Risk Management Services businesses.

Revenue in 2013 was 6% lower than reported for 2012. Underlying operating profit in 2013 was £115.4m, 8% lower than reported for 2012. Underlying basic earnings per share were 9% lower than last year at 36.0p.

The Board is recommending an unchanged final dividend of 11.25p per share, making the total dividend for the year 16.85p per share, unchanged from that paid for 2012. The final dividend will be payable on 15 May 2014 to shareholders on the register at close of business on 25 April 2014.

New reporting requirements

In 2013 the UK Government introduced new reporting requirements for listed companies which have affected the content and layout of the 2013 Annual Report. These regulations introduced the requirement for a new Strategic Report, of which this statement forms a part, and changes to the Report on Directors' Remuneration. The Report on Directors' Remuneration is now divided into three sections: the Remuneration Committee Chairman's Statement, the Directors' Remuneration Policy and the Annual Report on Directors' Remuneration. The Directors' Remuneration Policy is subject to a binding shareholder vote at the forthcoming AGM, while the other two sections continue to be subject to an advisory shareholder vote.

Governance

The Board has seen a number of changes in the last year. Keith Hamill and David Clark, who have both served as Directors since the Company's listing in 2006, retired and we thank them for the many years of service and valuable contribution they have made to the Board during that time.

I am pleased to welcome to the Board David Shalders, who was appointed as an independent Non-executive Director of the Company on 27 February 2014. Tullett Prebon continues to experience rapid change in its regulatory environment and to make material investments in the development, launch and continuing running costs of new electronic platforms and associated technology infrastructure. David's background in these and other areas of our business will be of great value to the Board.

My first year as Chairman of the Board has seen considerable activity on the governance front. The Board is committed to ensuring that the Company is run in an open and transparent fashion and a number of new corporate governance initiatives were completed successfully in 2013.

For the first time since the Company's listing in 2006, we have undertaken an external audit tender exercise which was accompanied by a tender for the internal audit contract. As a result of these tender exercises, Deloitte has been re-appointed external auditor and KPMG will replace PricewaterhouseCoopers as internal auditor in July 2014.

We have also undertaken a formal evaluation of the Board's effectiveness with the assistance of Lygon Group. The results of this exercise are summarised in the Corporate Governance Report. The Nominations Committee reviewed the appropriateness of each of the Directors putting themselves forward for election or re-election at the forthcoming AGM. I am pleased to report that I am satisfied that the Board, its Committees and each of the Directors are operating effectively. I therefore recommend that each of the Directors should be elected or re-elected as appropriate at the 2014 AGM.

During 2013, there has been an increase in the engagement with our shareholders. I have made contact with all our largest shareholders, constituting around two thirds of our register. The great majority of these have responded to this and I have been able to have useful and constructive conversations and meetings with all such shareholders. Stephen Pull, as Chairman of the Remuneration Committee, led a shareholder consultation on proposed changes to the Executive Directors' remuneration structure, further details of which are set out in the Report on Directors' Remuneration. We intend to continue this increased engagement with shareholders in the coming year to ensure that the Board stays abreast of the development of shareholder views on governance and other key issues.

Outlook

The overall level of activity in the financial markets that we serve has been subdued for the last eighteen months reflecting persistently low volatility, the more onerous regulatory environment for our customers and the considerable uncertainty over the impact of new regulations covering the OTC derivatives markets, particularly in the United States.

Revenue in the first two months of this year is 12% lower at constant exchange rates compared with the relatively strong equivalent period last year. Market conditions worsened over the course of 2013 and it would be prudent to expect that market conditions will continue to be challenging. The actions we have taken to reduce fixed costs and to maintain flexibility in the cost base will continue to yield benefits in 2014, although this is likely to be at least partly offset by the expected increase in the run rate of costs related to the regulatory readiness project.

The business provides a valuable service to clients through its ability to create liquidity through price and volume discovery to facilitate trading in a wide range of financial instruments. The way in which this service is undertaken is in the process of change through the regulatory reforms being introduced in the United States and in Europe, and although it is currently not possible to accurately predict the impact these reforms will have, we believe that we will continue to provide a valuable service to clients. We have taken action to strengthen the business and we believe that we are well positioned to benefit from an upturn in the level of activity in the financial markets.

Rupert Robson
Chairman
4 March 2014

OBJECTIVE, STRATEGY, BUSINESS MODEL AND RISK PROFILE, TRENDS AND FACTORS LIKELY TO AFFECT THE COMPANY

Corporate objective

The corporate objective is to maximise returns to shareholders over the medium to long term with an acceptable level of risk.

Strategy

The Group's strategy is to continue to develop its business, operating as an intermediary in the world's major wholesale over-the-counter ('OTC') and exchange-traded financial and commodity markets, with the scale and breadth to deliver superior performance and returns, underpinned by strong financial management disciplines, and without actively taking credit and market risk.

The business objectives to deliver this strategy are:

- To provide a high quality broking service to clients, facilitating their trading activity through developing and maintaining strong pools of liquidity across all major asset classes and all major financial centres. The key actions to meet this objective include:
  - attracting and retaining broking expertise and client relationships;
  - providing clients with a variety of execution methods consistent with market demand and evolving regulatory requirements; and
  - maintaining the business's reputation for trustworthiness and integrity in the financial markets.
- To develop revenue streams from non-broking services related to financial and commodity markets. The key actions to meet this objective include:
  - developing the Group's information sales business through extension of its product offering and expansion of its customer base; and
  - identifying potential opportunities to acquire or develop other value added non-broking services capable of generating an adequate financial return.
- To deliver superior and consistent operating margins and return on capital. The key actions to achieve this objective include:
  - maintaining cost discipline and flexibility in the cost base;
  - maintaining a prudent financial structure; and
  - operating an effective risk management governance structure and risk management framework so that the Group can manage its risks within its risk appetite.

Business model and risk profile

The Company's business model is based on generating a return from providing a facilitation service to clients, enabling them to trade efficiently and effectively. This service can be provided without actively taking credit and market risk.

In accordance with the risk appetite set by the Board the Group does not actively seek risk in order to generate a return but is willing to accept a limited amount of risk as a consequence of its broking activities, principally counterparty credit risk and operational risk. This is reflected in the business model adopted by the Group whereby it acts only as an intermediary in the financial markets. The Group's risk management policies explicitly prohibit any active taking of trading risk and the Group does not trade for its own account. However, whilst the Group does not actively seek to assume risk as part of its business model, the Group is exposed to certain risks as a consequence of its broking activity, primarily to counterparty credit risk and operational risk and also, to a limited extent, market risk.

The broking business of the Group is conducted through three distinct models: the Name Passing model (also known as Name Give-Up); the Matched Principal model; and the Executing Broker model.

Around 70% of the Group's broking revenue is derived from Name Passing activities, where the Group is not a counterparty to the trade, and where its exposure to a client is limited to outstanding invoices for commission. The level of invoiced receivables is monitored closely, by individual client and in aggregate, and there have been very few instances in the past few years when invoiced receivables have not been collected.

Strategic Report continued

Around one quarter of the Group's broking revenue is derived from Matched Principal activities, where the Group is the counterparty to both sides of a matching trade and consequently bears counterparty credit risk during the period between execution and settlement of the trade. Once a Matched Principal transaction has settled (usually 1-3 days after trade date), there is no ongoing risk for the business. To mitigate settlement risk the Group's risk management policies require that transactions are undertaken on a strict delivery versus payment basis. In the event that a client defaults prior to settlement in a Matched Principal trade, the Group's exposure is not to the principal amount but to the movement in the market value of the underlying instrument, and so the Group's exposure becomes a market risk. This risk is mitigated by the use of central counterparty services and other default risk transfer agreements, where appropriate, and by taking swift action to close out any position that arises as a result of a client default. In addition to credit risk, the Group's Matched Principal activity also gives rise to limited market risk as a result of the infrequent residual balances which result from the Group's failure to match clients' orders precisely or through broker error.

Around 5% of the Group's broking revenue is derived from the business operating as an Executing Broker, under an International Uniform Brokerage Execution Give-up agreement (or equivalent), whereby the Group executes transactions on certain regulated exchanges as per client orders, and then 'gives-up' the trade to the relevant client (or its clearing member). The Group is exposed to short term pre-settlement risk during the period between the execution of the trade and the client claiming the trade. This exposure is minimal, as under the terms of the 'give-up' agreements the Group has in place with its clients, trades must be claimed by the end of the trade day. Once the trade has been claimed, the Group's only exposure to the client is for the invoiced commission receivable.

The Group's broking activity gives rise to various operational risks. These include the risk of business disruption, employee error and the failure of a business process or IT system, as well as the risk of litigation being brought against the Group.

Discussion of the Group's risk management governance structure, risk management framework and further information on the Group's risk profile is included on pages 13 to 19.

Trends and factors likely to affect the Company

The main trends and factors likely to affect the future development, performance and position of the Company's business are summarised below.

The level of financial market volatility

The Group generates revenue from commissions it earns by facilitating and executing customer orders. The level of revenue is substantially dependent on customer trading volumes. The volumes of transactions the Group's customers conduct with it are affected by the level of volatility in financial markets and by their risk appetite. Volatility is one of the key drivers of activity in the financial markets. During periods of market turbulence the level of volatility tends to be high and the business benefits from the increased volumes that occur during such periods. Levels of activity in the financial markets can reduce sharply, however, when high volatility is overshadowed by structural uncertainty, resulting in a reduction in risk appetite amongst clients. During periods of low volatility the level of financial market activity is generally lower, and the volume of transactions undertaken by the business on behalf of its clients tends to be lower.

The impact of the changing regulatory environment for the Group's customers

In response to the financial crisis following the collapse of Lehman Brothers in 2008, regulators worldwide have been adopting an increased level of scrutiny in supervising the financial markets and have been generally tightening the capital, leverage and liquidity requirements of commercial and investment banks, and taking steps to limit or separate their activities in order to reduce risk.

The level of the Group's revenue is substantially dependent on customer trading volumes. The volumes of transactions the Group's customers conduct with it are affected by their reaction to the actions being taken by regulators affecting their willingness and ability to trade.

The impact of new regulations directly affecting OTC derivatives markets and the costs of complying with new regulations

Part of the regulatory reforms being introduced relates directly to the operation of OTC derivatives markets, which are the most important markets for the Group. The regulatory reforms of the OTC derivatives markets are being effected in the United States through the implementation by the Commodity Futures Trading Commission ('CFTC') and the Securities Exchange Commission ('SEC') of the provisions of the Dodd-Frank Act, and in Europe through the European Markets Infrastructure Regulation ('EMIR') and the review of the Markets in Financial Instruments Directive ('MiFID'). There are four broad themes to the reforms:

- the requirement that certain derivatives contracts be cleared through central counterparties (with exemptions for some non-financial market participants);
- the requirement for trades to be reported to trade repositories;
- enhanced pre and post trade transparency; and
- the requirement that trades in derivatives contracts which are required to be cleared are executed through regulated execution venues (the Swap Execution Facility ('SEF') in the United States, and the Organised Trading Facility ('OTF') in Europe).

In the United States, the phasing in of mandatory clearing of certain interest rate swaps and credit default index swaps commenced in March 2013. With respect to trade execution and reporting, the final rules relating to SEFs were published by the CFTC on 4 June 2013. The Group's SEF was granted temporary registration by the CFTC in September and started operating on 2 October 2013 when the regulatory reforms requiring the reporting of all trades falling within the scope of the rules came into force. The mandatory execution within a SEF of trades in instruments that have been determined by the CFTC to be 'made available to trade' came into force from mid-February 2014.

In Europe, the implementation of EMIR, which contains provisions governing mandatory clearing requirements and trade reporting requirements for derivatives, is coming into effect in stages as the various technical standards are agreed. Details of all derivatives contracts must be reported to recognised trade repositories from 12 February 2014, the first clearing obligations are expected to apply from the second half of 2014, subject to the authorisation of a relevant central counterparty, and margin requirements for non-cleared trades will apply from 1 December 2015.

The proposals to revise the Markets in Financial Instruments Directive (MiFID), through the introduction of a new directive (MiFID II) and a new regulation (MiFIR), continue to progress. MiFID II and MiFIR are expected to contain provisions governing permissible trade execution venues, and governance and conduct of business requirements for trading venues. The application of these new requirements is expected to be effective in 2016.

The pending introduction of the reforms in both the United States and Europe has caused considerable uncertainty amongst the Group's customers, which has persisted in the period after the date at which the various requirements have come into force, about which counterparties and which transactions may be covered by the reforms and about the actions necessary to ensure compliance, which has affected, and may continue to affect, the volumes of transactions the Group's customers conduct with it.

The reforms reinforce the role of the intermediary in the OTC markets, and the introduction of more electronic platforms into these markets represents an evolution of the facilitation service that the Group provides, rather than fundamentally changing the way in which OTC markets operate, but the reforms do introduce new rules for intermediaries and changes in the way in which trading is undertaken by participants in these markets. The reforms are therefore likely to have an effect on the Group's business and the revenue the business is able to generate from its activities, including potentially through changes in commission rates, the size of the market that is intermediated, or the Group's market share.

In addition, significant expenditure is being incurred in order to comply with the regulations, including the costs of development, launch and the ongoing running of new electronic platforms and associated technology infrastructure, and additional compliance resources. In 2013, the charge in the income statement for these additional costs was 2% of revenue, and the run rate of these costs as a percentage of revenue is likely to increase.

Competition for brokers

The Group competes with other interdealer brokers for staff. The costs of employing front office broking staff is currently the largest cost faced by the Group. The effect of the competition for broking staff can result in an increase in staff costs, or if staff leave the Group, can result in the loss of capability, customer relationships and expertise.

Management of the cost base

The Group actively manages its cost base, by seeking to reduce fixed costs and to maintain flexibility in the cost base, to support its profitability as circumstances require it. The Group has in the past undertaken major restructuring programmes involving the exit or restructuring of contracts, of staff, and the exit from certain activities. The Group may undertake further restructurings from time to time in the future, and any such future restructuring might involve significant costs or have a disruptive effect on the Group's business, or the anticipated benefits of any restructuring might not be realised in full.

Changes in the carrying value of goodwill

The Group's consolidated balance sheet includes a balance relating to goodwill. The initial recognition of goodwill represents the excess of the costs of acquisitions over the identifiable net assets of the entities acquired. The carrying value of the goodwill allocated to each region is reviewed for impairment at least annually. Impairment testing requires that the estimated value of the business in each region is compared with the balance sheet carrying value of the business in that region, including goodwill, and any shortfall is recognised as an impairment of goodwill. Changes in the estimated value of the business for each region from time to time may result in impairments in the carrying value of goodwill.

Litigation costs and settlements

Legal action has in the past been, and in some cases continues to be, taken by the Group to seek to enforce its contractual and other legal rights, and the Group may consider it necessary to take such action in the future. The costs of such actions, and the settlements that may be received as a result, may be significant.

OVERVIEW

Market conditions were challenging throughout 2013 as the overall level of activity in the financial markets remained subdued, particularly during the second half of the year. The business has also faced higher costs relating to the regulatory readiness project. The impact of these factors on the underlying operating margin, however, has been largely offset by the actions that have been taken to reduce costs and to maintain flexibility in the cost base, to strengthen the broking business in all three regions, and to continue to develop the Information Sales and Risk Management Services businesses.

Strategic Report continued

The Group generates revenue from commissions it earns by facilitating and executing customer orders. The level of revenue is substantially dependent on customer trading volumes which are affected by the level of volatility in financial markets, by customers' risk appetite, and by their willingness and ability to trade.

Volatility is one of the key drivers of activity in the financial markets, and despite increases in benchmark bond yields and a general steepening of yield curves over the year, measures of financial market volatility have remained low. There has been some financial market turbulence during the year but periods of higher levels of market activity were isolated and have not been sustained.

Market volumes have also been adversely affected by the more onerous regulatory environment applicable to many of our customers. Regulators worldwide have been adopting an increased level of scrutiny in supervising the financial markets and have been generally tightening the capital, leverage and liquidity requirements of commercial and investment banks, and taking steps to limit or separate their activities in order to reduce risk. This has reduced risk appetite and reduced the willingness and ability of our customers to trade.

The introduction of new regulatory reforms directly affecting the operation of the OTC derivatives markets has created considerable uncertainty amongst many of our customers which has also reduced market volumes. In particular the lack of clarity about which transactions and which counterparties would fall within the scope of the swap execution facility rules introduced in the United States in October last year served to reduce OTC derivative market volumes and fragmented pools of liquidity.

Consistent with the lower level of market activity, revenue in 2013 was 6% lower than in 2012 both as reported and at constant exchange rates. Revenue in the second half of the year was 8% lower than in the same period in 2012.

Significant expenditure is being incurred on the regulatory readiness project which covers the development, launch and ongoing running costs of new electronic platforms and associated infrastructure, and additional compliance resources. In 2013 the charge in the income statement for these costs was equal to 2% of revenue, compared with less than 1% of revenue in 2012. The run rate of these costs is expected to increase further in 2014 to around 2.5% of current annual revenue.

The business has taken action to reduce costs and to maintain flexibility in the cost base to offset the impact of lower revenue and of higher regulatory readiness costs. We continue to benefit from the restructuring programme undertaken at the end of 2011 and during the first half of 2012 which was designed to ensure that the business was well positioned to respond to less favourable market conditions by preserving the variable nature of broker compensation in relation to broking revenue. Further actions have been taken during 2013 to reduce both fixed costs and the variable remuneration of front office staff, senior management and support staff. Broker compensation costs as a percentage of broking revenue have reduced to 58.3% in 2013 from 59.8% in 2012.

We have continued to focus on delivering innovative products and a first class broking service to our clients, and to take action to develop the broking business in all three regions.

For the fourth consecutive year the Company was voted number one in more product categories than any other single interdealer broker in Risk magazine's 2013 annual interdealer rankings published in September. Dealers across the wholesale banking markets in all three regions in which the business operates voted Tullett Prebon number one in 34 out of 94 derivatives product categories, reflecting the Company's focus on first class service and delivery of flexible and innovative products.

The business was also named Best Broker for Forward FX for the thirteenth year running at the 2013 FX Week Best Bank Awards in November, and Fixed Income Derivatives Broker of the Year in the Futures and Options World awards in December.

The continued successful development of our Energy business, covering oil, gas and power products and commodities, was recognised by the Company being voted Commodities Interdealer Broker of the Year in Derivatives Week magazine's 2013 awards in September. This follows the business being voted Broker of the Year at the 2013 Energy Risk Awards in the first half of the year, and reflects the expansion of market coverage in all three regions and the quality of service provided to clients in this asset class. The Energy business has continued to innovate and to expand its product offering. The business was named Best Broker for European and North American Weather Risk Markets in the Environmental Finance annual market rankings, following the establishment of a weather derivatives desk earlier in the year.

In Europe and the Middle East we have broadened the coverage of the business in continental Europe through the recently opened offices in Madrid and Geneva, and in the Middle East through the opening of the new Dubai office and through taking full management control of the businesses in Bahrain which we are now in the process of reorganising. Revenue from the offices in continental Europe and the Middle East has continued to increase and now represents 15% of the broking revenue for the region. We have also established an office in South Africa which will initially service the local market in government bonds.

In the Americas we have continued to benefit from the acquisition in early 2012 of Chapdelaine, including from the development of a corporate bond desk alongside the activity in municipal bonds. Market conditions in Brazil were not favourable during the second half of 2013, but the business we acquired in mid 2011 has developed its activities broking US dollar denominated products in the local market. We continue to look for opportunities to establish our presence in onshore financial markets as they develop in the region, and we have recently opened an office in Mexico to support our existing activities with Mexican counterparties in the United States and to service the local market.

Much of the focus of the business in the Americas during 2013 was on the development and introduction of the Company's swap execution facility, tpSEF Inc. ('tpSEF'), which was granted temporary registration by the CFTC in September and started operating on 2 October when the Dodd-Frank Act regulatory reforms relating to SEFs came into force. tpSEF offers trade execution and reporting compliant with the new regulatory framework in the five asset classes within the scope of the legislation, utilising the electronic broking platforms that have been developed by the Group including the interest rate swap platform, tpSWAPDEAL. The interest rate swap business in the region has performed well since the new rules came into force.

In Asia Pacific, we have continued to develop the business in Hong Kong which is benefiting from the continued growth of the offshore Renminbi market and which is the centre for our equity derivatives business in the region. We have recently taken full control of our main business in Japan which was previously operated as a joint venture with a local partner, which will allow us to consolidate all of our activities in the centre into one business.

The majority of the OTC product markets are not characterised by continuous trading, and depend upon the intervention and support of voice brokers for their liquidity and effective operation. The platforms we offer provide clients with the flexibility to transact either entirely electronically or via the business's comprehensive voice execution broker network. The business has continued to develop its hybrid electronic broking offering to comply with regulatory requirements and to respond to market demand. Much of the development work during the year was focused on ensuring that platforms were ready for the implementation of tpSEF in the United States.

The product range supported by our hybrid interest rate swap platform, tpSWAPDEAL, has been broadened during the year and the platform now displays streaming prices in EUR, USD and GBP. Whilst the interdealer market for interest rate swaps continues to be executed predominantly through voice brokers, the platform provides clients with the ability to execute electronically or with voice broker support and operates as a highly efficient front end order management and trade capture system for brokers and customers.

Revenue from the tpQUICKDEAL service, which offers clients focused liquidity ('auction') sessions with real-time electronic trade matching for products that are not otherwise supported by a hybrid platform, increased in the year, driven by a broader product offering and enhanced system functionality. We also benefited from increased market adoption of tpCADDEAL, a hybrid platform supporting the broking of Canadian government bonds which has become an integral part of the service provided by our Toronto office.

The Information Sales business was awarded, for the third consecutive year, the title of Best Data Provider (Broker) at the Inside Market Data Awards in May. The award is determined by an independent poll of end-users and reaffirms the industry's recognition of our position as the leading provider of the highest quality independent price information and data from the global OTC markets. The business has continued to expand its product offering and towards the end of the year started to provide data on the bond markets in China and India. The bond markets in both countries have seen significant growth in recent years and the provision of accurate, independent data to market participants will assist in the further development of the onshore capital markets in those countries.

Revenue from products supported by electronic platforms, together with Information Sales and Risk Management Services revenue, accounted for nearly one-quarter of total revenue in 2013. As more electronic platforms are launched, and more products and services are added to existing platforms, the proportion of total revenue accounted for by products supported by electronic platforms is expected to continue to increase.

Our key financial and performance indicators for 2013 compared with those for 2012 are summarised in the table below.

Key Financial and Performance Indicators

	2013	2012	Change
Revenue	**£803.7m**	£850.8m	-6%
Underlying Operating profit	**£115.4m**	£125.5m	-8%
Underlying Operating margin	**14.4%**	14.8%	-0.4% points
Average broker headcount	**1,702**	1,742	-2%
Average revenue per broker (£000)	**445**	462	-4%
Broker employment costs: broking revenue	**58.3%**	59.8%	-1.5% points
Broker headcount (year end)	**1,687**	1,720	-2%
Broking support headcount (year end)	**747**	719	+4%

Strategic Report continued

Underlying operating profit in 2013 was £115.4m, 8% lower than reported for 2012, with the underlying operating margin at 14.4%, 0.4% points lower than the 14.8% reported for 2012. The adverse impact on operating margins from the operational leverage effect of lower broking revenue, and from the increased costs associated with the regulatory readiness project, have been largely offset by the actions to reduce costs in broker compensation and other areas.

Average broker headcount during 2013 was 2% lower than during 2012, with the largest reduction in the Americas. Year end broker headcount at 1,687 was also 2% lower than at the end of 2012. The lower level of market activity in 2013 compared with 2012 is reflected in the reduction in average revenue per broker which, at £445k for 2013, is 4% lower than for 2012.

The benefit of the actions taken to reduce broking front office fixed costs and to preserve the variable nature of broker compensation costs is reflected in the 1.5% point reduction in broker compensation costs as a percentage of broking revenue to 58.3% for 2013. Other broking front office costs have also been reduced in line with broking revenue.

The increase in broking support headcount reflects the increased number of technology staff supporting the development, launch and ongoing operation of new platforms and the associated infrastructure, together with higher numbers of compliance staff and operations staff supporting the activity of tpSEF in the United States.

OPERATING REVIEW

The tables below analyse revenue by region and by product group, and underlying operating profit by region, for 2013 compared with 2012.

Revenue

A significant proportion of the Group's activity is conducted outside the UK and the reported revenue is therefore impacted by the movement in the foreign exchange rates used to translate the revenue from non-UK operations. In order to give a more meaningful analysis of revenue performance the tables below show revenue for 2012 translated at the same exchange rates as those used for 2013, with growth rates calculated on the same basis. The revenue figures as reported are shown in Note 4 to the Consolidated Financial Statements.

The commentary below reflects the presentation in the tables.

Revenue by product group

	2013 £m	2012 £m	Change
Treasury Products	**211.4**	230.8	-8%
Interest Rate Derivatives	**174.2**	181.8	-4%
Fixed Income	**225.5**	243.3	-7%
Equities	**43.2**	42.8	+1%
Energy	**102.4**	106.9	-4%
Information Sales and Risk Management Services	**47.0**	46.0	+2%
At constant exchange rates	**803.7**	851.6	-6%
Exchange translation		(0.8)	
Reported	**803.7**	850.8	-6%

Revenue was 6% lower in 2013 than in 2012, driven by lower volumes in the traditional interdealer broker product groups of Treasury Products, Interest Rate Derivatives and Fixed Income.

Revenue from Treasury Products (FX and cash) was 8% lower, reflecting lower volumes in forward FX in all three regions, particularly in emerging markets' currencies and in non-deliverable forwards, partly offset by higher levels of activity in forward JPY in Tokyo and in CNH products in Hong Kong.

Revenue from Interest Rate Derivatives (swaps and options) was 4% lower with weaker volumes in major currency products and in interest rate options, particularly in the second half of the year. Activity in emerging markets' interest rate derivatives products, which had been strong in the first half, also weakened in the second half.

The Fixed Income product group includes government and government agency bonds, corporate bonds and credit derivatives, and the 7% decline in revenue reflects the generally subdued levels of activity in the major bond markets, partly offset by increased revenue from corporate bonds in North America, and from the listed futures and options broking activity in Europe.

Revenue from Equities was 1% higher reflecting a good performance in equity derivatives in North America and in Hong Kong, and from the ADR and GDR conversion desk in North America.

Revenue from Energy products was 4% lower, held back by lower activity in some of the oil products and commodities markets in the second half of the year.

Revenue from Information Sales increased by 8% as a result of the continued expansion of the product offering, growth in the customer base and increased demand from existing customers for additional data. Market conditions for Risk Management Services were challenging throughout the second half reflecting low interest rate volatility, and although the tpMATCH platform has gained market share and the tpMATCH NDF platform has established a significant presence in the market, revenue from the business was lower than last year.

Revenue by region

	2013 £m	2012 £m	Change
Europe and the Middle East	**468.7**	503.0	-7%
Americas	**233.9**	238.9	-2%
Asia Pacific	**101.1**	109.7	-8%
At constant exchange rates	**803.7**	851.6	-6%
Exchange translation		(0.8)	
Reported	**803.7**	850.8	-6%

Europe and the Middle East

Revenue in 2013 in Europe and the Middle East was 7% lower than in 2012. Broking revenue was 8% lower than in 2012, partly offset by growth in Information Sales.

The business has continued to develop its presence in continental Europe and the Middle East through the expansion of existing offices and the opening of new offices over the past two years, staffed by a combination of new hires and transfers of existing staff from London. Revenue from the offices in continental Europe and the Middle East increased by 24% in 2013 compared with 2012. Average broker headcount for the region was 1% lower than last year, with growth in headcount in continental Europe and the Middle East more than offset by a reduction in London, with average revenue per broker 7% lower than in the prior year reflecting the lower level of market activity, particularly in the second half of the year.

Over three-quarters of the broking revenue in the region is derived from Treasury products (FX and cash), Interest Rate Derivatives and Fixed Income. Revenue from each of those product groups was lower, reflecting the lower level of market activity in each of the main product areas of forward FX, major currency interest rate swaps and government and corporate bonds. Within each of those product groups there were some areas of higher activity and revenue growth, including FX options, Eastern European interest rate swaps and bonds, and listed futures and options.

Revenue from Equities, the smallest product group in the region, was lower reflecting lower activity in equity derivatives. The region's Energy business, including commodities, has continued to perform well in generally less favourable market conditions, with growth in revenue from power products offset by quieter oil markets, and lower activity in base metals.

Americas

Revenue in the Americas was 2% lower in 2013 than in 2012.

Average broker headcount in the Americas in 2013 was 6% lower than in 2012 reflecting the continuing cost reductions in the region, with average revenue per broker 4% higher, reflecting an improvement in broker productivity and a pick-up in market activity in some product areas.

Revenue from Treasury products (predominantly FX) was lower than last year reflecting the challenging market conditions for many emerging markets' products and uncertainty over the effect of the SEF rules on trading in non-deliverable forwards and FX options. Revenue from Interest Rate Derivatives was unchanged. The USD interest rate swap market moved almost entirely to SEF pools of liquidity with the result that there was much less uncertainty over the application of the rules and less fragmentation of liquidity. The performance of the Fixed Income desks was mixed, with higher revenue from corporate bonds offset by lower activity in mortgage backed securities, repos and agency bonds.

Revenue from Equities and Energy, which together represent around one-sixth of revenue in the region, was higher in 2013 than in 2012, reflecting the continued development of these areas.

Although market conditions in Brazil became more challenging during the second half of the year, revenue was only slightly lower in 2013 than in 2012, reflecting the benefit of the actions taken to broaden the coverage of the business.

Asia Pacific

Revenue in Asia Pacific was 8% lower than in 2012, with a 7% fall in broking revenue and lower revenue in the second half of the year from the Risk Management Services business which is operated from the region. Average broker headcount was little changed but average revenue per broker was 8% lower than in the previous year reflecting the lower level of market activity in most of the centres in the region.

The business in Singapore continues to suffer from the reduction in bank activity in the centre, particularly in non-deliverable forwards and in interest rate swaps. Activity in Tokyo has been aided by the significant change in monetary policy which has resulted in steeper Yen yield curves and significant movements in Yen exchange rates against other major currencies. The business in Hong Kong had another strong year, benefiting from the continued growth of the markets for offshore Renminbi products and from the development of the region's equity derivatives business particularly in Nikkei index products.

Strategic Report continued

Underlying Operating profit

The revenue, underlying operating profit and operating margin by region shown below are as reported.

Revenue

£m	2013	2012	Change
Europe and the Middle East	**468.7**	501.2	-6%
Americas	**233.9**	236.9	-1%
Asia Pacific	**101.1**	112.7	-10%
Reported	**803.7**	850.8	-6%

Underlying Operating profit

£m	2013	2012	Change
Europe and the Middle East	**97.9**	111.2	-12%
Americas	**10.4**	2.4	+333%
Asia Pacific	**7.1**	11.9	-40%
Reported	**115.4**	125.5	-8%

Underlying Operating margin by region

	2013	2012
Europe and the Middle East	**20.9%**	22.2%
Americas	**4.4%**	1.0%
Asia Pacific	**7.0%**	10.6%
	14.4%	14.8%

The underlying operating profit in Europe and the Middle East of £97.9m in 2013 was 12% lower than in the prior year, and with revenue down 6% the underlying operating margin has reduced slightly, to 20.9%. Broker employment costs as a percentage of broking revenue have fallen by 1.1% points but the benefit of this has been offset by the operational leverage effect of lower revenue, and by higher management and support costs reflecting the investments being made in technology.

In the Americas the underlying operating profit has increased to £10.4m in 2013 despite the slightly lower revenue, and the underlying operating margin has improved, to 4.4% for 2013 compared with 1.0% for 2012. Broker employment costs as a percentage of revenue have been reduced significantly, and other front office costs have also been reduced, more than offsetting the increased costs associated with the regulatory readiness project including the operation of tpSEF.

Underlying operating profit in Asia Pacific has reduced by 40% to £7.1m, and the underlying operating margin in the region has reduced to 7.0% from 10.6%. The reduction in underlying operating profit and margin primarily reflects the operational leverage effect of lower revenue. Broker employment costs as a percentage of broking revenue were slightly higher in 2013 than in 2012, and although management and support costs in the region have been reduced this was not to the same extent as the reduction in revenue.

LITIGATION

Legal action continues to be pursued against BGC and former employees in the United States in response to the raid on the business by BGC in the second half of 2009. The outcome of the FINRA arbitration on the claim brought by the subsidiary companies in the United States directly affected by the raid is expected to be determined imminently. The separate action being pursued by the Company and the directly affected subsidiaries in the New Jersey Superior Court, alleging, among other causes of action, violations under the NJ RICO Act, is expected to go to trial in the second quarter of 2014.

The £15.2m charge relating to major legal actions which is included as an exceptional item in the 2013 results reflects the costs incurred in bringing these actions.

FINANCIAL REVIEW

The results for 2013 compared with those for 2012 are shown in the tables below.

2013

Profit and Loss £m	Underlying	Exceptional items	Reported
Revenue	**803.7**		**803.7**
Operating profit	**115.4**		**115.4**
Charge relating to major legal actions		**(15.2)**	**(15.2)**
Operating profit	**115.4**	**(15.2)**	**100.2**
Finance income/ (expense)	**(15.8)**		**(15.8)**
Profit before tax	**99.6**	**(15.2)**	**84.4**
Tax	**(22.4)**	**2.4**	**(20.0)**
Associates	**1.4**		**1.4**
Minorities	**(0.2)**		**(0.2)**
Earnings	**78.4**	**(12.8)**	**65.6**
Average number of shares	**217.8m**		**217.8m**
Basic EPS	**36.0p**		**30.1p**

2012 (restated – see Note 37 to the Consolidated Financial Statements)

Profit and Loss £m	Underlying	Exceptional items	Reported
Revenue	850.8		850.8
Operating profit	125.5		125.5
Charge relating to major legal actions		(11.6)	(11.6)
Restructuring costs		(14.8)	(14.8)
Goodwill impairment		(123.0)	(123.0)
Operating profit/(loss)	125.5	(149.4)	(23.9)
Finance income/ (expense)	(14.2)		(14.2)
Profit/(loss) before tax	111.3	(149.4)	(38.1)
Tax	(26.3)	2.3	(24.0)
Associates	1.2		1.2
Minorities	(0.3)		(0.3)
Earnings	85.9	(147.1)	(61.2)
Average number of shares	217.6m		217.6m
Basic EPS/(LPS)	39.5p		(28.1p)

Finance income/(expense)

An analysis of the net finance expense is shown in the table below.

Net finance expense

£m	**2013**	2012
Receivable on cash balances	**1.8**	1.8
Payable on Sterling Notes August 2014	**(0.6)**	(0.6)
Payable on Sterling Notes July 2016	**(9.9)**	(9.9)
Payable on Sterling Notes June 2019	**(4.2)**	(0.2)
Payable on bank facilities, including commitment fee	**(1.7)**	(4.5)
Amortisation of debt issue costs	**(2.3)**	(1.5)
Other interest	**(0.3)**	(0.2)
Net cash finance expense	**(17.2)**	(15.1)
Net non-cash finance income	**1.4**	0.9
	(15.8)	(14.2)

The net cash finance expense of £17.2m in 2013 is £2.1m higher than in 2012. The increase reflects the higher interest payable on the 5.25% Sterling Notes 2019 issued in December 2012 compared with the floating rate interest on the short term bank loan which the Notes replaced, and £0.9m of accelerated amortisation of debt issue costs related to the bank debt that was repaid.

The net non-cash finance income comprises the net of the expected return and interest on pension scheme assets and liabilities of £1.9m (2012: £1.7m), partly offset by the amortisation of the discount on deferred consideration.

Tax

The effective rate of tax on underlying PBT is 22.5% (2012: 23.6%). The 1.1% point reduction in the effective rate primarily reflects the benefit of the reduction in the UK statutory rate of corporation tax to 23.25% for 2013, 1.25% points lower than for 2012.

The tax credit on exceptional items reflects the net tax relief recognised on those items at the relevant rate for the jurisdiction in which the charges are borne. No tax relief has been recognised on the exceptional charges arising in the USA in either 2013 or 2012 due to the current low level of taxable profit in that jurisdiction. In addition, in 2012, there was no tax effect relating to the non-cash charge for the impairment of goodwill.

Exceptional items

The £15.2m (2012: £11.6m) charge relating to the major legal actions is discussed above.

The £14.8m charge in 2012 relating to restructuring costs reflected the costs of the actions taken in the first half of that year as part of the restructuring programme that started at the end of 2011 to reduce fixed costs and to maintain flexibility in the cost base.

The £123.0m charge in 2012 relating to goodwill impairment reflected the write down in the balance sheet carrying value of the North American business.

Strategic Report continued

Basic EPS

The average number of shares used for the basic EPS calculation of 217.8m reflects the number of shares in issue at the beginning of the year, plus the 0.4m shares that are issuable when vested options are exercised (0.1m of which were issued in April 2013), less the 0.2m shares held throughout the year by the Employee Benefit Trust which has waived its rights to dividends.

Exchange and hedging

The income statements of the Group's non-UK operations are translated into sterling at average exchange rates. The most significant exchange rates for the Group are the US dollar, the Euro, the Singapore dollar and the Japanese Yen. The balance sheets of the Group's non-UK operations are translated into Sterling using year end exchange rates. The major balance sheet translation exposure is to the US dollar. The Group's current policy is not to hedge income statement or balance sheet translation exposure.

Average and year end exchange rates used in the preparation of the financial statements are shown below.

Average and year end exchange rates

	Average		Year End	
	2013	2012	**2013**	2012
US dollar	**$1.56**	$1.59	**$1.66**	$1.63
Euro	**€1.18**	€1.23	**€1.20**	€1.23
Singapore dollar	**S$1.95**	S$1.98	**S$2.09**	S$1.99
Japanese Yen	**¥151**	¥126	**¥174**	¥141

Cash flow

	2013 £m	2012 £m
Underlying Operating profit	**115.4**	125.5
Share-based compensation	**1.0**	1.4
Depreciation and amortisation	**11.9**	11.8
Accelerated depreciation – fire damaged assets	**1.5**	–
EBITDA	**129.8**	138.7
Capital expenditure (net of disposals)	**(17.0)**	(17.6)
Decrease/(increase) in initial contract prepayment	**16.6**	(10.3)
Other working capital	**(21.7)**	(38.0)
Operating cash flow	**107.7**	72.8
Exceptional items – restructuring cash payments	**(3.2)**	(14.5)
Exceptional items – major legal actions net cash flow	**(15.2)**	(16.8)
Interest	**(14.9)**	(13.6)
Taxation	**(27.5)**	(27.3)
Dividends received from associates/ (paid) to minorities	**0.7**	0.1
Acquisitions/investments	**(2.3)**	(10.9)
Cash flow	**45.3**	(10.2)

In 2013 the Group has delivered an operating cash flow of £107.7m representing 93% (2012: £72.8m and 58%) of underlying operating profit.

Capital expenditure of £17.0m relates to the investment in the development of electronic platforms and associated infrastructure as part of the regulatory readiness project, and the purchase of assets to replace those damaged by a fire.

The initial contract prepayment balance has reduced in 2013, as the payments in the year were lower than the amortisation charge.

The other working capital outflow in 2013 reflects the reduction in bonus accruals and other payroll related creditors at the end of the year compared with the balances at the end of 2012. The lower level of bonus accruals is due to the lower level of broking revenue throughout the second half of the year compared with the previous year, and the reduction in management and support staff bonuses which are paid annually.

The restructuring cash payments of £3.2m in 2013 reflect payments during the year relating to the profit and loss charges for restructuring costs in 2011 and in 2012. Most of the remaining £1.7m of restructuring costs which has not yet been paid in cash is expected to be paid during 2014. The major legal actions net cash flow of £15.2m reflects the cash payments for legal costs made during the year, in line with the charge in the income statement.

Interest payments in 2013 reflect the income statement charge for net cash finance expenses excluding the charge for the amortisation of debt issue costs.

Tax payments in 2013 of £27.5m were little changed compared with the net payments made in 2012 despite the reduction in the tax charge because in 2012 we benefited from the recovery of tax paid in previous years in the United States.

Expenditure on acquisitions and investments in 2013 reflects the payments for deferred consideration relating to the acquisitions of Convenção in Brazil, and Unified Energy Services in the United States.

The movement in cash and debt is summarised below.

Movement in cash and debt

£m	Cash	Debt	Net
At 31 December 2012	311.8	(255.8)	56.0
Cash flow	45.3	–	45.3
Dividends	(36.7)	–	(36.7)
Debt repayments	(30.0)	30.0	–
Bank facility arrangement fees	(1.7)	–	(1.7)
Amortisation of debt issue costs	–	(1.8)	(1.8)
Effect of movement in exchange rates	(5.9)	–	(5.9)
At 31 December 2013	282.8	(227.6)	55.2

At 31 December 2013 the Group held cash, cash equivalents and other financial assets of £282.8m which exceeded the debt outstanding by £55.2m.

Debt finance

The composition of the Group's outstanding debt is summarised below.

Outstanding debt

£m	At 31 Dec 2013	At 31 Dec 2012
Bank amortising term loan	–	30.0
6.52% Sterling Notes August 2014	**8.5**	8.5
7.04% Sterling Notes July 2016	**141.1**	141.1
5.25% Sterling Notes June 2019	**80.0**	80.0
Unamortised debt issue costs	**(2.0)**	(3.8)
	227.6	255.8

The remaining balance of the bank amortising term loan was repaid during the first half of 2013 when the Group entered into a new three year £150m revolving credit facility which matures in April 2016. The revolving credit facility remained undrawn throughout the year.

Pensions

The Group has one defined benefit pension scheme in the UK following the merger during 2012 of the two schemes which were acquired with Tullett plc and Prebon Marshall Yamane. The scheme is closed to new members and future accrual.

The triennial actuarial valuation of the scheme as at 30 April 2013 was concluded in January 2014. The actuarial funding surplus of the scheme at that date was £64.2m and under the agreed schedule of contributions the Company will continue not to make any payments into the scheme.

The assets and liabilities of the scheme are included in the Consolidated Balance Sheet in accordance with IAS 19. The scheme's invested assets returned 17% (net of fees) during the year, and the fair value of the scheme's assets at the end of the year was £226.1m (2012: £204.3m). The value of the scheme's liabilities at the end of 2013 calculated in accordance with IAS 19 was £175.6m (2012: £162.9m). The valuation of the scheme's liabilities at the end of 2013 reflects the demographic assumptions adopted for the most recent triennial actuarial valuation. Under IAS 19 the scheme shows a surplus, before the related deferred tax liability, of £50.5m at 31 December 2013 (2012: £41.4m).

Return on capital employed

The return on capital employed ('ROCE') in 2013 was 24% (2012: 29%). ROCE is calculated as underlying operating profit divided by the average capital employed in the business. Capital employed is defined as shareholders' funds less net funds and the accounting pension surplus (net of deferred tax), adding back cumulative amortised and impaired goodwill and post tax reorganisation costs related to the integration of the Tullett and Prebon businesses.

Regulatory capital

The Group's lead regulator is the Financial Conduct Authority ('FCA'). The Group has an investment firm consolidation waiver which was approved on 8 June 2011 and which will expire on 6 June 2016. Under the terms of the waiver each investment firm within the Group must be either a limited activity or limited licence firm and must comply with its individual regulatory capital resources requirements.

The Group is subject to the 'financial holding company test' whereby the aggregate financial resources of the Group are calculated by reference to the capital and reserves of the parent company, Tullett Prebon plc, and the Group's aggregated financial resources requirement is calculated as the sum of the solo notional capital resources requirements for each relevant firm within the Group.

The Group's regulatory capital headroom under the financial holding company test calculated in accordance with Pillar 1 at 31 December 2013 was £608m (2012: £608m).

Many of the Group's broking entities are regulated on a 'solo' basis, and are obliged to meet the regulatory capital requirements imposed by the local regulator of the jurisdiction in which they operate. The Group maintains an appropriate excess of financial resources in such entities.

Information disclosure under Pillar 3 is available on the Group's website (www.tullettprebon.com).

RISK MANAGEMENT

This section sets out a summary of how risk is managed by the Group, covering the risk management governance structure, the risk management framework, and a description and analysis of the Group's risk profile.

The systems of internal control operated by the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management Governance Structure

Introduction

The Board is responsible for the Group's risk management governance structure which is based on the three lines of defence principle which segregates risk management (first line of defence) from risk oversight (second line of defence) and risk assurance (third line of defence).

The Board sets down in the Enterprise Risk Management Framework how the Group's risk exposure must be managed in line with the Group's overall business objectives and within its stated risk appetite. This includes the governance of the process for identifying, evaluating, managing and reporting the significant risks faced by the Group.

The Board is responsible for setting the Group's risk appetite, defining the type and level of risk that the Group is willing to accept in pursuit of its business objectives.

Strategic Report continued

The Board is responsible for approving the Risk Assessment Framework, which is used to ensure that the Group has a comprehensive understanding of its risk profile, including both existing and emerging risks facing the Group, and to enable it to assess the adequacy of its risk management policies in the context of the Group's risk appetite.

The Board is ultimately responsible for ensuring that the Group maintains sufficient capital and liquidity resources to meet its regulatory capital and liquidity requirements and to support its growth and strategic objectives.

Risk management is embedded throughout the business, with the overall risk appetite and risk management strategy approved by the Board propagated down throughout the business as appropriate. The principal elements of the Group's risk management governance structure are set out below.

First line of defence – risk management

Business management

The first line of defence is the regional senior management who have primary responsibility for ensuring that risks are clearly owned and managed on a day to day basis, that systems of control operate effectively and that the Group's risk exposure remains within the prescribed risk tolerances set out in the Group's Risk Management Policies.

The regional senior management are reliant on various support and control functions in the discharge of their risk management responsibilities, most notably the regional Credit, Operations, Compliance, Legal and Finance departments.

Compliance

The Group's Compliance departments monitor compliance with the various regulatory requirements to which the Group is subject, including those imposed by the UK regulatory regime and those imposed by the regulatory framework of the other jurisdictions in which the Group operates. The compliance officers are in regular contact with the regional management and compliance reports are reviewed by the Board on a regular basis.

Credit risk management

The Group's Credit departments are responsible for monitoring the creditworthiness of the Group's counterparties and for the proactive monitoring of counterparty credit exposure against pre-determined reporting thresholds set by the relevant regional Credit Committee, as well as for providing senior management and the other control functions with timely and accurate reporting of the Group's credit exposure.

Operations / settlements

The Operations departments play a key role in establishing procedures and monitoring the exposure to risks arising in Matched Principal activities. Controls include the reconciliation of cash, client money and securities positions; the monitoring and resolution of late-settling trades and resultant cash positions; and the identification and control of 'non-standard' transactions.

Finance

The Group's regional Finance departments are responsible for implementing and monitoring the relevant financial controls, and for providing management with timely and accurate reporting of financial performance against budget and other measures.

Second line of defence – risk oversight

The second line of defence consists of the Group's risk oversight functions, principally the Group Risk Control function and the Group Treasury and Risk Committee as well as certain business support functions which undertake a risk oversight activity in addition to their primary roles, most notably the Compliance and Finance departments.

Group Risk Control

Group Risk Control is independent of the business and is responsible for monitoring the Group's risk exposure and developing risk management policies to ensure that the Group operates in accordance with the Group's risk appetite. In fulfilling this duty, it provides daily and monthly risk reports to senior management which are reviewed by the Group Treasury and Risk Committee ('GTRC'). The Group Treasurer and Head of Risk Control reports to the Group Finance Director.

Group Treasury and Risk Committee

The members of the GTRC are the Chief Executive, who acts as chairman, the Group Finance Director and the Group Treasurer and Head of Group Risk Control. The minutes of the GTRC are circulated to the Board. The responsibilities of the GTRC are to:

- review the risks arising in the Group's businesses and the adequacy of monitoring and mitigating controls;
- make recommendations on risk appetite to the Board;
- monitor the implementation and effectiveness of the Group's risk management framework;
- approve the Group's Risk Management Policies that set minimum standards and risk tolerances for the management of each identified risk;
- approve the Group Risk Reporting Framework that sets out the minimum reporting requirements for each risk identified in the Risk Management Policies; and
- approve specific technical policies, as required, that set out how certain risk management tasks or processes are to be carried out to provide a consistent approach in line with regulatory and internal standards.

Business support functions exercising oversight

Certain business support functions undertake certain risk oversight activities in addition to their first line of defence risk management activities.

Operations departments – key oversight activities include the monitoring of residual balances and failed settlements, as well as the review of 'cancels and corrects' trade amendments.

Compliance departments – the regional Compliance departments are responsible for investigating any suspicious broker or market activity, with the Head of Compliance acting as the Group's Money Laundering Reporting Officer.

Finance departments – Finance departments review financial results and balance sheets and investigate any unusual or unexpected results.

Third line of defence – independent assurance

The third line of defence consists of the Group's risk assurance functions, principally the Internal Audit function which reports to the Audit Committee of the Board.

Internal Audit

The objectives of Internal Audit are to assess the effectiveness of the Group's risk management, internal controls and governance process; whether operational and financial controls are appropriate and consistently applied; the effectiveness of internal controls for the safeguarding of assets; the reliability and integrity of management information; and the adequacy of processes to ensure compliance with applicable laws and regulations.

Internal Audit also provides an independent reporting facility under the Group's whistle-blowing arrangements.

The Audit Committee reviews and approves the internal audit plans, the findings of all internal audits undertaken are reported to the Audit Committee, and actions taken by management in response to the findings are tracked and reported to the Audit Committee.

Internal audit work during 2013 covered the full 'audit universe' within the Group at different levels of intensity based upon the internal audit plan agreed with the Audit Committee in December 2012. The plan was developed reflecting the results of a risk assessment exercise.

Since December 2007, Internal Audit has been outsourced to PricewaterhouseCoopers, who will continue to provide the service until June 2014. KPMG will take over the outsourced Internal Audit role from July 2014.

Risk Management Framework

Enterprise Risk Management Framework

The Group recognises that a strong culture of risk management is essential for the financial strength and resilience of the Group, and for the achievement of its business objectives. The Board is responsible for ensuring that the Group has an appropriately robust framework of risk governance and controls in place at all times and across all risk categories, which complies with all applicable regulatory requirements and is in line with industry good practice. The Group's risk management framework is set out in the Enterprise Risk Management Framework ('ERMF'). The ERMF documents the core principles, key components and key responsibilities of the risk management framework adopted by the Board to manage the Group's risk exposure in line with the Group's overall business objectives and within its stated risk appetite.

Risk Appetite Statements

The Group's Risk Appetite Statements define the type and level of risk that the Group is willing to accept in pursuit of its business objectives. The Group's Risk Appetite Statements are approved by the Board in the context of the Group's strategy. The Risk Appetite Statements are articulated at the levels of general risk types that could impact on the business objectives set by the Board. High level measures and tolerances are developed, where appropriate, for each Risk Appetite Statement, which are used to establish relevant policies and controls that link risk management to the risk appetite set by the Board.

In accordance with the Risk Appetite Statements set by the Board, the Group does not actively seek risk in order to generate a return but is willing to accept a limited amount of risk as a consequence of its broking activities, principally counterparty credit risk and operational risk. This is reflected in the business model adopted by the Group whereby it acts only as an intermediary in the financial markets and does not trade for its own account.

Risk Assessment Framework

The Risk Assessment Framework process ensures that the Group has a comprehensive understanding of its risk profile, including both existing and emerging risks faced by the Group, and to enable the Group to assess the adequacy of its risk management policies in the context of the Group's Risk Appetite Statements.

The Risk Assessment Framework identifies risks within nine risk categories. The risks within each category are analysed, mitigating factors assessed, and relevant controls identified. The risks are then graded for their expected severity and probability, and assigned a risk rating. The Risk Assessment Framework process includes an assessment of the controls in place to manage each risk identified, and the identification of any changes required to the control environment.

The Risk Assessment Framework is regularly updated and is reviewed at least twice each year by the Board, with particular focus on high priority risks. The Risk Assessment Framework is used in the development of the Group's risk management policies, the assessment of the appropriate levels of capital, to inform the scope of the internal audit plan, and to determine the frequency and content of risk reporting.

Risk Management Policies

Effective risk management requires that all employees involved in risk management, risk oversight and risk assurance activities have a clear understanding of the Group's risk profile and the various policies adopted to manage the risks to which the Group is exposed, as well as the Group's tolerance for each such risk.

The Group's Risk Management Policies ('RMP') sets out the individual risk management policies for each risk identified in the Group's Risk Assessment Framework. These policies represent the minimum standards adopted for the management of risks.

Each policy within the RMP includes the following components:

- a detailed description of the risk;
- any risk tolerance(s) adopted for the risk; and
- a description of the key policies adopted to manage each risk within the Group's risk appetite and in line with any risk tolerances adopted.

Given the importance and complexity of operational risk, the Group has set out how the Board's requirements within the ERMF are to be applied specifically to operational risk in the Operational Risk Management Framework.

Group Risk Reporting Framework

The Group Treasury and Risk Committee, Executive Directors and senior management receive appropriate information and exception reports to comply with the Group's Risk Management Policies, and to identify any new risks or exposures that may arise. These reporting requirements are set out in the Group Risk Reporting Framework Document. These requirements include reports detailing the current status of existing controls, audits, loss events, and any required action plans to remedy any identified shortcomings in the control environment.

Regional implementation of RMP

Regional senior management are responsible for adopting a Risk Management Policies Operations and Implementation Document ('RMPOID') to ensure that the operating subsidiaries within their region operate in accordance with the relevant policy framework and risk tolerances prescribed in the RMP. The RMPOID identifies the individual responsible for the management of each risk for the region, the various controls adopted to implement the risk management policies set out in the RMP, and documents the risk reporting for each risk and how material risk exposures will be escalated to an appropriate level of senior management.

Other risk management documentation

Specific technical policies set out how certain processes are required to be carried out. The Stress Testing Policy provides clear guidelines covering how stress tests for regulatory and internal requirements are to be executed. The ICAAP Policy sets out how the UK regulated entities must perform the ICAAP process and returns in accordance with FCA requirements.

Risk profile

The Group's Risk Assessment Framework categorises the risks faced by the Group into nine risk categories: Market Risk, Credit Risk, Operational Risk, Strategic and Business Risk, Governance Risk, Regulatory, Legal and Human Resources Risk, Reputational Risk, Liquidity Risk and Other Financial Risks.

Market Risk

Market risk is the vulnerability of the Group to movements in the value of financial instruments. The Group does not take trading risk and does not hold proprietary trading positions. Consequently, the Group is exposed to Market Risk only in relation to incidental positions in financial instruments arising as a result of the Group's failure to match clients' orders precisely. Such positions are valued and measured from trade date on a daily mark-to-market basis.

The Group's Risk Management Policies reduce the likelihood of such trade mismatches and, in the event that they arise, the Group's policy is to close out such balances immediately. All Market Risk arising across the Group is identified and monitored on a daily basis.

Credit Risk

The Credit Risk faced by the Group consists of counterparty credit risk (as opposed to issuer risk), and principally arises from the following:

- pre-settlement risk arising from Matched Principal broking;
- settlement risk arising from Matched Principal broking;
- cash deposits held at banks and money market instruments; and
- Name Passing brokerage receivables.

In addition to each individual element of counterparty risk identified above, the Group is also exposed to concentration risk. This is where the Group becomes overly exposed to these credit exposures in the aggregate either to an individual counterparty or to a group of linked counterparties.

Pre-settlement risk

Pre-settlement risk arises in the Matched Principal broking business in which Group subsidiaries interpose themselves as principal between two (or more) contracting parties to a Matched Principal transaction and as a result the Group is at risk of loss should one of the parties to a transaction default on its obligations prior to settlement date. In the event of default, the Group would have to replace the defaulted contract in the market. This is a contingent risk in that the Group will only suffer loss if the market price of the securities has moved adversely to the original trade price.

Counterparty exposures are kept under constant review and the Group takes steps to reduce counterparty risk where market conditions require. Particular attention is paid to more illiquid markets where the price movement is more volatile, such as broking in GDR, ADR and emerging markets instruments.

The Group is also exposed to short term pre-settlement risk where it acts as an executing broker on an exchange, during the period between the execution of the trade and the client claiming the trade. This exposure is minimal as under the terms of the 'give-up' agreements the Group has in place with its clients, trades must be claimed by the end of trade day. Once the trade has been claimed, the Group's only exposure to the client is for the invoiced receivables.

Settlement risk

Settlement risk is the risk that on settlement date a counterparty defaults on its contractual obligation to make payment for a securities transaction after the corresponding value has been paid away by the Group. Unlike pre-settlement risk, the exposure is to the full principal value of the transaction.

In practice the Group is not exposed to this risk as settlement is almost invariably effected on a Delivery versus Payment basis. Free of payment deliveries (where an immediate exposure arises due to the Group's settling its side of the transaction without simultaneous receipt of the countervalue) occur very infrequently and only under the application of stringent controls.

Cash deposits

The Group is exposed to counterparty Credit Risk in respect of cash deposits held with financial institutions. The vast majority of the Group's cash deposits are held with highly rated clearing banks and settlement organisations (as set out in the Credit Risk analysis in Note 25 to the Consolidated Financial Statements).

As with trading counterparties, cash deposit counterparty exposures and limits are kept under review and steps are taken to reduce counterparty risk where market conditions require.

Name Passing brokerage receivables

The majority of transactions brokered by the Group are on a Name Passing basis, where the Group acts as agent in arranging the trade and is not a counterparty to the transaction. Whilst the Group does not suffer any exposure in relation to the underlying instrument brokered (given that the Group is not a principal to the trade), it is exposed to the risk that the client fails to pay the brokerage it is charged. Receivables arising from Name Passing brokerage are closely monitored by senior management.

Concentration risk

The possibility of concentration risk exists in the level of exposure to counterparties. The Group controls its credit exposure to counterparties and groups of linked counterparties through the application of a system of counterparty credit limits based on the mark-to-market exposure for Matched Principal trades, outstanding brokerage receivables for Name Passing trades, and amount on deposit for cash deposit exposure. Credit departments also monitor exposures across country groupings, credit rating, and types of counterparty.

Operational Risk

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 Group's approach to Operational Risk management is not to attempt to avoid all potential risks, but to proactively identify and assess risks and risk situations in order to manage them in an efficient and informed manner. Examples of Operational Risk include:

- IT systems failures, breakdown in security or loss of data integrity;
- failure or disruption of a critical business process, through internal or external error or event;
- failure or withdrawal of settlement and clearing systems, or errors in instructions;
- events preventing access to premises, telecommunications failures or loss of power supply which interrupt business activities; and
- broker errors.

Strategic and Business Risk

The Group operates in an environment characterised by intense competition, rapid technological change and a continually evolving regulatory framework. Failure to adapt to changing market dynamics, customer requirements or the way OTC markets and their participants are regulated constitutes a significant long term risk. The Group has identified four principal categories of Strategic and Business Risk:

- direct regulatory risk;
- indirect regulatory risk;
- lower market activity risk; and
- commercial risk.

Direct regulatory risk

The risk of new regulations imposing a fundamental change to the structure or activity of financial markets, resulting in a reduced role for IDBs. Specific issues could include an inability of the business to provide electronic platforms or market facilities which are compliant with new regulations or the obligation to hold punitive levels of regulatory capital.

Indirect regulatory risk

The risk of a fundamental change to the commercial environment due to the impact on clients of changes to their regulatory environment causing significantly reduced trade volumes. This could include increased execution and clearing costs, onerous collateral requirements or increases in regulatory capital requirements, or a prohibition on certain types of trading activity.

Lower market activity risk

The risk that the Group experiences a sustained period of low market activity leading to reduced revenues. This could arise as a result of adverse macro-economic conditions, reduced levels of general banking activity, market uncertainty or lack of volatility.

Commercial risk

The risk of a fundamental change to the commercial environment, whether due to client requirements or competitor activity. The Group seeks to manage and mitigate its commercial risk by following a clearly defined business development strategy, geographic and product diversification and strong client relationship management.

Commercial risk also includes the risk that the Group is unable to respond to market demand for electronic broking solutions and loses market share as a result. The Group seeks to address this risk through continued development and enhancement of its electronic broking capability, to ensure that it can offer a competitive solution for all major asset classes.

Strategic Report continued

Governance Risk
Governance Risk is the risk of loss or damage to the business arising as a result of a failure of management structures or processes. This includes failure to adhere to applicable corporate governance requirements (such as those recommended by the UK Corporate Governance Code), a failure to ensure adequate succession to key management positions, or the inappropriate use of authority and influence by current or former senior members of staff.

The risk of accounting error or fraud is mitigated by the strong control environment which exists within the Group, in particular the involvement of the Audit Committee, the Internal Audit function and the Group Treasury and Risk Committee. Succession planning within the Group is overseen by the Board.

Regulatory, Legal and Human Resource Risk
This risk concerns the potential loss of value due to regulatory enforcement action (such as for breaches of conduct of business requirements or market abuse provisions); the possible costs and penalties associated with litigation; and the possibility of a failure to retain and motivate key members of staff. The Group also faces the risk that changes in applicable laws and regulations could have a serious adverse impact on the business.

The Group's lead regulator is the FCA, but the Group is also subject to the requirements imposed by the regulatory framework of the other jurisdictions in which the Group operates. The Group's compliance officers monitor compliance with applicable regulations and report regularly to the Board. The Group's Legal department oversees contracts entered into by Group companies, and manages litigation which arises from time to time.

Reputational Risk
Reputational Risk is the risk that the Group's ability to do business might be damaged as a result of its reputation being tarnished. Clients rely on the Group's integrity and probity. The Group has policies and procedures in place to manage this risk to the extent possible, which include conduct of business rules, procedures for employee hiring and the taking on of new business.

Liquidity Risk
The Group seeks to ensure that it has access to an appropriate level of cash, other forms of marketable securities and facilities to enable it to finance its ongoing operations on cost effective terms. Cash and cash equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements are monitored by the GTRC.

As a normal part of its operations, the Group faces liquidity risk through the risk of being required to fund transactions that fail to settle on the due date. From a risk perspective, the most problematic scenario concerns 'fail to deliver' transactions, where the business has received a security from the selling counterparty (and has paid cash in settlement of the same) but is unable to effect onward delivery of the security to the buying counterparty. Such settlement 'fails' give rise to a funding requirement, namely the cost of funding the security which we have 'failed to deliver' until such time as the delivery leg is finally settled and we have received the associated cash.

The Group has addressed this funding risk by arranging overdraft facilities to cover any 'failed to deliver' trades, either with the relevant settlement agent/depository or with a clearing bank. Under such arrangements, the facility provider will fund the value of any 'failed to deliver' trades until delivery of the security is effected. Certain facility providers require collateral (such as a cash deposit or parent company guarantee) to protect them from any adverse mark-to-market movement, and some also charge a funding fee for providing the facility.

The Group is also exposed to potential margin calls from clearing houses and correspondent clearers, both in the UK and the United States.

In the event of a liquidity issue arising, the firm has recourse to existing global cash resources, after which it could draw down on a £150m committed revolving credit line as additional contingency funding. This facility remained undrawn throughout 2013.

Further details of the Group's borrowings and cash are provided in Notes 22, 25 and 31 to the Consolidated Financial Statements.

Other Financial Risks
The nature and scope of the Group's operations mean that it is exposed to a number of other financial risks including interest rate risk, currency risk, taxation risks, and pension obligation risk.

Interest rate risk
The Group is exposed to interest rate risk on its cash deposits and on borrowings under bank facilities. The Group's Sterling Notes carry interest at fixed rates. Cash deposits are typically held at maturities of less than three months.

The GTRC periodically considers the Group's exposure to interest rate volatility.

Analysis of the Group's sensitivity to movements in interest rates is set out in Note 25 to the Consolidated Financial Statements.

Currency risk
The Group trades in a number of currencies around the world, but reports its results in sterling. The Group therefore has translation exposure to foreign currency exchange rate movements in these currencies, principally the US dollar and the Euro, and transaction exposure within individual operations which undertake transactions in one currency and report in another.

Analysis of the Group's sensitivity to movements in foreign currency exchange rates is set out in Note 25 to the Consolidated Financial Statements.

Taxation risk
The risk of financial loss or misstatement as a result of non-compliance with regulations relating to direct, indirect or employee taxation. The Group employs experienced qualified staff in key jurisdictions to manage this risk and in addition uses professional advisers, as appropriate.

Pension obligation risk
The risk that the Group is required, in the short and medium term, to fund a deficit in the Group's defined benefit pension scheme.

CORPORATE SOCIAL RESPONSIBILITY

Governance
Responsibility for social, ethical and environmental matters rests with the Board, and is included in its Terms of Reference. The Chief Executive Officer is the Board member responsible for Corporate and Social Responsibility ('CSR'). The Company's CSR Governance Committee was established in 2009 and comprises all members of the Company's Executive Committee. This Committee and its members in their executive roles continue to oversee and guide the CSR activities of the Company, reflecting the importance the Company places on this broad and visible area of responsibility.

Ethical issues
The Board expects the Company to maintain high standards of governance and of ethical behaviour throughout the business, and policies and procedures exist to ensure employees at all levels maintain the standards that are set and which are expected of them.

The Company's approach to ethical behaviour and corporate governance is documented in its policies and procedures, for observance by all members of staff, and provides for:

- maintaining high standards of compliance and risk management – ultimately the responsibility of the Chief Executive, and monitored by the Board and Audit Committee;
- fully complying with legal and regulatory requirements in each of the jurisdictions in which it operates, including the FCA's Conduct of Business Sourcebook and the Bank of England's Non-Investment Products Code;
- prohibiting corrupt practices such as inappropriate payments to any third party, directly or indirectly;
- fully complying with tax laws in each of the jurisdictions in which it operates relating to its affairs and the deduction of taxes from staff remuneration;
- trading fairly, knowing its clients and properly understanding its trades with its clients. The Company has a policy of not participating in trading activities which it suspects may not be for legitimate trading purposes, or whose sole purpose appears to be tax reduction by the counterparty;
- guiding employees involved in procurement activities, including a requirement to adhere to the highest ethical and social standards; and
- maintaining appropriate guidelines on gifts, hospitality, entertainment and conflicts of interest.

In formulating its policies, the Group has due regard to human rights considerations.

Employees
Attracting and retaining the best brokers, management, professional and other support staff remains crucial to the Company's ongoing success. Management recognises that the Company's ability to maximise returns to shareholders is dependent on employing and retaining the best staff in all the geographies in which it operates. The Company is committed to developing and motivating its staff and offers training where appropriate and measures performance to achieve this objective.

To assist with employee engagement, the Company maintains effective internal communications channels at both Group and regional levels to ensure staff are informed in a timely way about major developments in the business, such as the launch of new products, organisational changes, key hires, and financial and regulatory announcements. Information is provided to employees regularly through integrated and complementary channels such as internal emails, the Company's intranet site, print collateral and town hall meetings, as appropriate. Posters are used for internal communications across all the Company's offices.

Staff welfare remains a serious matter for the Company, especially given the demanding nature of the broking environment. Day to day responsibility for staff welfare and the management of stress rests with business line management assisted by the Human Resources department. This is supplemented by an Employee Assistance Programme which provides counselling and advice to staff and their families, and the use of occupational health specialists if required. The Company's policies on health and safety provide a formal framework and inform line management in the discharge of their responsibilities in this area.

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

In the event that an employee becomes disabled, the Group's policy is to make reasonable adjustments, including arranging training, to enable the employee to continue working for the Group.

Strategic Report continued

At 31 December 2013 the Company's Board comprised 1 woman and 5 men; the senior managers of the Company (excluding the Board) comprised 2 women and 44 men; and the Group employed 531 women and 2,063 men.

Key performance indicators

Records on employment matters are maintained as required in each legal and regulatory jurisdiction. Key performance indicators are as follows:

- The Company employed 2,603 full time equivalent employees and directors worldwide in 2013 (47% in Europe, 31% in the Americas and 22% in Asia Pacific) compared with 2,645 staff in 2012 (46% in Europe, 32% in the Americas and 22% in Asia Pacific). Total remuneration for all staff in 2013 was £483m (2012: £530m);
- The table below sets out the continuing high retention levels across the Group:

	2013	2012
EMEA		
5 years' + service	**59%**	58%
10 years' + service	**38%**	35%
Americas		
5 years' + service	**60%**	53%
10 years' + service	**42%**	35%
Asia Pacific		
5 years' + service	**40%**	40%
10 years' + service	**16%**	16%

Social and community issues

Tax and other social payments

The Company continues to maintain a Low Risk rating from HMRC. The Company has earned this Low Risk rating in each of the last six years since HMRC started to publish the names of those companies achieving this important status.

Tullett Prebon is registered, regulated and publicly listed in the UK and will continue to pay the right amount of tax at the right time.

Tullett Prebon made payments to tax authorities in the UK and the United States (the main jurisdictions in which it operates) for 2013 of £235m (2012: £275m), comprising corporation tax, premises taxes, employer's social security payments, income taxes and social security paid on behalf of employees and VAT/ sales taxes. In addition, the Company makes further tax payments to the tax authorities in other tax jurisdictions in which it operates.

Donations

The Company has maintained the policy of making no donations to political parties. Similarly, charitable donations are not normally allowed. These two policies reflect the Board's view that shareholders' funds should be retained for use within the business and that it is for shareholders to determine what non-business use should be made of their resources.

Environment

Tullett Prebon, as an office-based business, is not engaged in activities that are generally regarded as having a high environmental impact. However, the Board has agreed that it will seek to adopt policies to safeguard the environment to meet statutory requirements or where such policies are commercially sensible.

The emission of greenhouse gases as a result of office-based business activities and from business travel, is the Company's main impact on the environment and statistics relating to these emissions are set out in the Directors' Report.

The Strategic Report was approved by the Board and signed on its behalf by

Terry Smith
Chief Executive
4 March 2014

Board of Directors

RUPERT ROBSON (53)

Chairman

Rupert Robson was appointed to the Board in January 2007 and to Chairman on 6 March 2013. He is Chairman of the Nominations Committee. He has held a number of senior roles in financial institutions, most recently Non-executive Director of London Metal Exchange Holdings Ltd and Non-executive Director of OJSC Nomos Bank, Global Head, Financial Institutions Group, Corporate Investment Banking and Markets at HSBC and Head of European Insurance, Investment Banking at Citigroup Global Markets. He is Chairman of Charles Taylor plc and EMF Capital Partners.

TERRY SMITH MNZM (60)

Chief Executive

Terry Smith started his career with Barclays Bank, became a stockbroker in 1984 with W Greenwell & Co. and subsequently worked at BZW and James Capel. In 1990 he became the head of UK Company Research at UBS Philips & Drew. In 1992 he joined Collins Stewart (subsequently Collins Stewart plc), becoming a director in 1996 and Chief Executive in 2000. When Collins Stewart and Tullett Prebon demerged in December 2006, he became Chief Executive of Tullett Prebon plc. He also became Executive Chairman of Collins Stewart plc, a position which he held until 2009 when he became Deputy Chairman, finally resigning from the Board of Collins Stewart plc in October 2010. He is an Associate of the Chartered Institute of Bankers, has an MBA from The Management College, Henley and is a qualified Series 7 Registered Representative and Series 24 General Securities Principal with FINRA. In November 2010, Terry Smith launched Fundsmith, a fund management company, of which he is Chief Executive and Chief Investment Officer. In the New Zealand 2012 New Year's Honours list, Terry Smith was appointed a Member of the New Zealand Order of Merit for services to New Zealand-United Kingdom relations.

PAUL MAINWARING (50)

Finance Director

Paul Mainwaring qualified as a chartered accountant with Price Waterhouse in 1987, and obtained an MBA from Cranfield School of Management in 1991. From 1993 to 2000, he worked for Caradon plc in a number of financial roles, including three years as Finance Director of MK Electric. In 2000, he was appointed as Group Finance Director of TDG plc. He was appointed as Group Finance Director of Mowlem plc in 2005. He was appointed to the Collins Stewart Tullett plc Board in October 2006, and has been Finance Director of Tullett Prebon plc since December 2006.

ANGELA KNIGHT (63)

Senior Independent Non-executive Director

Angela Knight was appointed as a Non-executive Director of Tullett Prebon plc in September 2011. She is a member of the Audit, Remuneration and Nominations Committees. Angela Knight is currently the Chief Executive of Energy UK and a Non-executive director of Brewin Dolphin Holdings plc and Transport for London. She was formerly the Chief Executive of the British Bankers' Association from 2007 to 2012 and the Chief Executive of the Association of Private Client Investment Managers and Stockbrokers from 1997 to 2006. She was also formerly the Member of Parliament for Erewash from 1992 to 1997, serving as a Treasury Minister from 1995 to 1997. Her previous Non-executive director appointments include the Financial Skills Partnership, Lloyds TSB plc, Scottish Widows and LogicaCMG plc.

ROGER PERKIN (65)

Independent Non-executive Director

Roger Perkin joined the Board on 1 July 2012. He is Chairman of the Audit Committee and a member of the Remuneration and Nominations Committees. He is a former partner at Ernst & Young LLP and spent 40 years in the accounting profession before retiring from the firm in 2009. He is a Non-executive Director and Chairman of the Audit Committee for Nationwide Building Society and Electra Private Equity plc and Non-executive Director and member of the Audit Committee of Resolution Limited. He was formerly a Non-executive Director at The Evolution Group plc until its acquisition in December 2011. He is a trustee of two charities, Chiddingstone Castle and Crime Reduction Initiatives.

STEPHEN PULL (57)

Independent Non-executive Director

Stephen Pull was appointed as a Non-executive Director of Tullett Prebon plc in September 2011. He is Chairman of the Remuneration Committee and a member of the Audit and Nominations Committees. Stephen Pull was Chairman of Corporate Broking at Nomura between 2008 and 2011 following their acquisition of Lehman Brothers Europe for whom Stephen worked from 2002 as Head of Corporate Broking, and then as Chairman of Corporate Broking. He has also held a number of other senior roles in the City, including Managing Director of Corporate Broking at Merrill Lynch and Head of UK Equity Sales at Barclays de Zoete Wedd.

DAVID SHALDERS (47)

Independent Non-executive Director

David Shalders joined the Board on 27 February 2014 and is a member of the Remuneration Committee. David Shalders is Group Operations & Technology Director at Willis Group Holdings plc, responsible for information technology, operations, real estate and change management functions. David Shalders joined Willis from the Royal Bank of Scotland Group where he served for over a decade in senior operations and IT roles, most recently as Global Chief Operating Officer for Global Banking and Markets. He also led the division's regulatory response to Basel 3. Prior to that, David led the Group's integration with ABN Amro and held roles as Head of London and Asia Operations and Head of Derivative Operations for NatWest.

Directors' Report

The Directors present their report, together with the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2013.

Results and dividends

The results for the year are set out in the Consolidated Income Statement on page 49.

The Directors recommend a final dividend for the year of 11.25p per ordinary share. The final dividend, if approved, will be paid on 15 May 2014 to ordinary shareholders whose names are on the register at the close of business on 25 April 2014.

During 2013 Tullett Prebon plc paid a final dividend for 2012 of 11.25p per ordinary share and an interim dividend for 2013 of 5.6p per ordinary share.

Directors

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

Rupert Robson (independent Non-executive Director – Non-executive Chairman from 6 March 2013)

Terry Smith (Chief Executive)

Paul Mainwaring (Finance Director)

Angela Knight (Senior Independent Non-executive Director)

Roger Perkin (independent Non-executive Director)

Stephen Pull (independent Non-executive Director)

Keith Hamill (Non-executive Chairman – retired 6 March 2013)

David Clark (independent Non-executive Director – retired 9 May 2013)

Biographical details of the Directors are set out on page 21.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in place at the date of this report. The principal employer of the Tullett Prebon Pension Scheme has given indemnities to trustees of that scheme, including the Executive Directors and Chairman. The Company maintains liability insurance for its Directors and officers.

Share capital and control

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in Note 26 to the Consolidated Financial Statements which is incorporated into this Directors' Report by reference.

The Company has one class of ordinary shares, which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The voting rights of the ordinary shares held by the Tullett Prebon plc Employee Benefit Trust 2007 are exercisable by the trustees in accordance with their fiduciary duties. The right to receive dividends on these shares has been waived. Details of employee share schemes are set out in Note 28 to the Consolidated Financial Statements which is incorporated into this Directors' Report by reference.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the provisions of the Company's Articles of Association (the 'Articles') and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights, nor are there any arrangements by which, with the Company's co-operation, financial rights carried by securities are held by a person other than the holder of those securities.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The Articles may be amended by special resolution of the shareholders and were last amended at the Company's Annual General Meeting in May 2012. As a consequence of this amendment to the Articles, at each AGM all of the Directors who held office on the date seven days before the Notice of that AGM must retire from office and each Director wishing to serve again must submit themselves for election or re-election by shareholders.

The powers of the Directors include the authorities to allot shares and to buy the Company's shares in the market as granted by shareholders at the AGM. At the last AGM resolutions were passed to authorise the Directors to allot up to a nominal amount of £36,268,645 ordinary shares (subject to certain restrictions) and to purchase up to 21,761,187 ordinary shares. Details of the shares issued during the year and up to the date of this Annual Report are set out in Note 26 to the Consolidated Financial Statements. At the date of this Annual Report, no shares had been purchased in the market under the authority granted at the 2013 AGM. The allotment and buy-back authorities will expire at the conclusion of the next AGM or, if earlier, on 1 July 2014, unless renewed before that time.

Further powers of the Directors are described in the Schedule of Matters Reserved for the Board, which is available on the Company's website, and summarised in the Corporate Governance Report.

The Company's £150m revolving credit facility gives the lenders the right not to renew loans and to cancel commitments in the event of a change of control. The facility has never been drawn. There are no other significant agreements that take effect, alter or terminate upon a change of control of the Company, nor any agreements with the Company and its employees or Directors for compensation for loss of office or employment that occurs because of a take-over bid.

Substantial interests

As at the year end, and at 4 March 2014, being the latest practicable date before signing of this document, the following (not being Directors, their families or persons connected, within section 252 of the Companies Act 2006) had notified the Company in accordance with DTR 5 that they were interested in the following voting rights of the issued ordinary share capital of the Company:

	31 December 2013 %	4 March 2014 %
Lloyds Banking Group plc	9.0	9.0
Jupiter Asset Management Limited	8.6	8.6
Henderson Global Investors	5.0	Below 5.0
Invesco Limited	5.0	5.0
OppenheimerFunds, Inc	5.0	5.0
Schroders plc	5.0	5.0

Corporate Governance Report

A separate Corporate Governance Report is included within this Annual Report on pages 25 to 31 and which is, where relevant, incorporated into this Directors' Report by reference. The Corporate Governance Report includes the information that fulfils the requirements of section 7.2 of The Disclosure and Transparency Rules with the exception of the information referred to in DTR 7.2.6 which is included in this Directors' Report.

Corporate Social Responsibility

Information concerning the Company's policies on employee engagement and the employment of disabled staff is included in the Corporate Social Responsibility section of the Strategic Report, which is, where relevant, incorporated into this Directors' Report by reference.

Greenhouse gas emissions

The estimated 2013 Group greenhouse gas emissions are set out below:

	Tonnes of CO_2e
Combustion of fuel, vehicles, fugitive emissions (scope 1)	402
Purchased electricity (scope 2)	10,286
Total	10,688
Total emissions per employee	4.1

The emission statistics were calculated by Sustain Limited and cover all material sources of emissions for which the Group is responsible. The methodology used was that of the 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard' (revised edition, 2004). Responsibility for emissions sources was determined using the operational control approach. The estimate covers all Tullett Prebon operations that are consolidated in the financial statements. Data was collected for the Group's largest offices which employ approximately 80% of the Group's staff, and extrapolated to cover all the Group's offices, as well as for the Group's disaster recovery sites and any corporate vehicles. Collected data was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2013.

Political and charitable donations

During 2013 no political or charitable donations were made by the Group (2012: £nil).

Going concern

The Group's business activities and performance, and the financial position of the Group, its cash flows, liquidity position, borrowing facilities and hedging strategy, together with the factors likely to affect its future development, performance and position, are explained in the Strategic Report. Analysis of the Group's key risks and approach to risk management is also set out in the Strategic Report. Details of the Group's interest bearing loans and borrowings, obligations under finance leases, long term provisions, other long term payables and financial instruments are set out in Notes 22 to 25 to the Consolidated Financial Statements.

The Group has considerable financial resources both in the regions and at the corporate centre comfortably to meet the Group's ongoing obligations.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Annual Report and financial statements continue to be prepared on the going concern basis.

Directors' Report continued

Auditors
Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming AGM.

Disclosure of information to the auditor
Each of the persons who is a Director at the date of approval of this Annual 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 ought to have taken as a Director in order to make himself 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 section 418 of the Companies Act 2006.

Annual General Meeting
The AGM of the Company will be held at 2.00pm on 9 May 2014. Details of the resolutions to be proposed at the AGM are set out in a separate Notice of Meeting which will be sent to all shareholders entitled to receive such Notice. Only members in the register of members of the Company as at 6.00pm on 7 May 2014 (or two days before any adjourned meeting) will be entitled to attend and vote at the AGM. Any proxy must be lodged with the Company's registrars or submitted to CREST at least 48 hours before the AGM or any adjourned meeting.

Resolutions dealing with the approval of the Long Term Incentive Scheme ('LTIS') and awards made under the LTIS, authority to allot shares, disapplication of pre-emption rights, authority to buy back shares and to convene extraordinary general meetings on no less than fourteen days' notice will be put to the AGM as special business. The resolutions are set out in a Notice of Annual General Meeting together with explanatory notes which are set out in a separate circular to shareholders which accompanies this Annual Report.

By order of the Board

Diana Dyer Bartlett
Company Secretary
4 March 2014

Corporate Governance Report

The Directors, whose names and details are set out on page 21, are responsible for the corporate governance of the Group. They are committed to ensuring that from the top downwards the highest standards of corporate governance are maintained. They support the principles of good corporate governance and code of best practice laid down in the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012 (the 'Code'), which is publicly available at www.frc.org.uk.

Throughout the year ended 31 December 2013 the Board believes it has complied with the principles and provisions recommended by the Code. The manner in which the Company has applied the principles of good governance set out in the Code is outlined below.

DIRECTORS

Composition of the Board

The Board currently comprises two Executive Directors, four independent Non-executive Directors and a Non-executive Chairman.

There were several Board changes during 2013 and since the year end. Keith Hamill and David Clark retired on 6 March 2013 and 9 May 2013 respectively and David Shalders was appointed as a Non-executive Director on 27 February 2014.

The Chairman, Rupert Robson, was, at appointment, independent of the Company and the management, but, as Chairman, is not classified as independent under the Code. His other significant commitments are noted in his biography on page 21.

The Directors' biographies on page 21 demonstrate the Board's depth and breadth of experience and skill. Five of the Directors (including four of the Non-executive Directors) have extensive previous experience at senior levels in the financial services sector. Two of the Directors are chartered accountants (one of who was an audit partner in a major firm of accountants). The Finance Director was previously Finance Director of a number of other companies.

There is a clearly defined and documented division of responsibilities between the Chairman and the Chief Executive. The primary responsibility of the Chairman is the leadership of the Board. The primary responsibility of the Chief Executive is the running of the Company's operations, maintaining effective management and the development and implementation of strategy in order to maximise shareholder value.

The Board allows the Executive Directors to take up appointments with other companies on the proviso that the time commitment involved is not too onerous and would not conflict with their duties to the Company.

The terms of the Directors' service agreements and letters of appointment are summarised in the Report on Directors' Remuneration. The service agreements and the letters of appointment will be available for inspection during normal business hours on any weekday (other than public holidays) at the Company's registered office, and at the AGM from fifteen minutes prior to the meeting until its conclusion.

Independence of Directors

The Board has determined that all of the Non-executive Directors are independent. The Senior Independent Non-executive Director has responsibility for dealing with any shareholders who have concerns which contact through the normal channels of Chairman, Chief Executive or Finance Director has failed to resolve, or for which such contact is inappropriate. The Senior Independent Non-executive Director provides a sounding board for the Chairman and is available to act as an intermediary for other Directors when necessary.

Induction, professional development and corporate awareness

All Directors receive an induction to the Company on joining the Board and relevant training is available to Directors to assist them in the performance of their duties. The Chairman is responsible for ensuring that Directors continually update their skills and knowledge and familiarity with the Company required to fulfil their role on the Board and its committees. The Audit and Remuneration Committees receive briefings on current developments. The Non-executive Directors take advantage of sector and general conferences and seminars and training events organised by professional firms and receive circulars and training materials from the Company and other professional advisers. Presentations are made to the Board by members of the Company's Executive Committee and arrangements are made for Non-executive Directors to meet members of the management teams. Non-executive Directors periodically visit the Company's international offices, usually in connection with other activities. The Board is kept informed of any material shareholder correspondence, brokers' reports on the Company and sector, institutional voting agency recommendations and documents reflecting current shareholder thinking.

Corporate Governance Report continued

Conflicts of interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company (a 'Relevant Situation'). The Board has a formal system in place for Directors to declare Relevant Situations to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a Relevant Situation, the non-conflicted Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company, and they may impose limits or conditions when giving the authorisation or subsequently if they think this is appropriate. The Board has followed the prescribed procedures in deciding whether, and on what terms, to authorise Relevant Situations and believes that the systems it has in place for reporting and considering Relevant Situations, including an annual review of authorisations, continue to operate effectively. During the year the independent Non-executive Directors, led by the Senior Independent Non-executive Director, reviewed the external business commitments of members of the Board and concluded that none of these gave rise to conflicts of interest or other factors which might affect the effective operation of the Company or the Board.

Performance evaluation

Reviews of the effectiveness of the Board and its Committees and the performance of individual Directors were undertaken in 2013. The effectiveness of the Board was reviewed with the assistance, for the first time, of an independent facilitator, Lygon Group. Lygon Group has no other connections to the Company. In this process, consideration was given to the Board's leadership and the effectiveness of Board meetings, the Board's composition and dynamics, risk management processes, committee structure and performance, induction and training and management of shareholder relationships. Following the review the Board agreed to introduce more informal Non-executive Director interaction with senior management, to supply more industry information to Non-executive Directors to ensure their market knowledge continues to be up to date, to adopt more formal succession plans and to continue to maintain shareholder engagement by Non-executive Directors. In summary, the review concluded that the Board functioned well and that any changes in practice were of the nature of slight modifications and developments. All of these changes have been documented and effected. The reviews of Board committee effectiveness similarly concluded that the Board's committees were operating effectively.

Performance evaluations of individual Directors were also undertaken which considered the effectiveness and commitment of the individual Directors and the need for any training or development. In February 2013 and January 2014, the Chairman formally met the Non-executive Directors without the Executive Directors being present to evaluate the performance of the individual Executive Directors. The Senior Independent Non-executive Director and the other Non-executive Directors met without the Chairman being present to evaluate the Chairman's performance, having first obtained feedback from the Executive Directors. Appropriate feedback was provided following these meetings. The Chairman has also provided feedback on performance to the Non-executive Directors.

Election or re-election at the AGM

At the 2012 AGM, amendments to the Company's Articles with regard to re-election of Directors were approved in order to align them with the recommendations set out in the Code. Consequently, the Articles require that, at each AGM of the Company, all Directors must retire from office and each Director wishing to serve again must submit themselves for election or re-election by shareholders. Details of those Directors who are submitting themselves for election or re-election at this year's AGM are set out in the separate notice of meeting.

David Shalders was appointed since the last AGM and accordingly is subject to election at the forthcoming AGM. The Board believes that David Shalders brings extensive operations and technology expertise in major financial institutions to the Board, which will enable him to make a valuable contribution to the Board, given the significant changes which the IDB industry continues to undergo and the Board recommends his election.

The Chairman has confirmed in the Chairman's Statement, and the Board is satisfied that, following formal performance evaluation, the performance of each of the Directors offering themselves for re-election continues to be effective, and that each demonstrates commitment to the role.

Biographies of all Directors are set out on page 21.

Board administration

The Board has a formal Schedule of Matters reserved to it for decision, which can be viewed on the Company's website (www.tullettprebon.com). The Schedule includes, among other things:

- approval of the Group's strategy;
- changes to the Group's capital or corporate structure;
- oversight of the Group's management, governance and control structure;
- approval of any material borrowing or commitment;
- Board appointments and removals;
- the approval of the prosecution or settlement of all litigation which is material to the interests of the Group;
- reporting to shareholders; and
- environmental, social and governance policies, including corporate social responsibility policy.

Beneath the Board there is a structure of delegated authority which sets out the authority levels allocated to the individual Directors and senior management.

The Board has established Audit, Remuneration and Nominations Committees to which it has delegated some of its responsibilities. Each of the Committees has detailed terms of reference, which can be viewed on the Company's website and a schedule of business to be transacted during the year. The terms of reference of the Audit Committee were amended in January 2014 to take account of additional responsibilities introduced by the UK Government's new reporting requirements. The responsibilities of each of the Committees together with an overview of their meetings during the year are described below.

The Board and its Committees are provided with appropriate information on a timely basis to enable them to discharge their duties. All Directors receive written reports prior to each meeting which enable them to make an informed decision on corporate and business issues under review. All Board meetings are minuted and any unresolved concerns are recorded in such minutes.

The Group has a comprehensive system for financial reporting which is subject to review by both internal and external audit. Budgets, regular re-forecasts and monthly management accounts including KPIs, income statements, balance sheets and cash flows are prepared at all levels of the business and consolidated reports are reviewed by the Board.

The Board has a schedule of eight meetings each year to discuss the Group's ordinary course of business. Every effort is made to arrange these meetings so that all Directors can attend; additional meetings are arranged as required.

The table below sets out the Board and Committee attendance record during the year.

All Directors have access to the services of the Company Secretary and there are procedures in place for taking independent professional advice at the Company's expense if required.

The Company Secretary is responsible for ensuring that the Board keeps up to date with key changes in legislation which affect the Company. The appointment or removal of the Company Secretary is a matter reserved for the Board.

AUDIT COMMITTEE

Composition

Roger Perkin chaired the Audit Committee throughout the year. The other members of the Committee throughout the year were Angela Knight and Stephen Pull. Rupert Robson was a member until his appointment as Chairman of the Board on 6 March 2013. All members of the Committee are independent Non-executive Directors. The Audit Committee Chairman has recent and relevant financial experience.

The Chairman, the Executive Directors, the Company's external and internal auditors, the Group Treasurer and Head of Risk Control, and other senior finance personnel may attend Committee meetings by invitation. The Committee has a discussion with the external auditor at least once a year without the Executive Directors being present, to ensure that there are no unresolved issues of concern.

Terms of reference

Throughout 2013 the Audit Committee's terms of reference included:

- recommendation on appointment and terms of engagement of the external auditor;
- review of independence and objectivity of the external auditor;
- approval of the annual audit plan, scope of engagement and review of effectiveness of the audit process;
- monitoring the integrity of the financial statements;
- review of the results of the audit;

Board and Committee attendance record

	Board*	Audit Committee	Remuneration Committee	Nominations Committee
Executive Directors				
Terry Smith	8/8	–	–	–
Paul Mainwaring	8/8	–	–	–
Non-executive Directors				
Rupert Robson	8/8	1/1	2/2	2/2
Angela Knight	8/8	4/4	4/4	3/3
Roger Perkin	8/8	4/4	4/4	3/3
Stephen Pull	8/8	4/4	4/4	3/3
Keith Hamill	2/2	–	–	–
David Clark	2/2	1/1	3/3	2/2

* Excludes meetings of committees of the Board appointed to complete routine business or business previously approved by the Board.

Corporate Governance Report continued

- review of the effectiveness of the Company's internal control and risk management procedures;
- approval of the annual internal audit plan, review of the effectiveness of the internal audit function, and consideration of internal audit reports; and
- review of the arrangements by which staff may, in confidence, raise concerns about improprieties in financial reporting and other matters.

In January 2014 the terms of reference were extended to incorporate additional responsibilities introduced by the 2012 UK Corporate Governance Code including the responsibility to report to the Board on how it has discharged its duties and to provide advice to the Board on whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Terms of Reference of the Audit Committee are available on the Company's website (www.tullettprebon.com).

Work of the Audit Committee during 2013

The Audit Committee was engaged in a number of workstreams during 2013 as described below.

Audit tenders

Deloitte LLP ('Deloitte') has been the Company's auditor since its listing in December 2006.

In 2013 the Board put the external audit contract out for tender. A request for proposal was issued requesting information on, inter alia, the audit firm's capability and organisation, the experience of the proposed team, audit quality control including management of conflicts and independence, the firm's assessment of the audit requirements and the key audit issues, their approach to non-audit work and the proposed fees for the 2014 audit. The tender process involved meetings with the Audit Committee Chairman, Executive Directors and members of the senior management team, access to a virtual data room, a written proposal and a presentation to the Audit Committee. The Audit Committee considered the proposals made and concluded that Deloitte had submitted the best proposals all round and accordingly a recommendation was made to the Board that Deloitte should be re-appointed as the Company's external auditor for 2014. The Board approved the re-appointment in December 2013. For the 2014 external audit, a new lead audit partner will be appointed to the Company's audit by Deloitte in accordance with normal rotation practices. The Audit Committee will monitor developments in best practice with regard to audit tender arrangements.

At the same time that the external audit was put out for tender, the Audit Committee also reviewed internal audit arrangements. A request for proposal for internal audit services was issued at the same time as the external audit request and a similar process was run. The Audit Committee considered the proposals made and concluded that KPMG had submitted the best proposals and accordingly a recommendation was made to the Board that KPMG should be appointed as the Company's internal auditor. The Board accepted the Audit Committee's recommendation. KPMG will therefore assume responsibility for the Group's Internal Audit with effect from 1 July 2014.

External auditor effectiveness and independence

In considering the 2013 Annual Report, the Audit Committee reviewed the objectivity and independence of the external auditor. The Audit Committee considered the professional and regulatory guidance on auditor independence and Deloitte's policies and procedures for managing independence and was satisfied with the auditor's representations. The Audit Committee reviewed the level of fees paid to the auditor in respect of the various non-audit services provided during 2013 (which are disclosed in Note 6 to the Consolidated Financial Statements). The auditor confirmed to the Audit Committee that they did not believe that the level of non-audit fees had affected their independence. The Company's policy is to use the most appropriate advisers for non-audit work, taking account of the need to maintain independence. To this end, the Company has defined those activities which cannot be provided by the external auditor in order to maintain independence. The Audit Committee reviewed this policy during the year to ensure that it continues to follow best practice.

During the year the Audit Committee considered the effectiveness of the external auditor. As part of the tender process, the incumbent auditor's expertise, efficiency, global service delivery and cost effectiveness were considered. The Audit Committee also monitored performance during the audit of the 2013 financial statements which included receiving feedback from senior management. The conclusion from this exercise was that the 2013 external audit had been conducted effectively.

Review of the financial statements

The Audit Committee reviewed the integrity of the Consolidated Financial Statements included in the half-year and preliminary announcements of results and the 2013 Annual Report, prior to their approval by the Board. When conducting the review, the Committee considered the continuing appropriateness of the accounting policies, important financial reporting judgements and the adequacy and appropriateness of disclosures. The Audit Committee also reviewed the content of the Annual Report and advised the Board that, in its view, the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Audit Committee considered the following judgements in connection with the 2013 Consolidated Financial Statements and were satisfied that the judgements were appropriate:

- the carrying value of goodwill; and
- the level of tax provisions.

The assumptions relating to the going concern review were also considered, including the medium term projections, stress tests and mitigation plans. On the basis of the review the Audit Committee advised the Board that it was appropriate for the Annual Report and financial statements to be prepared on the going concern basis.

Effectiveness of Internal Audit

The Audit Committee is responsible for monitoring and reviewing the effectiveness of Internal Audit. The internal audit plan is approved by the Audit Committee and kept under review during the year, in order to reflect the changing business needs and to ensure new and emerging risks are considered. During 2013 the Audit Committee reviewed the work and reports of Internal Audit, together with implementation of internal audit recommendations and monitored progress against the internal audit plan to ensure that the audit plan had been completed effectively.

The Audit Committee also reviewed and approved the internal audit plan for the first half of 2014 which will be completed by the current internal auditor, PricewaterhouseCoopers. It is intended that the internal audit plan for the second half of 2014, which will be undertaken by KPMG, will be approved in the first half of 2014.

Risk management and internal control

The Board is responsible for setting the Group's risk appetite and ensuring that it has an appropriate and effective risk management framework and for monitoring the ongoing process for identifying, evaluating, managing and reporting the significant risks faced by the Group. The Group's risk management governance structure, risk management framework and risk profile are described in the Risk Management section of the Strategic Report. During 2013 the Audit Committee twice reviewed and approved the Risk Assessment Framework.

The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against misstatement or loss. In discharging its responsibilities in this respect, the Board has appointed the Audit Committee to carry out the annual review of the effectiveness of the internal control and risk management systems and to report to the Board thereon. This process has been in place for the year under review and up to the date of approval of the Annual Report, is reviewed regularly by the Board and accords with the Turnbull guidance. The Audit Committee conducted a formal review of the effectiveness of the Group's internal control systems for 2013, considering reports from management, external audit and the work of the Group risk control and internal audit functions. During 2013 the Board also reviewed the Internal Capital Adequacy Assessments of its UK regulated entities.

Confidential reporting

The Audit Committee reviewed arrangements by which staff may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters. In conducting the review, the Committee took into account whether the policies were in line with guidance published by the FCA.

REMUNERATION COMMITTEE

The Remuneration Committee was chaired by Rupert Robson until 6 March 2013 when he was appointed Chairman of the Board. Stephen Pull has chaired the Remuneration Committee since that time. The other members of the Remuneration Committee throughout the year were Angela Knight and Roger Perkin. David Clark was a member until his retirement from the Board in May 2013. All members of the Remuneration Committee are independent Non-executive Directors.

The Remuneration Committee is responsible on behalf of the Board for developing and maintaining formal and transparent policies on remuneration for the Company's employees, the framework in which that policy is applied, and its cost. In addition, the Remuneration Committee regularly reviews remuneration policies to ensure that they continue to be compliant with the relevant corporate governance and regulatory requirements, including the Remuneration Code.

The Remuneration Committee is responsible, on behalf of the Board, for:

- reviewing and approving the general principles of the Company's remuneration policies;
- considering the relationship between incentives and risk;
- determining the application of the Company's remuneration policies to the Executive Directors;
- reviewing the application of the Company's remuneration policies to Senior Management, Brokers and Control Functions;
- determining the remuneration of Executive Directors and the Chairman;
- approving the remuneration of Senior Management after consultation with the Chief Executive;
- approving all share and long term incentive schemes and their application; and
- reviewing and approving the Report on Directors' Remuneration.

The Terms of Reference of the Remuneration Committee are available on the Company's website (www.tullettprebon.com).

The Chairman and the Executive Directors attend the Remuneration Committee by invitation. The Chairman and the Executive Directors are not permitted to be in attendance when any matter relating to their own remuneration is being discussed.

During 2013 and subsequently, the Remuneration Committee has been advised by PricewaterhouseCoopers executive compensation consultants.

Further details of the work done by the Remuneration Committee in 2013, the Company's policies on remuneration, service contracts and share options are given in the Report on Directors' Remuneration.

NOMINATIONS COMMITTEE

The Nominations Committee was chaired by Keith Hamill until, on his retirement, he was succeeded by Rupert Robson in March 2013. The other members throughout the year were Angela Knight, Roger Perkin and Stephen Pull. David Clark was a member until his retirement in May 2013. All members of the Committee, other than the Chairman, are independent Non-executive Directors.

The Terms of Reference of the Nominations Committee provide that the Chairman of the Board is not permitted to chair the Committee if it is dealing with the issue of his replacement and accordingly neither Keith Hamill nor Rupert Robson attended any meetings dealing with the appointment of a new Chairman.

The Board has delegated responsibility to the Nominations Committee for:

- reviewing the balance and skill, knowledge and experience of the Board;
- agreeing and implementing procedures for the selection of new Board appointments; and
- making recommendations to the Board on all proposed new appointments, elections and re-elections of Directors at annual general meetings.

The Nominations Committee is authorised to obtain all necessary information from within the Company and to access professional advice inside and outside the Company, as it considers necessary. The Terms of Reference of the Nominations Committee are available on the Company's website (www.tullettprebon.com).

The Company has plans in place for orderly succession for appointments to the Board and to senior management, so as to maintain an appropriate balance of skills and experience within the Company and on the Board and to ensure the progressive refreshing of the Board. The search for Board candidates is conducted with due regard to the benefits of diversity on the Board, including gender. The Board makes appointments on merit against objective criteria and accordingly it does not set diversity targets.

Work of the Nominations Committee

As reported in last year's Annual Report, the Nominations Committee dealt with the appointment of the Chairman, following Keith Hamill's retirement.

During the year the Nominations Committee considered the composition of the Board with respect to balance of skill, knowledge and experience and as a consequence of this review identified the need for a Non-executive Director with financial sector operational and technology experience. The Committee undertook a process to identify a new independent Non-executive Director and the services of an external search consultant were retained to assist it. At the conclusion of this process, the Nominations Committee recommended to the Board the appointment of David Shalders as an independent Non-executive Director of the Company. In recommending the appointment of David Shalders (who has recently been appointed Group Operations & Technology Director at Willis Group Holdings plc) to the Board, the Committee noted his extensive experience, including over a decade in senior operations and IT roles at Royal Bank of Scotland Group.

In recommending to the Board the appointment of David Shalders, the Nominations Committee concluded that his other commitments would not prevent him from being able to devote the necessary time to his role.

The external search consultancy retained by the Board in respect of David Shalders' appointment was Spencer Stuart. The Company does not have any other connection with Spencer Stuart.

RELATIONS WITH SHAREHOLDERS

The Board recognises the importance of communication with shareholders. The Company's website, www.tullettprebon.com, provides information for shareholders and prospective investors on the Group's activities, results, products and recent developments.

There is regular dialogue with institutional investors, fund managers and analysts, including presentations around the time of the results announcements and also on request. During 2013 the Company recorded a webcast of its 2013 interim results presentation, which is also now available for download on the Company's website. The Chairman has initiated contact with all of the largest shareholders and intends to maintain regular contact in future. During the year the Chairman of the Remuneration Committee additionally met with many of the Company's largest shareholders as part of the consultation on Executive Director remuneration.

The Senior Independent Non-executive Director and the other Non-executive Directors are available to meet with shareholders, should such meetings be requested.

For the payment of the recommended final dividend for 2013 and future dividends, the Company has put in place a facility for payments to be made via CREST.

Annual General Meeting

The Board uses the AGM to communicate with investors and welcomes their participation. Notice of the AGM and related papers are sent to shareholders at least 20 working days before the meeting. The Chairman aims to ensure that all of the Directors, including Chairmen of the Committees of the Board, are available at AGMs to answer questions and meet shareholders. The proxy votes cast on each resolution proposed at general meetings are disclosed at those meetings. To encourage shareholder participation, those shareholders whose shares are held via the CREST system are offered the facility to submit their proxy votes via CREST.

ACCOUNTABILITY AND AUDIT

The Directors' statement regarding their responsibility for preparing the Annual Report is set out on page 44 and the independent auditor's report regarding their reporting responsibility is on pages 45 to 48.

Report on Directors' Remuneration

This report comprises three sections: the Remuneration Committee Chairman's annual statement; a Directors' Remuneration Policy which will be subject to a binding vote at the Annual General Meeting to be held on 9 May 2014; and an Annual Report on Remuneration which will be subject to an advisory vote at the 2014 AGM.

The Report on Directors' Remuneration has been prepared in accordance with the Companies Act 2006 as amended by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UKLA Listing Rules and the UK Corporate Governance Code. The Companies Act 2006 requires the auditor to report to the Company's members on certain parts of the Report on Directors' Remuneration and to state whether in their opinion those parts of the report have been properly prepared in accordance with the regulations. The Remuneration Committee Chairman's statement, the Directors' Remuneration Policy and certain parts of the Annual Report on Remuneration (indicated in that report) are unaudited.

Definitions used in this report

'Executive Director' means any executive member of the Board;

'Senior Management' means those members of the Company's Executive Committee (other than the Executive Directors) and the first level of management below that level;

'Broker' means front office revenue generators;

'Control Functions' means those employees engaged in functions such as Compliance, Legal, HR, Finance, Operations and Risk Control;

'Remuneration Code' means the Remuneration Code of the FCA; and

'2013 Regulations' means the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

REMUNERATION COMMITTEE CHAIRMAN'S STATEMENT

This is my first report as Chairman of the Remuneration Committee and is the Company's first report under the new disclosure regime introduced by the 2013 Regulations. This statement includes an overview of the operation of the Remuneration Committee during 2013, including the shareholder consultation exercise which we undertook to implement a new Executive Director remuneration structure described in the Remuneration Policy as well as the voting on the Report on Directors' Remuneration at the 2013 AGM.

I have chaired the Remuneration Committee since 6 March 2013 when Rupert Robson was appointed Chairman of the Board and accordingly relinquished his membership of the Remuneration Committee. The other members of the Remuneration Committee throughout the year were Angela Knight and Roger Perkin. David Clark was a member until his retirement as a Director after the AGM on 9 May 2013. All members of the Remuneration Committee are independent Non-executive Directors. The terms of reference of the Remuneration Committee are set out in the Corporate Governance Report.

As Chairman of the Remuneration Committee, my first responsibility has been to undertake a review of Executive Director remuneration. This process commenced in April and was finally concluded in September. As part of this process, we consulted shareholders and met or had calls with sixteen of our largest shareholders and/or their advisers representing approximately two thirds of Tullett Prebon's issued share capital. The Remuneration Committee appointed PricewaterhouseCoopers LLP executive compensation consultants ('PwC') to assist it to undertake the review. As a result of the consultation a number of changes were made to the structure originally proposed to be adopted by the Remuneration Committee.

The changes we have made to the Executive Director remuneration structure are summarised below:

- **Fixed remuneration:** An increase to Paul Mainwaring's basic salary to reflect the increase in recent years in Paul Mainwaring's responsibilities and value to the business and to align his fixed remuneration with both internal and external peers. Following the increase, Paul Mainwaring's fixed remuneration is in line with the median for finance directors in financial sector comparator groups reviewed by the Remuneration Committee with PwC's assistance. Comparator groups included listed companies of similar size, FTSE 250 financial organisations and a bespoke group of similar companies. In this context, the Remuneration Committee noted that relative to many of the comparator group peers, Tullett Prebon's business is larger in terms of revenue, number of employees and number of geographies in which it operates. It is not expected that Executive Director fixed remuneration will be reviewed again until 2017.
- **Annual discretionary bonus:** A new method to calculate the annual discretionary bonus which incorporates both a cap on bonus payments for the first time as well as a level of operating profit below which no bonus will be paid has been introduced for 2013 and future years. The new bonus scheme is calculated as a percentage of operating profit with the Remuneration Committee having discretion to determine the exact calculation within this range and to make appropriate adjustments in exceptional circumstances. The detailed mechanics are set out in the policy table on page 35.

- **LTIS:** A new cash settled long term incentive scheme ('LTIS') has been introduced to replace the Tullett Prebon Long Term Incentive Plan ('LTIP'), which had ceased to operate as an effective incentive for the Executive Directors. Since its introduction in 2008, options granted under the LTIP have only vested in part on one occasion. In designing the new LTIS, the Remuneration Committee was mindful that it was important for there to be alignment of shareholders' and management's longer term interests. At the same time, there needed to be stretching operational targets, both in absolute terms and by comparison with the Company's key IDB competitors. The Committee is of the opinion that the metrics set out below fulfil all of these objectives. Awards have been made in 2013, subject to shareholder approval at the 2014 AGM.
- **Minimum shareholding requirements:** More onerous minimum shareholding requirements have been adopted. As is currently the case, 50% of variable remuneration will continue to be paid in cash with the balance being subject to deferral through the requirement for that proportion to be invested in the Company's shares to be held for a period of time. The deferral period before the shares can be sold will now be extended from two to three years. New overarching shareholding requirements linked to levels of fixed remuneration have additionally been introduced.
- **Clawback and malus:** The element of annual bonus required to be invested in the Company's shares will be subject to clawback and the level of vesting of an LTIS award may be reduced, including to nil, in the event of a material misstatement of results such that the annual bonus was too high or the LTIS award was granted at too high a level or if an Executive Director's conduct is found to amount to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

The Remuneration Committee considers that the new remuneration structure provides an appropriate incentive for the Executive Directors and is good for the Company and its shareholders and has adopted the above amendments in respect of 2013. In light of the LTIP no longer operating as an effective incentive for the Executive Directors, the Remuneration Committee resolved to make awards under the new LTIS in 2013. As this LTIS has not yet been approved by shareholders, these awards are subject to the approval of the LTIS at the 2014 AGM. It is intended that the new Executive Director remuneration structure should operate until a new policy is put to shareholders at the AGM in 2017.

During 2013 the Remuneration Committee also undertook the regular tasks of reviewing and determining the remuneration of the Chairman; approving the remuneration of Senior Management; and dealing with the Company's obligations under the Remuneration Code which apply to the Company and its FCA regulated subsidiaries (which remain in the lowest category for the purposes of the Remuneration Code – classified as Proportionality Tier Three) including reviewing the remuneration of all Remuneration Code staff.

As required by the Remuneration Code, an annual central and independent review of compliance with policies and procedures for remuneration adopted by the Company was undertaken. This work, conducted by PricewaterhouseCoopers, the Company's internal auditor, provided the Remuneration Committee with an independent assessment of compliance with the Remuneration Code and supported the Remuneration Committee's conclusion that the Company continues to comply with the Remuneration Code. The Remuneration Policy Statement, including the list of Remuneration Code staff, has been reviewed, and the disclosures required to be made under the Remuneration Code have been approved. These disclosures are available on the Company's website (www.tullettprebon.com).

Voting at the 2013 AGM

At the AGM held on 9 May 2013 the following votes were cast in respect of the Report on Directors' Remuneration:

For		Against		Votes withheld
No.	%	No.	%	No.
134,757,885	83.87	25,919,207	16.13	26,904,890

Notes:
(1) Votes 'For' and 'Against' are expressed as a percentage of votes cast. A 'Vote withheld' is not a vote in law.
(2) Votes 'For' includes those giving the Chairman discretion.

As reported above, during the Executive Director remuneration review, shareholders holding some two thirds of the Company's issued share capital were consulted, including a number of shareholders who voted against the Report on Directors' Remuneration or withheld their votes at the 2013 AGM. A number of issues raised by shareholders, including the lack of a cap on Executive Directors' variable remuneration and the lack of clawback on annual bonuses or malus in respect of long term incentives were addressed in the new remuneration structure approved by the Remuneration Committee following completion of the consultation exercise. Further details are set out in the Directors' Remuneration Policy below.

2014 AGM

Copies of the Executive Directors' service agreements, the Non-executive Directors' letters of appointment and the new LTIS rules are available for inspection at the registered office of the Company during normal business hours and will be available for shareholders to view at the 2014 AGM.

Stephen Pull
Chairman of the Remuneration Committee
4 March 2014

Report on Directors' Remuneration continued

DIRECTORS' REMUNERATION POLICY

This remuneration policy will be subject to a shareholders' binding vote at the 2014 AGM on 9 May 2014. The policy set out in this report has already been adopted by the Company in 2013 and will accordingly be implemented, for the purposes of the new rules, with effect from the 2014 AGM.

When formulating its policy on Executive Director remuneration, the Remuneration Committee consulted shareholders holding approximately two thirds of the issued share capital. In addition, the Remuneration Committee also reviewed employment conditions elsewhere in the Group. In particular, internal relativities with the Executive Committee in terms of basic salary as well as total remuneration were considered. The Remuneration Committee did not consult with employees.

Background

In reviewing and approving the general principles of the Company's remuneration policy which apply throughout the Group, the Remuneration Committee takes account of the corporate objective to maximise returns to shareholders over the medium to long term with an acceptable level of risk. The Remuneration Committee is mindful that the Group's strategy to achieve that objective is to continue to develop its business, operating as an intermediary in the world's major wholesale over-the-counter ('OTC') and exchange traded financial and commodity markets, with the scale and breadth to deliver superior performance and returns, underpinned by strong financial management disciplines and without actively taking credit and market risk.

The Remuneration Committee takes into account general practices in the parts of the financial services sector in which the Company operates, and in particular those of the Company's competitors which include BGC Partners Inc, GFI Group Inc, ICAP plc and Compagnie Financière Tradition. These practices are characterised by high levels of variable remuneration. The Remuneration Committee has concluded that it is in the best interests of the Company and shareholders to pay remuneration in line with market practice in the sectors in which the Company operates.

The Company's remuneration policy is designed to attract, motivate and retain staff with the necessary skills and experience to deliver the strategy, in order to achieve the Company's objective.

Risk

The Remuneration Committee considers the relationship between incentives and risk when approving remuneration policy which will apply throughout the Group.

Details of the Company's key risks and risk management are set out in the Strategic Report in this Annual Report. The majority of transactions are brokered on a Name Passing basis where the business is not a counterparty to a trade. Commissions earned on these activities are received monthly in cash. The business does not take any trading risk and does not hold principal trading positions. The business only holds financial instruments for identified buyers and sellers in matching trades which are generally settled within 1-3 days. The business does not retain any contingent market or counterparty risks. The business does not have valuation issues in measuring its profits.

The Remuneration Committee has concluded that the Company's remuneration policy reflects the low risk profile of the Company, is consistent with and promotes sound and effective risk management, and does not encourage risk taking.

The Remuneration Committee considers that the Company's remuneration policy is consistent with the measures set out in the business's compliance manuals relating to conflicts of interest.

The Company's policy is to ensure that variable remuneration is not paid through vehicles or methods that facilitate avoidance of the Remuneration Code.

Policy table

The policy which has been applied in respect of Executive Director and Non-executive Director remuneration is summarised in the table below. The policy set out in this table is that which is currently in practice and which will be subject to the binding vote of shareholders at the 2014 AGM. For the purposes of the 2013 Regulations, the policy is intended to apply with effect from the 2014 AGM.

How remuneration supports the Company's short and long term strategic objectives	Operation	Maximum payable	Performance framework	Recovery/ withholding
Executive Directors				
Fixed remuneration				
To provide a level of fixed remuneration reflecting the scope of individual responsibilities to attract and retain high calibre individuals	Paid monthly in arrears. Reviewed periodically to ensure not significantly out of line with the market.	Fixed remuneration will not be reviewed until 2017	None	None
Benefits				
To provide basic benefits but otherwise to avoid provision of benefits	Medical cover and participation in any schemes for all UK employees such as the group life insurance scheme. Relocation or the temporary provision of accommodation may be offered where the Company requires a Director to relocate. The Remuneration Committee may determine that Executive Directors should receive other reasonable benefits if appropriate, taking into account typical market practice.	No new benefits will be introduced during the term of this Remuneration Policy, unless such benefits are made available to all UK employees.	None	None
Pension				
To make basic pension provision	Membership of a defined contribution pension scheme	6% of fixed remuneration up to a cap set at £105,600	None	None
Annual discretionary bonus				
Aim is to motivate and retain Executive Directors, consistent with the risk appetite determined by the Board and thereby to achieve superior returns for shareholders. It provides a direct link between the achievement of annual business performance targets and reward. The shareholding requirements align Directors' interests with shareholders.	Allocation of pool takes account of individual contribution and relative responsibilities. No payment is made if the Remuneration Committee is not satisfied with personal performance. No contractual entitlement to a bonus if the Executive Director is not in employment or is under notice on the payment date. Directors must invest 50% of post-tax annual bonuses in the Company's shares for three years ('the investment requirement'). This investment requirement can be met, in part or in full, by ordinary shares already held, excluding any shares already being counted towards investment requirements in relation to previous bonus payments.	The maximum aggregate Executive Directors' bonus is 3% of Group reported operating profit, rising to 5% in the event that one or more new Executive Directors are appointed. Operating profit may not exceed 150% of the operating profit used to calculate the previous year's bonus. In exceptional circumstances payments may be made outside this range. Adjustments may be made in relation to significant acquisitions.	Pool is 2.5-3% of Group reported operating profit, provided operating profit exceeds a threshold calculated as the weighted average cost of capital times the average capital employed. In exceptional circumstances payments may be made outside this range. Adjustments may be made in relation to significant acquisitions. The pool may be extended to a maximum of 5% of reported operating profit to accommodate one or more new Executive Directors. In such circumstances, the existing Executive Directors will not be entitled to participate in the additional pool.	Clawback of the element of bonus subject to investment requirement in the event of material misstatement of results for the period to which the bonus related which caused the bonus to be paid at too high a level or if an Executive Director's conduct is found to amount to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

Report on Directors' Remuneration continued

How remuneration supports the Company's short and long term strategic objectives	Operation	Maximum payable	Performance framework	Recovery/ withholding
Minimum shareholding				
Aligns Directors' interests with shareholders by focusing on longer term shareholder returns	Directors must hold a minimum number of the Company's ordinary shares equivalent to 300% of basic salary in respect of the Chief Executive and 150% of basic salary for all other Executive Directors. Shares acquired to meet the investment requirement attaching to annual bonuses can be used to meet this requirement.	None	None	None
LTIS				
Aligns Directors' interests with shareholders by focusing on longer term shareholder returns	Annual awards equivalent to the higher of aggregate basic salary and 25% of the prior year aggregate variable remuneration (or basic salary for a new Executive Director) of Executive Directors in office at the date of the award. Awards are satisfied in cash when all relevant performance conditions have been measured.	Maximum is as described in the 'Operation' column	Performance conditions are measured over a period of at least three years. Performance conditions are 50% based on TSR relative to FTSE 250 companies excluding investment trusts, 25% based on average cash flow before dividends and debt repayments and 25% based on ROE relative to IDB competitors. For each element of the award, vesting starts at 25% at threshold performance rising on a straightline basis to 100% for maximum performance.	The level of vesting of an award may be reduced, including to nil, in the event of a material misstatement of results that caused the LTIS award to be granted at too high a level or if an Executive Director's conduct is found to amount to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.
Non-executive Directors				
Fees				
To attract high calibre, experienced Non-executive Directors	Paid monthly in arrears. Periodically benchmarked against other UK listed companies of comparable size and activities. Additional fees for additional responsibilities of the Senior Independent Non-executive Director, for chairing each of the Audit and Remuneration Committees or other services performed such as acting as a trustee of a Company pension scheme.	Aggregate annual fees limited to £700,000 in the Articles of Association	None	None

Notes to the policy table:

Performance measures

The annual discretionary bonus payable to Executive Directors is calculated as a percentage of reported operating profit. The operation of the Executive Director bonus scheme was changed in 2013 following the Remuneration Committee's review of Executive Director remuneration and shareholder consultation. Operating profit is a key performance indicator, is a clear and simple metric and was chosen as it links remuneration directly with business performance. The percentage range of profit allocated to the bonus scheme was chosen to provide an acceptable level of variable remuneration for the Executive Directors while at the same time delivering value to shareholders.

The introduction of the new LTIS in 2013 also followed the review of Executive Director remuneration referred to above. Performance measures used for the LTIS were chosen by the Remuneration Committee, with advice having been provided by PwC and following consultation with significant shareholders. The relative TSR measure had been used as a metric for the LTIP for several years and despite its many well recognised limitations, shareholders were keen for it to be retained as a substantial component of the metrics for the LTIS. Half of LTIS awards are therefore subject to the relative TSR performance measure. However, the Remuneration Committee was also concerned to incorporate new metrics to target and reward good operating performance measured by reference to the Company's cash flow generation, and return on equity compared with the Company's IDB competitors. Both metrics are regarded by the Board as key performance indicators. One quarter of LTIS awards are accordingly subject to these performance conditions respectively. The targets were set, having regard to recent performance and at a level which would be seen to be achievable but at the same time could be expected to be challenging.

Policy on Directors' remuneration compared with employees generally

As a general rule, the same principles are applied to Directors' fixed remuneration, pension contributions and benefits as are applied to employees throughout the organisation. A competitive level of fixed remuneration is paid to all staff taking into account their responsibilities and experience and minimal pension provision and benefits are provided, the Board considering that employees are best placed to determine priorities for funds set aside for remuneration.

There are a number of different bonus schemes in operation throughout the Group for Brokers, management and other employees. Brokers' bonus schemes are described below; all other bonuses are generally discretionary.

During 2013, the Remuneration Committee introduced a cap on Executive Directors' bonuses in response to requests from shareholders. However, the Remuneration Committee does not believe that the formal capping of bonuses for Senior Management and Brokers is consistent with the delivery of enhanced returns to shareholders and accordingly no caps have been introduced on Senior Management's or Brokers' bonuses.

Executive Directors' variable remuneration is also subject to a requirement that at least 50% net of tax of bonus payments must be invested in the Company's shares to be held for a minimum period of at least three years. Clawback arrangements apply to this element of variable remuneration for the duration of the investment requirement. The Remuneration Committee has concluded that given the Company's low risk profile and the fact that this is not consistent with market practice in the Company's key competitor organisations, neither deferral nor clawback arrangements are applied to variable remuneration paid to other staff.

The new LTIS has been put in place for the benefit of the Executive Directors only and it is not anticipated that any other staff will participate in a long term incentive arrangement. The Remuneration Committee has concluded that the provision of long term equity based or cash settled incentives for any staff other than the Executive Directors, except in specific individual circumstances such as to assist recruitment, is not consistent with market practice in the Company's key competitor organisations. LTIS awards will not therefore be made routinely to any member of staff below the Board.

Remuneration policies for Brokers

The Company's remuneration policy for Brokers is based on the principle that remuneration is directly based on financial performance, generally at a desk team level, and is calculated in accordance with formulae set out in contracts of employment. These formulae take into account the fixed costs of the Brokers, and variable remuneration payments are therefore based on the profits that the Brokers generate for the business. Initial contract payments are only paid upfront when a claw-back provision is included in the contract of employment. Typically, Brokers receive a fixed salary paid regularly throughout the year, with a significant proportion of variable remuneration dependent on revenue, which is paid after the revenue has been fully received in cash.

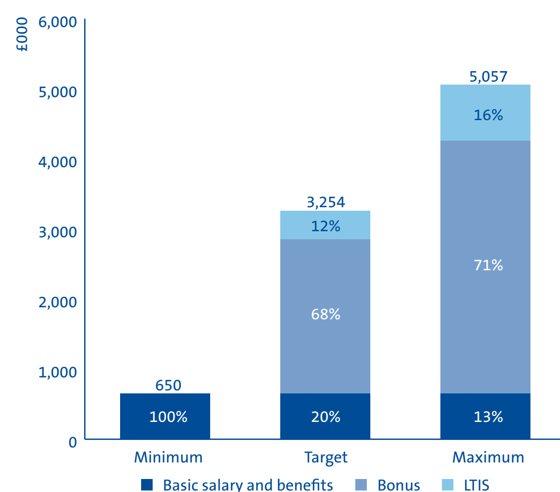
Remuneration policies for Control Functions

The Company's remuneration policy for Control Functions is that remuneration is adequate to attract qualified and experienced staff, is in accordance with the achievement of objectives linked to their functions, and is independent of the performance of the business areas they support. Employees in such functions report through an organisation structure that is separate to and independent from the business units. Heads of Control Functions are designated as Remuneration Code staff and accordingly their remuneration is reviewed by the Remuneration Committee.

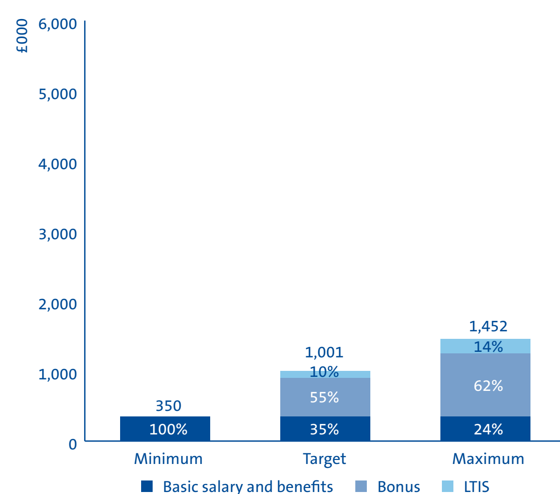
Illustrations of the application of remuneration policy

The total remuneration for each of the Executive Directors for a minimum, target and maximum performance for 2014 is presented in the charts below:

Terry Smith



Paul Mainwaring



As the variable remuneration calculation is based on a percentage of reported operating profit, the Board has prepared the above illustrations using 2013 operating profit to avoid including a profit forecast.

Outside directorships

The Board recognises that external non-executive appointments and certain other business appointments are beneficial both to Executive Directors and the Company. Executive Directors are entitled to retain any remuneration in connection with such appointments.

Executive Directors' service agreements and loss of office entitlements

The Executive Directors' contracts may be terminated (by either party) on the expiry of 12 months' written notice (save in circumstances justifying summary termination), or by making a payment in lieu of notice at the Company's election. The Company will consider the scope for requiring the Executive Director to mitigate his loss when taking account of all the circumstances surrounding the termination of employment. The Executive Director would also be entitled to accrued but untaken holiday. The contracts do not provide for termination payments in excess of salary and contractual benefits. Post-termination restrictive covenants also apply to each Executive Director.

In addition to the contractual rights to a payment on loss of office, any employee including the Executive Directors may have additional statutory and/or common law rights to certain additional payments, for example in a redundancy situation.

When determining payments for loss of office, the Company will take account of all relevant circumstances on a case by case basis including (but not limited to): the contractual notice provisions and outstanding holiday; the best interests of the Company; whether the Executive Director has presided over an orderly handover; the contribution of the Executive Director to the success of the Company during their tenure; and the need to compromise any claims that the Executive Director may have or to pay the Executive Director's legal costs on a settlement agreement.

There is one unvested award remaining under the Tullett Prebon LTIP and awards were made in 2013 under the new LTIS (subject to shareholder approval at the AGM).

The LTIP rules provide for an award to lapse in all circumstances where an Executive Director ceases to hold office or employment with a Group company other than death, unless the Remuneration Committee determines otherwise, in which case any award would vest to the extent that the performance conditions had been met and the extent that the performance period had elapsed.

The LTIS rules provide for an award to lapse where an Executive Director ceases to hold office or employment with a Group company other than through death, although the Remuneration Committee may exercise its discretion to allow an award to vest to the extent that the performance conditions have been met other than in circumstances involving gross misconduct, fraud, wilful dishonesty or accounting malfeasance, and, unless the Remuneration Committee determines otherwise, pro-rating for time.

Non-executive Directors' appointment letters

The Non-executive Directors serve under letters of appointment which are terminable on the earliest of the Director not being re-elected at an AGM, removed as a director or required to vacate office under the Articles of Association, on resignation, at the request of the Board or subject to 12 months' notice.

Recruitment of Directors

The Remuneration Committee's approach to setting remuneration for new Executive Directors is to ensure that the Company pays market rates, with reference to internal pay levels, the external market, location of the executive and remuneration received from the previous employer. Salary will be provided in line with market rates, and the Remuneration Committee reserves discretion to offer appropriate pension and benefit arrangements, which may include the continuation of benefits received in a previous role. On-going variable pay awards for a newly appointed Executive Director will be as described in the Policy table, subject to the same maximum opportunities. It is not currently intended that future service contracts for Executive Directors would contain terms differing materially from those summarised in this report, including with respect to notice provisions.

The Remuneration Committee may consider offering additional cash or share-based payments to buy out existing awards forfeited by a new Executive Director when it considers these to be in the best interests of the Company and its shareholders. Any such buy-out payments would mirror so far as possible the remuneration lost when leaving the former employer. The Remuneration Committee may avail itself of the current Listing Rule exemption to make such buy-out awards where doing so is necessary to facilitate, in exceptional circumstances, the recruitment of the relevant individual.

Relocation payments may also be set, within limits to be determined by the Remuneration Committee, where considered appropriate and in the Company's best interests to do so.

In cases of appointing a new Executive Director by way of internal promotion, the Group will honour any contractual commitments made prior to their promotion to Executive Director.

The fee payable to a new Non-executive Director will be in line with the fee structure for Non-executive Directors in place at the date of appointment.

ANNUAL REPORT ON REMUNERATION

This report is subject to shareholders' advisory vote at the forthcoming AGM. Information in this report is audited except where stated.

The single total remuneration for each of the Directors who held office during the year ended 31 December 2013 was as follows:

	Salaries and fees		Benefits		Bonus[1]		Pension		Total	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Executive Directors										
Terry Smith	**650**	650	**2**	3	**2,204**	2,500	**–**	–	**2,856**	3,153
Paul Mainwaring	**294**	275	**1**	1	**551**	625	**–**	2	**846**	903
Non-executive Directors										
Rupert Robson	**153**	54	**–**	–	**–**	–	**–**	–	**153**	54
Angela Knight	**58**	58	**–**	–	**–**	–	**–**	–	**58**	58
Roger Perkin[2]	**55**	27	**–**	–	**–**	–	**–**	–	**55**	27
Stephen Pull[3]	**58**	54	**–**	–	**–**	–	**–**	–	**58**	54
Keith Hamill[4]	**32**	175	**–**	–	**–**	–	**–**	–	**32**	175
David Clark[5]	**20**	54	**–**	–	**–**	–	**–**	–	**20**	54
	1,320	1,347	**3**	4	**2,755**	3,125	**–**	2	**4,078**	4,478

Notes:
(1) 50% of the bonus is subject to investment in the Company's ordinary shares as detailed in the policy table.
(2) Appointed 1 July 2012.
(3) Includes £3,000 as pension trustee.
(4) Retired 6 March 2013.
(5) Retired 9 May 2013.
(6) The value attributed to the LTIP which would be included in the single total remuneration table is based on the awards which vested during the reporting period (included as remuneration in the financial year in which the performance conditions were satisfied) at the market value on the date the options first became exercisable. No LTIP awards vested in either 2013 or 2012 as the performance conditions were not satisfied.

Report on Directors' Remuneration continued

Fixed remuneration

The fixed remuneration of the Chief Executive, Terry Smith, was £650,000 and has not been changed since 2005. The fixed remuneration of the Finance Director, Paul Mainwaring (unchanged since 2006), was increased from £275,000 to the current level of £350,000 with effect from 1 October 2013, following completion of the shareholder consultation on Executive Director remuneration.

Annual bonus

The Remuneration Committee determined that the bonus pool for 2013 should amount to £2.755m, which represented 2.75% of reported operating profit. The allocation to each of the Executive Directors took into consideration their personal contribution and relative responsibilities. 50% of the 2013 bonus net of tax has to be invested in the Company's ordinary shares to be held for three years and will be subject to clawback as described in the Directors' Remuneration Policy during this time.

Awards under the Long Term Incentive Scheme ('LTIS')

Awards under the new cash-settled LTIS made in 2013, subject to shareholder approval at the 2014 AGM, amounted to £800,000 for Terry Smith and £200,000 for Paul Mainwaring. The awards have a normal vesting date of 30 June 2016 and are subject to malus as described in the Directors' Remuneration Policy and the following performance conditions:

- The vesting of half of the awards is subject to relative TSR performance over the three years to 31 December 2015, with minimum vesting of 25% of the awards if the percentile ranking of the Company's TSR over the respective period relative to the TSR of all other companies comprising, at the start of the relevant performance period, the FTSE 250 (excluding investment trusts) is 50th and with maximum vesting of 100% if it is 25th or better.
- The vesting of one quarter of the awards is subject to average cash flow before debt repayments and dividends performance over the three years to 31 December 2015 ('Cash flow'), with minimum vesting of 25% if Cash flow equals or exceeds £40m and maximum vesting of 100% if Cash flow equals or exceeds £150m.
- The vesting of one quarter of the awards is subject to return on equity performance compared with the Company's IDB competitors over the three years to 31 December 2015 (or equivalent financial year in respect of competitors), with minimum vesting of 25% if the Company's ROE equals the average ROE of competitors and maximum vesting of 100% if the Company's ROE is three times the average or better. The companies comprising the comparator group are BGC Partners Inc, GFI Group Inc, ICAP plc and Compagnie Financière Tradition.

Awards under the Company's Long Term Incentive Plan ('LTIP')

The outstanding share options awarded to each of the Executive Directors are set out in the table below:

Awards under the Company's Long Term Incentive Plan ('LTIP')

Director	Date of grant	Shares under option at 1 Jan 2013	Granted	Exercised	Lapsed	Shares under option at 31 Dec 2013	Exercise price	Earliest exercise date	Expiry date
Terry Smith	22 June 2009	302,148	–	–	–	302,148	£1 in total	22 June 2012	21 June 2019
	18 April 2011	446,001	–	–	446,001	–	£1 in total	18 April 2014	17 April 2021
	21 June 2012	571,719	–	–	–	571,719	£1 in total	21 June 2015	20 June 2022
Paul Mainwaring	22 June 2009	127,832	–	127,832	–	–	£1 in total	22 June 2012	21 June 2019
	18 April 2011	111,500	–	–	111,500	–	£1 in total	18 April 2014	17 April 2021
	21 June 2012	142,930	–	–	–	142,930	£1 in total	21 June 2015	20 June 2022

During the year Paul Mainwaring exercised an option granted under the LTIP over 127,832 ordinary shares. The gain on the exercise amounted to £278,000.

Only the 2012 awards are unvested and the performance conditions attaching to those awards are:

- The vesting of half of the awards is subject to relative TSR over the three years to 31 December 2014, with minimum vesting of 25% of the awards if the percentile ranking of the Company's TSR over the respective period relative to the TSR of all other companies comprising, at the start of the relevant performance period, the FTSE 250 (excluding investment trusts) is 50th and with maximum vesting of 100% if it is 25th or better.
- The vesting of half of the awards is subject to absolute TSR over the three years to 31 December 2014, with minimum vesting of 25% of the awards if the Company's annualised TSR over that period is equal to RPI + 4.5% and with maximum vesting of 100% if annualised TSR is equal to RPI + 9.5% or above.
- An average return on capital employed of at least 25% must be achieved during the three year performance period.

The lowest closing price of Tullett Prebon plc ordinary shares during the year to 31 December 2013 was 240p and the highest closing price was 396p. At 31 December 2013 the closing share price was 377p.

Shareholding requirements

Half of the 2013 bonus awarded to each of the Executive Directors was subject to a condition that the net of tax amount to be paid at the end of March 2014 would be invested in the Company's shares, to be held for a minimum of three years.

This investment requirement can be met, in part or in full, by ordinary shares already held, excluding any shares already being counted towards investment requirements in relation to previous bonus payments.

In 2013 a new overarching shareholding requirement was also introduced for the Executive Directors, details of which are set out in the Directors' Remuneration Policy above.

Both Executive Directors currently comply with the Company's overarching minimum shareholding requirements and comply with investment requirements in respect of previously paid bonuses.

Non-executive Directors' fees

The fees paid to the Non-executive Directors are determined by the Board and the fees paid to the Chairman are determined by the Remuneration Committee. The fees for the Chairman are £175,000 per annum, £59,000 per annum for the Senior Independent Non-executive Director and £54,000 per annum for all other Non-executive Directors. The Chairmen of the Audit and Remuneration Committees each receive an annual fee of £7,500 in respect of the additional responsibility of chairing a committee. Non-executive Directors acting as trustees of the Company's occupational pension scheme are entitled to an attendance fee of £1,000 per meeting.

Directors' interests

The interests (all beneficial) as at 31 December 2013 or the date of retirement from the Board of those persons who were Directors (and their connected persons) during the year in the ordinary share capital of the Company, were as follows:

Directors' interests

		LTIP awards[1]		
Director	Shares	Unvested	Vested but unexercised	Exercised during the year
Rupert Robson	7,000	–	–	–
Terry Smith	9,645,510	571,719	302,148	–
Paul Mainwaring	279,740	142,930	–	127,832
Angela Knight	–	–	–	–
Roger Perkin	–	–	–	–
Stephen Pull	7,000	–	–	–
Keith Hamill[2]	80,299	–	–	–
David Clark[3]	–	–	–	–

Notes:
(1) All LTIP awards are subject to performance conditions
(2) Retired 6 March 2013
(3) Retired 9 May 2013

There were no changes in the interests of the Directors in the ordinary share capital of the Company from the end of the year to the date of this report.

Advice provided to the Remuneration Committee

Fees payable to PwC in respect of the Executive Director remuneration review as well as general remuneration advice during the year totalled £62,275. PwC has advised the Company on remuneration issues for several years and the Remuneration Committee is satisfied that the other services provided by PricewaterhouseCoopers LLP to the Company, which include outsourced internal audit services, tax advice and other associated services, do not affect their objectivity or independence.

Herbert Smith Freehills LLP was appointed by the Company to provide advice on law and regulation in relation to employee incentive matters. Herbert Smith Freehills LLP also provides general legal advice to the Company.

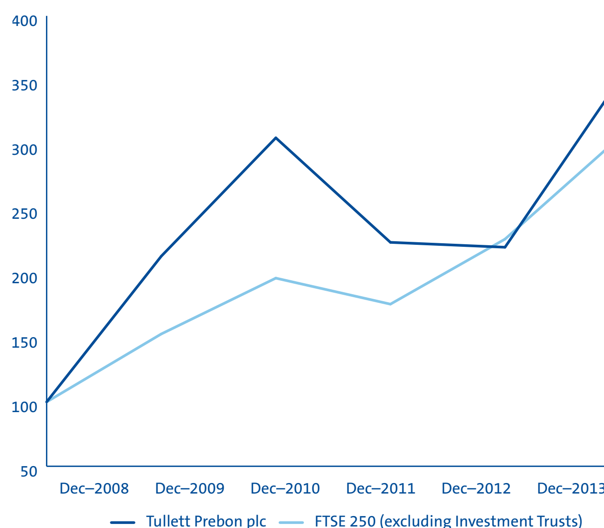
The information in the following part of the Annual Report on Remuneration is not subject to audit.

Outside directorships

Neither Terry Smith nor Paul Mainwaring has any outside directorships from which they received any remuneration in 2013.

Performance graph

A graph depicting the Company's total shareholder return in comparison to other companies in the FTSE 250 index (excluding investment trusts) in the five years to 31 December 2013 is shown below:



The Board believes that the above index is most relevant as it comprises listed companies of similar size.

Chief Executive remuneration history

The following table sets out the changes in Terry Smith's remuneration over the last five years:

£000	**2013**	2012	2011	2010	2009
Total remuneration	**2,856**	3,153	4,929	4,344	4,652
Annual bonus outcome (% of maximum)(1)	**51%**	N/A	N/A	N/A	N/A
LTIP vesting outcome (% of maximum)	**–**	–	45%	–	–

Notes:
(1) Variable remuneration was uncapped in the years 2009-2012

Change in Chief Executive remuneration

The table below shows the change in Terry Smith's fixed and variable remuneration and benefits in comparison with Senior Management:

	Chief Executive		Senior Management
	2013 £000	Change (2013 v 2012)	Change (2013 v 2012)
Salary	**650**	–	–
Benefits	**2**	–	–
Bonus	**2,204**	-12%	-25%

A large proportion of the Group's remuneration is payable to Brokers, who earn a significant proportion of their income as contractual bonus based on a formula linked to revenue. The Remuneration Committee considered that comparison of the Chief Executive's remuneration with that of Senior Management would accordingly be more meaningful than comparison with all employees.

Relative importance of spend on remuneration

The table below shows the expenditure and percentage change in overall spend on employee remuneration and dividend payments:

£m	**2013**	2012	% change
Employee remuneration	**531.1**	582.8	-9%
Shareholder dividends paid	**36.7**	36.6	–

Notes:
(1) Employee remuneration includes employer's social security costs and pension contributions
(2) Shareholder dividends comprises the dividends paid

Implementation of Remuneration Policy in 2014

The policies set out in the policy table in the Remuneration Policy section of the Report on Directors' Remuneration will apply in 2014. There is no intention to review Executive Director fixed remuneration in 2014.

Approved by the Board and signed on its behalf by

Stephen Pull
Chairman of the Remuneration Committee
4 March 2014

Statement of Directors' Responsibilities

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 are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP'). Under company law the directors must not approve the accounts 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 the case of Group financial statements, International Accounting Standard 1 requires that directors:

- select and apply accounting policies properly;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

In the case of the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

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

Responsibility statement

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, 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;
- the Strategic Report includes 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; and
- the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

Terry Smith
Chief Executive
4 March 2014

Independent Auditor’s Report to the Members of Tullett Prebon plc

Opinion on Financial Statements of Tullett Prebon plc

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2013 and of the Group’s and the Parent Company’s profit 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 Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

The Financial Statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related Notes 1 to 38, the Parent Company Balance Sheet and related Notes 1 to 7. The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the Directors’ statement on page 23 that the Group is a going concern. We confirm that:

- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern which we believe would need to be disclosed in accordance with IFRSs as adopted by the European Union; and
- we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group’s ability to continue as a going concern.

Independent Auditor's Report to the Members of Tullett Prebon plc continued

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risks	How the scope of our audit responded to the risk
Revenue recognition As detailed in the summary of significant accounting policies, Note 3(a), revenue comprises of gross commissions, brokerage, fees earned and subscription for information sales. Revenue is stated net of sales taxes, rebates and discounts. Revenue is a key driver of the business including determining broker compensation costs and the validity and timing of revenue recognition is considered a significant audit risk.	We performed detailed control and substantive testing on each separate class of revenue: Name Passing, Matched Principal, Executing Broking and Information Sales. This included checking a sample of revenue items for each type to third party verification of cash settlement, or aged receivables reports where amounts remained unsettled at the year end and to counterparty confirmations for broking transactions and source contracts for information sales.
Carrying value of goodwill As detailed in the summary of significant accounting policies, Note 3(e), goodwill is reviewed for impairment at least annually. Determining whether goodwill is impaired requires an estimation of the value in use of the four cash-generating units to which goodwill has been allocated. This estimation takes into account future cash flows expected to arise, the selection of suitable discount rates and a forecast of future growth rates and is therefore inherently subjective. In 2012, £123.0m of goodwill in the North America cash-generating unit was impaired. The value in use of all cash-generating units is sensitive to changes in underlying assumptions.	We challenged management's assumptions used in the impairment model for goodwill, including specifically the cash flow projections, discount rates, growth rates and the sensitivities used particularly in respect of the Group's interest in North America where the headroom is less. We performed back testing on the assumptions used in the previous year to assess the validity of the assumptions used for the current year and we benchmarked the assumed discount rates to external and peer group data.
Taxation As detailed in the summary of significant accounting policies, Note 3(s), the Group has taken account of tax issues that are subject to ongoing discussions with the relevant tax authorities in determining its current and deferred tax liability. An assessment of the likely outcome is required in determining the carrying value of tax liabilities.	Using our tax specialists, we assessed all relevant developments in respect of each of the Group's outstanding tax issues. We have reviewed correspondence with the relevant tax authorities, understood the judgements made by the Directors, held meetings with senior management and independently considered the likely outcomes and technical tax treatments to assess the reasonableness of the provisions made.

The Audit Committee's consideration of these risks is set out on page 29.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £8.4m, which is based on 10% of profit before tax and is below 3% of equity.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.2m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

An overview of the scope of our audit
Our Group audit scope focused primarily on the audit work at eleven locations covering 22 subsidiaries which were deemed to be significant components. All of these were subject to a full audit. These 22 subsidiaries represent the principal business units within the Group's three reportable segments and account for 94% of the Group's net assets, 97% of the Group's revenue and 95% of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Audits of these locations were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

The Group audit team has responsibility for overseeing all aspects of the audit work of the component auditors. In discharging this responsibility, the Senior Statutory Auditor visits the US twice a year as it is the most material of all of the overseas components and visits Singapore once a year to oversee the audits of the Asian component audit teams. The Senior Statutory Auditor has regular dialogue with all component auditors throughout all phases of the audit and receives written clearance memorandums from every significant component auditor setting out the results of their audit procedures.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Report on Directors' Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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
Adequacy of explanations received and accounting records
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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Report on Directors' Remuneration to be audited is not in agreement with the accounting records and returns. Under the Listing Rules we are required to review certain elements of the Report on Directors' Remuneration. We have nothing to report arising from these matters or our review.

Corporate Governance Statement
Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Independent Auditor's Report to the Members of Tullett Prebon plc continued

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and 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 acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent 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.

Manbhinder Rana F.C.A.
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
4 March 2014

Consolidated Income Statement

for the year ended 31 December 2013

	Notes	Underlying £m	Exceptional items £m	Total £m
2013				
Revenue	4	**803.7**	**–**	**803.7**
Administrative expenses	6	**(699.3)**	**(15.2)**	**(714.5)**
Other operating income	5	**11.0**	**–**	**11.0**
Operating profit		**115.4**	**(15.2)**	**100.2**
Finance income	8	**3.7**	**–**	**3.7**
Finance costs	9	**(19.5)**	**–**	**(19.5)**
Profit before tax		**99.6**	**(15.2)**	**84.4**
Taxation	10	**(22.4)**	**2.4**	**(20.0)**
Profit of consolidated companies		**77.2**	**(12.8)**	**64.4**
Share of results of associates		**1.4**	**–**	**1.4**
Profit for the year	6	**78.6**	**(12.8)**	**65.8**
Attributable to:				
Equity holders of the parent		**78.4**	**(12.8)**	**65.6**
Minority interests		**0.2**	**–**	**0.2**
		78.6	**(12.8)**	**65.8**
Earnings per share				
– Basic	11	**36.0p**		**30.1p**
– Diluted	11	**36.0p**		**30.1p**
2012 (restated – Note 37)				
Revenue	4	850.8	–	850.8
Administrative expenses	6	(732.3)	(149.4)	(881.7)
Other operating income	5	7.0	–	7.0
Operating profit/(loss)		125.5	(149.4)	(23.9)
Finance income	8	3.5	–	3.5
Finance costs	9	(17.7)	–	(17.7)
Profit/(loss) before tax		111.3	(149.4)	(38.1)
Taxation	10	(26.3)	2.3	(24.0)
Profit/(loss) of consolidated companies		85.0	(147.1)	(62.1)
Share of results of associates		1.2	–	1.2
Profit/(loss) for the year	6	86.2	(147.1)	(60.9)
Attributable to:				
Equity holders of the parent		85.9	(147.1)	(61.2)
Minority interests		0.3	–	0.3
		86.2	(147.1)	(60.9)
Earnings/(loss) per share				
– Basic	11	39.5p		(28.1p)
– Diluted	11	39.4p		(28.1p)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013

	Notes	2013 £m	2012 £m (restated – Note 37)
Profit/(loss) for the year		**65.8**	(60.9)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit pension scheme	34	**7.2**	4.2
Taxation charge relating to items not reclassified	10	**(2.5)**	(1.6)
		4.7	2.6
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments		**(0.5)**	0.5
Effect of changes in exchange rates on translation of foreign operations		**(7.8)**	(9.5)
Taxation credit/(charge) relating to items that may be reclassified	10	**0.2**	(0.4)
		(8.1)	(9.4)
Other comprehensive income for the year		**(3.4)**	(6.8)
Total comprehensive income for the year		**62.4**	(67.7)
Attributable to:			
Equity holders of the parent		**62.5**	(67.8)
Minority interests		**(0.1)**	0.1
		62.4	(67.7)

Consolidated Balance Sheet

as at 31 December 2013

	Notes	2013 £m	2012 £m
Non-current assets			
Goodwill	13	**275.6**	278.5
Other intangible assets	14	**21.8**	21.6
Property, plant and equipment	15	**28.8**	25.7
Interest in associates	16	**4.0**	3.8
Investments	17	**5.7**	6.2
Deferred tax assets	19	**2.9**	3.1
Defined benefit pension scheme	34	**50.5**	41.4
		389.3	380.3
Current assets			
Trade and other receivables	20	**5,820.2**	5,873.5
Financial assets	18	**31.2**	30.3
Cash and cash equivalents	31	**251.6**	281.5
		6,103.0	6,185.3
Total assets		**6,492.3**	6,565.6
Current liabilities			
Trade and other payables	21	**(5,812.7)**	(5,875.3)
Interest bearing loans and borrowings	22	**(8.5)**	(10.0)
Current tax liabilities		**(19.3)**	(27.8)
Short term provisions	23	**(1.8)**	(5.7)
		(5,842.3)	(5,918.8)
Net current assets		**260.7**	266.5
Non-current liabilities			
Interest bearing loans and borrowings	22	**(219.1)**	(245.8)
Deferred tax liabilities	19	**(17.9)**	(14.5)
Long term provisions	23	**(4.3)**	(5.6)
Other long term payables	24	**(10.3)**	(8.9)
		(251.6)	(274.8)
Total liabilities		**(6,093.9)**	(6,193.6)
Net assets		**398.4**	372.0
Equity			
Share capital	26	**54.4**	54.4
Share premium	27(a)	**17.1**	17.1
Reverse acquisition reserve	27(a)	**(1,182.3)**	(1,182.3)
Other reserves	27(b)	**123.7**	131.5
Retained earnings	27(c)	**1,383.4**	1,348.8
Equity attributable to equity holders of the parent	27(c)	**396.3**	369.5
Minority interests	27(c)	**2.1**	2.5
Total equity		**398.4**	372.0

The Consolidated Financial Statements of Tullett Prebon plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 4 March 2014 and are signed on its behalf by:

Terry Smith
Chief Executive

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

	Equity attributable to equity holders of the parent											
	Share capital	Share premium account	Reverse acquisition reserve	Equity reserve	Re-valuation reserve	Merger reserve	Hedging and translation	Own shares	Retained earnings	Total	Minority interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
2013												
Balance at 1 January 2013	**54.4**	**17.1**	**(1,182.3)**	**–**	**2.4**	**121.5**	**7.7**	**(0.1)**	**1,348.8**	**369.5**	**2.5**	**372.0**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**65.6**	**65.6**	**0.2**	**65.8**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**(0.5)**	**–**	**(7.3)**	**–**	**4.7**	**(3.1)**	**(0.3)**	**(3.4)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(0.5)**	**–**	**(7.3)**	**–**	**70.3**	**62.5**	**(0.1)**	**62.4**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(36.7)**	**(36.7)**	**(0.3)**	**(37.0)**
Credit arising on share-based payment awards	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.0**	**1.0**	**–**	**1.0**
Balance at 31 December 2013	**54.4**	**17.1**	**(1,182.3)**	**–**	**1.9**	**121.5**	**0.4**	**(0.1)**	**1,383.4**	**396.3**	**2.1**	**398.4**
2012 (restated – Note 37)												
Balance at 1 January 2012	53.8	9.9	(1,182.3)	7.7	1.9	121.5	17.4	(0.1)	1,442.6	472.4	3.1	475.5
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(61.2)	(61.2)	0.3	(60.9)
Other comprehensive income for the year	–	–	–	–	0.5	–	(9.7)	–	2.6	(6.6)	(0.2)	(6.8)
Total comprehensive income for the year	–	–	–	–	0.5	–	(9.7)	–	(58.6)	(67.8)	0.1	(67.7)
Issue of ordinary shares	0.6	7.2	–	–	–	–	–	–	–	7.8	–	7.8
Equity component of deferred consideration	–	–	–	(7.7)	–	–	–	–	–	(7.7)	–	(7.7)
Dividends paid	–	–	–	–	–	–	–	–	(36.6)	(36.6)	(0.6)	(37.2)
Decrease in minority equity interests	–	–	–	–	–	–	–	–	–	–	(0.1)	(0.1)
Credit arising on share-based payment awards	–	–	–	–	–	–	–	–	1.4	1.4	–	1.4
Balance at 31 December 2012	54.4	17.1	(1,182.3)	–	2.4	121.5	7.7	(0.1)	1,348.8	369.5	2.5	372.0

Consolidated Cash Flow Statement

for the year ended 31 December 2013

	Notes	2013 £m	2012 £m
Net cash from operating activities	30	**62.1**	16.6
Investing activities			
Purchase of financial assets		**(1.9)**	(0.2)
Interest received		**1.9**	1.6
Dividends from associates		**1.0**	0.7
Sale of investments		**–**	1.7
Expenditure on intangible fixed assets		**(6.7)**	(8.6)
Purchase of property, plant and equipment		**(10.4)**	(9.1)
Proceeds on disposal of property, plant and equipment		**–**	0.1
Investment in subsidiaries		**(2.3)**	(10.1)
Net cash used in investment activities		**(18.4)**	(23.9)
Financing activities			
Dividends paid	12	**(36.7)**	(36.6)
Dividends paid to minority interests		**(0.3)**	(0.6)
Repayment of debt		**(30.0)**	(90.0)
Funds received from debt issue		**–**	80.0
Debt issue and bank facility arrangement costs		**(1.7)**	(1.3)
Repayment of obligations under finance leases		**–**	(0.1)
Net cash used in financing activities		**(68.7)**	(48.6)
Net decrease in cash and cash equivalents		**(25.0)**	(55.9)
Cash and cash equivalents at the beginning of the year		**281.5**	342.0
Effect of foreign exchange rate changes		**(4.9)**	(4.6)
Cash and cash equivalents at the end of the year	31	**251.6**	281.5

Notes to the Consolidated Financial Statements

for the year ended 31 December 2013

1. General information

Tullett Prebon plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 99. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 22 to 24 and in the Strategic Report on pages 2 to 20.

2. Basis of preparation

(a) Basis of accounting

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') adopted by the European Union and comply with Article 4 of the EU IAS Regulation.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. As discussed on page 23 of the Directors' Report, the Directors have a reasonable expectation that the Group 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.

The Financial Statements are presented in Pounds sterling because that is the currency of the primary economic environment in which the Group operates and are rounded to the nearest hundred thousand (expressed as millions to one decimal place – £m), except where otherwise indicated. The significant accounting policies are set out in Note 3.

(b) Basis of consolidation

The Group Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests, also referred to as minority interests, in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Other non-controlling interests are initially measured at fair value. The choice of measurement is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, including goodwill, less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control was lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Adoption of new and revised Standards

The following revised Standards have been adopted in the current year which affected the Financial Statements:

- Amendments to IAS 19 'Employee Benefits' have been adopted from 1 January 2013 with retrospective application to prior periods. The amendments to prior periods change the measurement of various components within the defined benefit pension asset, but do not change the overall value of the Group's retirement benefit asset as presented in the Consolidated Balance Sheet. Previously reported expected returns on plan assets and interest cost on plan liabilities, both included in the Consolidated Income Statement, have been replaced with a single net finance income amount based on the discount rate. Scheme administration costs, previously offset within the return on plan assets, are now included within administrative expenses. The effect on the previously reported financial information for December 2012 is set out in Note 37; and

- Amendments to IAS 1 'Presentation of Financial Statements' regarding the presentation of items of other comprehensive income, which has increased the disclosure within the Statement of Other Comprehensive Income. Items within other comprehensive income, together with the related taxes, have been analysed between those that will not be reclassified to profit or loss and those that may be reclassified. The amendments have been applied retrospectively.

The following new and revised Standards and Interpretations have been adopted in the current year although their adoption has not had any significant impact on the Financial Statements:

- IFRS 13 'Fair Value Measurement';
- Amendments to IFRS 7 'Financial Instruments: Disclosures' regarding disclosures relating to offsetting financial assets and financial liabilities;
- Amendments to IAS 12 'Income Taxes' relating to deferred tax: recovery of underlying assets; and
- Improvements to IFRSs 2009-2011.

At the date of authorisation of these Financial Statements, the following EU endorsed Standards and Interpretations were in issue but not yet effective. The Group has not applied these Standards or Interpretations in the preparation of these Financial Statements:

- IFRS 10 'Consolidated Financial Statements';
- IFRS 11 'Joint Arrangements';
- IFRS 12 'Disclosures of Interests in Other Entities';
- Amendments to IFRS 10, 11 and 12 regarding transitional guidance;
- IAS 27 'Separate Financial Statements';
- IAS 28 'Investments in Associates and Joint Ventures';
- Amendments to IAS 32 'Financial Instruments: Presentation' regarding offsetting financial assets and financial liabilities;
- Amendments to IAS 36 'Impairment of Assets' regarding recoverable amount disclosures for non-financial assets; and
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' regarding the novation of derivatives and continuation of hedge accounting.

The following Standards and Interpretations have not been endorsed by the EU and have not been applied in the preparation of these Financial Statements:

- IFRS 9 'Financial Instruments';
- Improvements to IFRSs 2010-2012; and
- Improvements to IFRSs 2011-2013.

The adoption of IFRS 9 will impact both the measurement and disclosures of financial instruments but it is not practicable to provide a complete estimate of its effect until a detailed review has been completed prior to implementation. IFRS 12 will impact the disclosure of interests Tullett Prebon plc has in other entities. The Directors do not expect the adoption of the other Standards and Interpretations will have a material impact on the financial statements of the Group in future periods.

3. Summary of significant accounting policies

(a) Income recognition

Revenue, which excludes sales taxes, includes gross commissions, brokerage, fees earned and subscriptions for information sales. Fee income is recognised when the related services are completed and the income is considered receivable.

Revenue comprises:

(i) Name Passing brokerage, where counterparties to a transaction settle directly with each other. Invoices are raised monthly for the provision of the service of matching buyers and sellers of financial instruments. Revenue is stated net of sales taxes, rebates and discounts and is recognised in full on trade date;

(ii) Matched Principal brokerage revenue, being the net of the buy and sell proceeds from counterparties who have simultaneously committed to buy and sell the financial instrument, is recognised on trade date;

(iii) 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. Invoices are raised monthly for the provision of the service of matching buyers and sellers of financial instruments. Revenue is stated net of sales taxes, rebates and discounts and is recognised in full on trade date; and

(iv) Fees earned from the sales of price information from financial and commodity markets to third parties is recognised on an accruals basis.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the Group's right to receive the payment is established.

3. Summary of significant accounting policies continued

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year. All subsequent changes in the fair value of contingent consideration classified as an asset or a liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 'Income Taxes';
- liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19 'Employee Benefits';
- acquiree share-based payment awards replaced by Group awards are measured in accordance with IFRS 2 'Share-based Payments'; and
- assets or disposal groups that are classified for sale are measured in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, provisional amounts are reported. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognised, to reflect the facts and circumstances that existed as at the acquisition date.

(c) Investment in associates

An associate is an entity over which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these Financial Statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any discount in the cost of acquisition below the Group's share of the fair value of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited to profit and loss in the year of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of impairment of the asset transferred in which case appropriate provision is made for impairment.

(d) Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Joint venture arrangements, which involve the establishment of a separate entity in which each party has an interest, are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation – the Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the Consolidated Financial Statements on a line-by-line basis.

(e) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary or associate at the date of acquisition. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts at that date.

Goodwill recognised as an asset is reviewed for impairment at least annually. Any impairment loss is recognised as an expense immediately and is not subsequently reversed. For the purpose of impairment testing goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of any goodwill allocated to the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Goodwill arising on the acquisition of an associate is included within the carrying value of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The interest of minority shareholders in the acquired entity is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(f) Intangible assets

Software and software development costs

An internally-generated intangible asset arising from the Group's software development is recognised at cost only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

Where the above conditions are not met, costs are expensed as incurred.

Acquired separately or from a business combination

Intangible assets acquired separately are capitalised at cost and intangible assets acquired in a business acquisition are capitalised at fair value at the date of acquisition. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortisation charged on assets with a finite useful life is taken to the income statement through 'other administrative expenses'.

Other than software development costs, intangible assets created within the business are not capitalised and expenditure is charged to the income statement in the year in which the expenditure is incurred.

Intangible assets are amortised over their finite useful lives generally on a straight-line basis, as follows:

Software – purchased or developed	– up to 5 years
Software licences	– over the period of the licence

Intangible assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(g) Property, plant and equipment

Freehold land is stated at cost. Buildings, furniture, fixtures, equipment and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset on a straight-line basis over its expected useful life as follows:

Furniture, fixtures, equipment and motor vehicles	– 3 to 10 years
Short and long leasehold land and buildings	– period of the lease
Freehold land	– infinite
Freehold buildings	– 50 years

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.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

3. Summary of significant accounting policies continued

(h) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Broker contract payments

Payments made to brokers under employment contracts which are in advance of the expected economic benefit due to the Group are accounted for as prepayments and included within trade and other receivables. 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. These prepayments are subject to annual review.

Payments made in arrears are accrued and are included within trade and other payables.

(j) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are derecognised when all derecognition criteria of 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 the income statement'. Financial liabilities are classified on initial recognition as either 'at fair value through the income statement' or as 'other financial liabilities'.

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, are recognised directly in other comprehensive income. For equity financial assets, where the fair value cannot be reliably measured, the assets are held at cost less any provision for impairment. These assets are generally expected to be held for the long term and 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.

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'.

Fair value through the income statement

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 in fair value are recognised directly in the income statement.

Other financial liabilities

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.

(k) Derivative financial instruments

From time to time, the Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to manage its risks associated with interest rate and foreign currency fluctuations. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or hedges of net investments in foreign operations. The Group has not designated any derivatives as hedges of probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

The fair value of forward exchange contracts and interest rate swaps is calculated on a discounted cash flow basis using relevant market data on foreign exchange and interest rates.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(l) Hedge accounting

From time to time, the Group uses derivatives as either 'fair value hedges' or 'hedges of net investments in foreign operations'.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The changes in the fair value of the hedging instrument and the changes in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Net investment hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in the hedging and translation reserve in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in financial income or financial expense respectively.

Gains and losses deferred in the hedging and translation reserve are recognised in profit or loss on disposal of the foreign operation.

(m) Settlement balances

Certain Group companies engage 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.

(n) Cash and cash equivalents

Cash comprises cash in hand and demand deposits which may be accessed without penalty. Cash equivalents comprise short term highly liquid investments with a maturity of less than three months from the date of acquisition. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(o) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, being the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any issue costs and any discounts or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

(p) Client money

Client money to settle transaction bargains is held separately and included in the Group's balance sheet. The net return received on managing client money is included within interest.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

3. Summary of significant accounting policies continued

(q) Provisions

Provisions are recognised when the Group 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.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring, which has been notified to affected parties.

(r) Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in Pounds sterling, which is the functional currency of the Group and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Gains and losses arising from the settlement of these transactions, and from the retranslation of monetary assets and liabilities denominated in currencies other than the functional currency at rates prevailing at the balance sheet date, are recognised in the income statement. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at historical cost or fair value, are translated at the exchange rate at the date of the transaction or at the date the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the year in which the operation is disposed of. Income and expense items are translated at average exchange rates for the year.

(s) Taxation

The tax expense represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised. Temporary differences are not recognised if they arise from goodwill or from initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled or when the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

(t) Leases

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(u) Retirement benefit costs

Defined contributions made to employees' personal pension plans are charged to the income statement as and when incurred.

For defined benefit retirement plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the year in which they occur. They are recognised outside the income statement and are presented in other comprehensive income.

Past service cost is recognised immediately to the extent that the benefits have already vested, and is otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the net of the present value of the defined benefit obligation as adjusted for actuarial gains and losses and past service cost, and the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(v) Share-based payments
The Group issues equity-settled share-based payments to certain 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 the Group's estimate 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 models 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.

(w) Equity instruments
Equity instruments issued by the Company are recorded at the value of proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(x) Treasury shares
Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

(y) Accounting estimates and judgements
In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period an estimate is revised. Significant judgement and estimates are necessary in relation to the following matters:

Impairment of goodwill and intangible assets
Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates.

Taxation
In arriving at the current and deferred tax liability the Group has taken account of tax issues that are subject to ongoing discussions with the relevant tax authorities. Liabilities have been calculated based on management's assessment of relevant information and advice. Where outcomes differ from the amounts initially recorded, such differences impact current and deferred tax amounts in the period the outcome is determined.

Provisions
Provisions are established by the Group based on management's assessment of relevant information and advice available at the time of preparing the Financial Statements. Outcomes are uncertain and dependent on future events. Where outcomes differ from management's expectations, differences from the amount initially provided will impact profit or loss in the period the outcome is determined.

Contingent consideration payable on acquisitions
Acquisition consideration that is contingent on future events is recorded at its acquisition date fair value, based on management's assessment of achieving the required targets. Subsequent changes in the fair value of contingent consideration are reflected in profit or loss in the period in which the remeasurement occurs.

Retirement benefit asset
The Group's retirement benefit asset is the net of its defined benefit scheme's assets and the related defined benefit obligation. The defined benefit obligation represents the scheme's future liabilities, which are estimated using actuarial and other financial assumptions, discounted to a current value using a discount rate set by reference to market yields on high quality corporate bonds. The value of the defined benefit obligation is sensitive to changes in the actuarial, financial and discount rate assumptions, changes to which would be reflected in other comprehensive income in the period the change occurs.

.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

4. Segmental analysis

Products and services from which reportable segments derive their revenues

The Group is organised by geographic reporting segments which are used for the purposes of resource allocation and assessment of segmental performance by Group management. These are the Group's reportable segments under IFRS 8 'Operating Segments'.

Each geographic reportable segment derives revenue from Treasury Products, Interest Rate Derivatives, Fixed Income, Equities, Energy, and Information Sales and Risk Management Services.

Information regarding the Group's operating segments is reported below:

Analysis by geographical segment

	2013 £m	2012 £m (restated – Note 37)
Revenue		
Europe and the Middle East	**468.7**	501.2
Americas	**233.9**	236.9
Asia Pacific	**101.1**	112.7
	803.7	850.8
Operating profit		
Europe and the Middle East	**97.9**	111.2
Americas	**10.4**	2.4
Asia Pacific	**7.1**	11.9
Underlying operating profit	**115.4**	125.5
Charge relating to major legal actions[1]	**(15.2)**	(11.6)
Restructuring costs[1]	**–**	(14.8)
Goodwill impairment[1]	**–**	(123.0)
Reported operating profit/(loss)	**100.2**	(23.9)
Finance income	**3.7**	3.5
Finance costs	**(19.5)**	(17.7)
Profit/(loss) before tax	**84.4**	(38.1)
Taxation	**(20.0)**	(24.0)
Profit/(loss) of consolidated companies	**64.4**	(62.1)
Share of results of associates	**1.4**	1.2
Profit/(loss) for the year	**65.8**	(60.9)

Note:
(1) Costs are included in administrative expenses.

There are no inter-segment sales included in segment revenue.

Tullett Prebon plc is domiciled in the UK. Revenue attributable to the UK amounted to £402.6m (2012: £449.6m) and the total revenue from other countries was £401.1m (2012: £401.2m).

Other segmental information

	2013 £m	2012 £m
Capital additions		
Europe and the Middle East – UK	**13.2**	10.2
Europe and the Middle East – Other	**0.7**	1.0
Americas	**2.7**	5.7
Asia Pacific	**0.5**	0.8
	17.1	17.7

	2013 £m	2012 £m
Depreciation and amortisation		
Europe and the Middle East – UK	**5.8**	6.0
Europe and the Middle East – Other	**0.7**	0.5
Americas	**4.0**	3.8
Asia Pacific	**1.4**	1.5
	11.9	11.8

	2013 £m	2012 £m
Goodwill impairment		
Europe and the Middle East – UK	**–**	–
Europe and the Middle East – Other	**–**	–
Americas (Note 13)	**–**	123.0
Asia Pacific	**–**	–
	–	123.0

	2013 £m	2012 £m
Share-based compensation		
Europe and the Middle East – UK	**1.0**	1.4
Europe and the Middle East – Other	**–**	–
Americas	**–**	–
Asia Pacific	**–**	–
	1.0	1.4

	2013 £m	2012 £m
Segment assets		
Europe and the Middle East – UK	**1,728.4**	2,741.6
Europe and the Middle East – Other	**29.2**	32.2
Americas	**4,676.7**	3,728.0
Asia Pacific	**58.0**	63.8
	6,492.3	6,565.6

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

4. Segmental analysis continued

Other segmental information continued

	2013 £m	2012 £m
Segment liabilities		
Europe and the Middle East – UK	**1,465.0**	2,488.9
Europe and the Middle East – Other	**23.2**	27.3
Americas	**4,575.3**	3,640.0
Asia Pacific	**30.4**	37.4
	6,093.9	6,193.6

Segment assets and liabilities exclude all inter-segment balances.

Analysis by product group

	2013 £m	2012 £m
Revenue		
Treasury Products	**211.4**	229.8
Interest Rate Derivatives	**174.2**	185.2
Fixed Income	**225.5**	241.0
Equities	**43.2**	42.6
Energy	**102.4**	106.4
Information Sales and Risk Management Services	**47.0**	45.8
	803.7	850.8

5. Other operating income

Other operating income represents receipts such as rental income, royalties, insurance proceeds, settlements from competitors and business relocation grants. Costs associated with such items are included in administrative expenses.

6. Profit for the year

The profit (2012: loss) for the year has been arrived at after charging:

	2013 £m	2012 £m
Depreciation of property, plant and equipment (Note 15)	**5.5**	5.5
Amortisation of intangible assets (Note 14)	**6.4**	6.3
Staff costs (Note 7)	**532.1**	584.2
Auditor's remuneration for audit services (see below)	**1.9**	2.0
Exceptional items (see below)	**15.2**	149.4

The 2013 exceptional item represents the charge relating to major legal actions of £15.2m. The exceptional items in 2012 comprised restructuring costs of £14.8m relating to actions taken to reduce fixed costs, the charge relating to major legal actions of £11.6m, and the charge related to goodwill impairment of £123.0m (Note 13). Taxation on exceptional items amounted to a credit of £2.4m (2012: £2.3m).

The analysis of auditor's remuneration is as follows:

	2013 £000	2012 £000
Audit of the Group's annual accounts	**393**	426
Audit of the Company's subsidiaries and associates pursuant to legislation	**1,515**	1,548
Total audit fees	**1,908**	1,974
Audit-related assurance services	**80**	48
Taxation compliance services	**128**	72
Other taxation advisory services	**4**	86
Other assurance services	**13**	57
Corporate finance services	**300**	33
Other services	**244**	54
Total non-audit fees	**769**	350
Audit fees payable to the Company's auditor and its associates in respect of associated pension schemes	**13**	12

7. Staff costs

The average monthly number of full time equivalent employees and Directors of the Group was:

	2013 No.	2012 No.
Europe and the Middle East	**1,216**	1,224
Americas	**814**	847
Asia Pacific	**573**	574
	2,603	2,645

The aggregate employment costs of staff and Directors were:

	2013 £m	2012 £m
Wages, salaries, bonuses and incentive payments	**483.0**	530.3
Social security costs	**41.1**	45.7
Defined contribution pension costs (Note 34(b))	**7.0**	6.8
Share-based compensation expense	**1.0**	1.4
	532.1	584.2

8. Finance income

	2013 £m	2012 £m (restated – Note 37)
Interest receivable and similar income	**1.8**	1.8
Deemed interest arising on the defined benefit pension scheme surplus	**1.9**	1.7
	3.7	3.5

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

9. Finance costs

	2013 £m	2012 £m (restated – Note 37)
Interest and fees payable on bank facilities	**1.7**	4.5
Interest payable on Sterling Notes August 2014	**0.6**	0.6
Interest payable on Sterling Notes July 2016	**9.9**	9.9
Interest payable on Sterling Notes June 2019	**4.2**	0.2
Other interest payable	**0.3**	0.2
Amortisation of debt issue and bank facility costs	**2.3**	1.5
Total borrowing costs	**19.0**	16.9
Amortisation of discount on deferred consideration	**0.5**	0.8
	19.5	17.7

10. Taxation

	2013 £m	2012 £m (restated – Note 37)
Current tax		
UK corporation tax	**16.8**	22.7
Overseas tax	**4.4**	5.4
Prior year UK corporation tax	**(0.8)**	(0.5)
Prior year overseas tax	**(1.2)**	(5.3)
	19.2	22.3
Deferred tax (Note 19)		
Current year	**1.3**	1.6
Prior year	**(0.5)**	0.1
	0.8	1.7
Tax charge for the year	**20.0**	24.0

The charge for the year can be reconciled to the profit/(loss) in the income statement as follows:

	2013 £m	2012 £m (restated – Note 37)
Profit/(loss) before tax	**84.4**	(38.1)
Tax based on the UK corporation tax rate of 23.25% (2012: 24.5%)	**19.6**	(9.3)
Tax effect of non-deductible goodwill impairment	**–**	30.1
Tax effect of expenses that are not deductible	**4.9**	5.2
Tax effect of non-taxable income	**(0.6)**	(0.5)
Unrecognised timing differences	**(0.9)**	5.8
Prior year adjustments	**(2.5)**	(5.7)
Other	**(0.5)**	(1.6)
Tax charge for the year	**20.0**	24.0

In addition to the income statement charge, the following current and deferred tax items have been included in other comprehensive income and equity:

	Recognised in other comprehensive income £m	Recognised in equity £m	Total £m
2013			
Current tax credit relating to:			
– Exchange movement on net investment loans	**(0.2)**	**–**	**(0.2)**
Deferred tax charge relating to:			
– Increase in the defined benefit pension scheme surplus	**2.5**	**–**	**2.5**
Tax charge on items taken directly to other comprehensive income and equity	**2.3**	**–**	**2.3**
2012 (restated – Note 37)			
Current tax charge relating to:			
– Exchange movement on net investment loans	0.4	–	0.4
Deferred tax charge relating to:			
– Increase in the defined benefit pension scheme surplus	1.6	–	1.6
Tax charge on items taken directly to other comprehensive income and equity	2.0	–	2.0

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

11. Earnings/(loss) per share

	2013	2012 (restated – Note 37)
Basic – underlying	**36.0p**	39.5p
Diluted – underlying	**36.0p**	39.4p
Basic earnings/(loss) per share	**30.1p**	(28.1p)
Diluted earnings/(loss) per share	**30.1p**	(28.1p)

The calculation of basic and diluted earnings/(loss) per share is based on the following number of shares:

	2013 No.(m)	2012 No.(m)
Basic weighted average shares	**217.8**	217.6
Issuable on exercise of options	**0.2**	0.2
Diluted weighted average shares	**218.0**	217.8

The earnings/(loss) used in the calculation of underlying, basic and diluted earnings/(loss) per share, are set out below:

	2013 £m	2012 £m (restated – Note 37)
Earnings/(loss) for the year	**65.8**	(60.9)
Minority interests	**(0.2)**	(0.3)
Earnings/(loss)	**65.6**	(61.2)
Charge relating to major legal actions	**15.2**	11.6
Restructuring costs	**–**	14.8
Goodwill impairment	**–**	123.0
Tax on above items	**(2.4)**	(2.3)
Underlying earnings	**78.4**	85.9

12. Dividends

	2013 £m	2012 £m
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2013 of 5.6p per share	**12.2**	–
Final dividend for the year ended 31 December 2012 of 11.25p per share	**24.5**	–
Interim dividend for the year ended 31 December 2012 of 5.6p per share	**–**	12.1
Final dividend for the year ended 31 December 2011 of 11.25p per share	**–**	24.5
	36.7	36.6

In respect of the current year, the Directors propose that the final dividend of 11.25p per share amounting to £24.5m will be paid on 15 May 2014 to all shareholders on the Register of Members on 25 April 2014. This dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these Financial Statements.

The trustees of the Tullett Prebon plc Employee Benefit Trust 2007 have waived their rights to dividends.

13. Goodwill

	2013 £m	2012 £m
At 1 January	**278.5**	396.6
Recognised on acquisitions	**–**	9.2
Impairment	**–**	(123.0)
Effect of movements in exchange rates	**(2.9)**	(4.3)
At 31 December	**275.6**	278.5

Goodwill arising through business combinations has been allocated to individual cash-generating units ('CGUs') for impairment testing as follows:

	2013 £m	2012 £m
CGU		
Europe and the Middle East	**195.1**	195.1
North America	**50.4**	51.5
Brazil	**10.8**	12.6
Asia Pacific	**19.3**	19.3
	275.6	278.5

Determining whether goodwill is impaired requires an estimation of the recoverable amount of each CGU. As at 31 December 2013 the recoverable amount of each of the CGUs has been based on value in use calculations. The key assumptions for the value in use calculations are those regarding expected cash flows arising in future periods, regional growth rates and the discount rates. Future cash flow projections are based on the most recent Board approved financial budgets for 2014 which are used to project cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for the CGU. Goodwill has an indefinite life and this is reflected in the calculation of the CGU's terminal value. Estimated average growth rates, based on each region's constituent country growth rates as published by the World Bank, are used to estimate cash flows after the budgeted period. The growth rates used were 2% for Europe and the Middle East, 2.5% for North America, and 3% for Brazil and Asia. Resultant cash flows for Europe and the Middle East, Asia and Brazil have been discounted at a pre-tax discount rate of 11.5% (2012: 11.5%), and for North America have been discounted at 13.5% (2012: 13.5%) reflecting the higher level of uncertainty in the forecasts of that CGU's future cash flows.

The calculations of value in use have been subject to stress tests demonstrating that the impairment test results are tolerant to reasonably possible changes in assumptions as to discount rate and future cash flows.

In 2012, the estimated recoverable amount for the North America CGU was £123.0m less than the balance sheet carrying value, and was recognised as an impairment of the goodwill attributed to that CGU. The recoverable amount attributable to the North America CGU remains sensitive to future changes in the key valuation assumptions. A 1% increase in the discount rate would result in a reduction in the value in use of the CGU of around £11m.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

14. Other intangible assets

	Purchased software £m	Developed software £m	Total £m
Cost			
At 1 January 2013	**10.7**	**31.6**	**42.3**
Additions	**1.3**	**5.4**	**6.7**
Amounts derecognised	**(0.1)**	**(0.3)**	**(0.4)**
Effect of movements in exchange rates	**(0.3)**	**(0.3)**	**(0.6)**
At 31 December 2013	**11.6**	**36.4**	**48.0**
Accumulated amortisation			
At 1 January 2013	**(8.8)**	**(11.9)**	**(20.7)**
Charge for the year	**(1.1)**	**(5.3)**	**(6.4)**
Amounts derecognised	**–**	**0.3**	**0.3**
Effect of movements in exchange rates	**0.3**	**0.3**	**0.6**
At 31 December 2013	**(9.6)**	**(16.6)**	**(26.2)**
Carrying amount			
At 31 December 2013	**2.0**	**19.8**	**21.8**
Cost			
At 1 January 2012	9.9	23.3	33.2
Additions	0.9	7.7	8.6
Recognised with acquisitions	0.1	1.2	1.3
Effect of movements in exchange rates	(0.2)	(0.6)	(0.8)
At 31 December 2012	10.7	31.6	42.3
Accumulated amortisation			
At 1 January 2012	(7.7)	(7.2)	(14.9)
Charge for the year	(1.3)	(5.0)	(6.3)
Effect of movements in exchange rates	0.2	0.3	0.5
At 31 December 2012	(8.8)	(11.9)	(20.7)
Carrying amount			
At 31 December 2012	1.9	19.7	21.6

15. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Furniture, fixtures, equipment and motor vehicles £m	Total £m
Cost			
At 1 January 2013	**29.7**	**47.0**	**76.7**
Additions	**0.1**	**10.3**	**10.4**
Disposals	**–**	**(4.0)**	**(4.0)**
Effect of movements in exchange rates	**(0.3)**	**(1.7)**	**(2.0)**
At 31 December 2013	**29.5**	**51.6**	**81.1**
Accumulated depreciation			
At 1 January 2013	**(16.1)**	**(34.9)**	**(51.0)**
Charge for the year	**(1.6)**	**(3.9)**	**(5.5)**
Disposals	**–**	**2.5**	**2.5**
Effect of movements in exchange rates	**0.4**	**1.3**	**1.7**
At 31 December 2013	**(17.3)**	**(35.0)**	**(52.3)**
Carrying amount			
At 31 December 2013	**12.2**	**16.6**	**28.8**
Cost			
At 1 January 2012	28.9	40.3	69.2
Additions	1.5	7.6	9.1
Recognised with acquisitions	–	0.6	0.6
Disposals	–	(0.1)	(0.1)
Effect of movements in exchange rates	(0.7)	(1.4)	(2.1)
At 31 December 2012	29.7	47.0	76.7
Accumulated depreciation			
At 1 January 2012	(14.8)	(32.3)	(47.1)
Charge for the year	(1.7)	(3.8)	(5.5)
Effect of movements in exchange rates	0.4	1.2	1.6
At 31 December 2012	(16.1)	(34.9)	(51.0)
Carrying amount			
At 31 December 2012	13.6	12.1	25.7

No assets are held under finance leases.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

16. Interest in associates

	2013 £m	2012 £m
Carrying amount of investment in associates	**4.0**	3.8
Aggregated amounts relating to associates:		
Total assets	**16.4**	16.6
Total liabilities	**(5.3)**	(6.0)
Net assets	**11.1**	10.6
Revenue	**16.7**	16.3
Profit for the year	**3.8**	3.5

A list of the significant investments in associates, including the name, country of incorporation and proportion of ownership interest, is given in Note 38.

17. Investments

	2013 £m	2012 £m
Available-for-sale assets carried at fair value		
– unlisted	**4.6**	4.5
– listed	**1.1**	1.7
	5.7	6.2

The fair values of unlisted available-for-sale assets are based on derived valuations as disclosed in Note 25(g).

Listed investments comprise equity securities that present the Group with opportunity for return through dividend income and capital gains. They have no fixed maturity or coupon rate. Fair values are derived from quoted market prices.

18. Financial assets

	2013 £m	2012 £m
Short term government securities	**9.1**	7.9
Term deposits	**22.1**	22.4
	31.2	30.3

Financial assets are liquid funds held on deposit with banks and clearing organisations.

19. Deferred tax

	2013 £m	2012 £m
Deferred tax assets	**2.9**	3.1
Deferred tax liabilities	**(17.9)**	(14.5)
	(15.0)	(11.4)

The movement for the year in the Group's net deferred tax position was as follows:

	2013 £m	2012 £m (restated-Note 37)
At 1 January	**(11.4)**	(9.2)
Charge to income for the year	**(0.8)**	(1.7)
Charge to other comprehensive income for the year	**(2.5)**	(1.6)
Recognised with acquisitions	**–**	1.0
Effect of movements in exchange rates	**(0.3)**	0.1
At 31 December	**(15.0)**	(11.4)

Deferred tax balances and movements thereon are analysed as:

	At 1 January £m	Recognised in profit or loss £m	Recognised in other comprehensive income £m	Recognised with acquisitions £m	Effect of movements in exchange rates £m	At 31 December £m
2013						
Share-based payment awards	**0.3**	**–**	**–**	**–**	**–**	**0.3**
Defined benefit pension scheme	**(14.5)**	**(0.7)**	**(2.5)**	**–**	**–**	**(17.7)**
Tax losses	**0.2**	**(0.2)**	**–**	**–**	**–**	**–**
Other timing differences	**2.6**	**0.1**	**–**	**–**	**(0.3)**	**2.4**
	(11.4)	**(0.8)**	**(2.5)**	**–**	**(0.3)**	**(15.0)**
2012 (restated – Note 37)						
Share-based payment awards	0.3	–	–	–	–	0.3
Defined benefit pension scheme	(12.0)	(0.9)	(1.6)	–	–	(14.5)
Tax losses	8.5	(7.5)	–	–	(0.8)	0.2
Other timing differences	(6.0)	6.7	–	1.0	0.9	2.6
	(9.2)	(1.7)	(1.6)	1.0	0.1	(11.4)

At the balance sheet date, the Group has an unrecognised deferred tax asset in respect of tax losses of £16.3m (2012: £13.7m) which is available for offset against future profits.

No deferred tax has been recognised on temporary differences associated with unremitted earnings of subsidiaries as the Group is able to control the timing of distributions and overseas dividends are largely exempt from UK tax. As at the balance sheet date, the Group had unrecognised deferred tax liabilities of £0.7m (2012: £0.7m) in respect of withholding tax on unremitted earnings.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

20. Trade and other receivables

	2013 £m	2012 £m
Trade receivables	**70.2**	69.4
Settlement balances	**5,682.5**	5,721.9
Financial assets	**5,752.7**	5,791.3
Other debtors	**10.8**	9.7
Prepayments and accrued income	**55.1**	70.9
Corporation tax	**1.2**	1.2
Owed by associates and related parties	**0.4**	0.4
	5,820.2	5,873.5

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The table below shows the ageing of trade receivables:

	2013 £m	2012 £m
Less than 30 days (not yet due)	**50.5**	52.7
Between 30 and 60 days	**10.7**	9.0
Between 60 and 90 days	**4.0**	4.2
Greater than 90 days	**5.0**	3.5
Total past due	**19.7**	16.7
Trade receivables	**70.2**	69.4

Trade receivables are shown net of a provision of £1.0m (2012: £0.9m) against certain trade receivables due after 90 days.

The table below shows the ageing of settlement balances:

	2013 £m	2012 £m
Amounts not yet due	**5,544.1**	5,576.8
Less than 30 days	**130.5**	140.0
Between 30 and 60 days	**5.4**	4.9
Between 60 and 90 days	**2.4**	0.2
Greater than 90 days	**0.1**	–
Total past due	**138.4**	145.1
Settlement balances	**5,682.5**	5,721.9

Settlement balances arise on Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. The above analysis reflects only the receivable side of such transactions. Corresponding payable amounts are shown in Note 21 ‘Trade and other payables’.

21. Trade and other payables

	2013 £m	2012 £m
Settlement balances	**5,681.8**	5,721.3
Trade payables	**7.6**	7.4
Financial liabilities	**5,689.4**	5,728.7
Tax and social security	**18.2**	22.6
Other creditors	**2.7**	1.2
Accruals and deferred income	**102.4**	122.8
	5,812.7	5,875.3

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

22. Interest bearing loans and borrowings

	Less than one year £m	Greater than one year £m	Total £m
2013			
Sterling Notes August 2014	**8.5**	**–**	**8.5**
Sterling Notes July 2016	**–**	**140.2**	**140.2**
Sterling Notes June 2019	**–**	**78.9**	**78.9**
	8.5	**219.1**	**227.6**
2012			
Sterling Notes August 2014	–	8.5	8.5
Sterling Notes July 2016	–	139.9	139.9
Sterling Notes June 2019	–	78.7	78.7
Bank loan	10.0	18.7	28.7
	10.0	245.8	255.8

All amounts are denominated in Sterling and are stated after unamortised transaction costs. An analysis of borrowings by maturity has been disclosed in Note 25(d).

Sterling Notes: Due August 2014

As at 31 December 2013, £8,470,000 (2012: £8,470,000) of the 8.25% Step-up Coupon Subordinated Notes due August 2014 remains outstanding. These notes are callable by Tullett Prebon Group Holdings plc at any time. The coupon was reset to 6.52% in August 2009.

At 31 December 2013 their fair value was £8.5m (2012: £8.5m).

Sterling Notes: Due July 2016

In July 2009 £141,144,000 of 7.04% Guaranteed Notes due July 2016 were issued.

At 31 December 2013 their fair value was £149.8m (2012: £144.8m).

Sterling Notes: Due June 2019

In December 2012, the Group issued its first series of Sterling Notes, amounting to £80,000,000, under its Euro Medium Term Note Programme. The notes have a coupon of 5.25% and are due in June 2019.

At 31 December 2013 their fair value was £82.3m (2012: £79.6m).

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

22. Interest bearing loans and borrowings continued

Bank loan and credit facility

During the year the Group repaid all of its amortising term loan, comprising a £10.0m scheduled repayment in February and a final repayment of £20.0m in April.

During 2013 the interest rate on the bank loan was 3.6% (2012: 3.6%) and debt issue costs of £1.3m (2012: £1.1m) relating to the bank loan were amortised. As at 31 December 2012 the carrying value of the loan approximated to the fair value.

In April 2013, the Group entered into a £150m committed revolving credit facility which matures in April 2016. This facility replaced a £115m committed revolving credit facility that matured in the year. Neither facility was drawn during the year.

23. Provisions

	Property £m	Restructuring £m	Legal and other £m	Total £m
2013				
At 1 January 2013	**3.8**	**4.9**	**2.6**	**11.3**
Released to income statement	**(0.4)**	**–**	**(0.3)**	**(0.7)**
Utilisation of provision	**(1.0)**	**(3.2)**	**(0.2)**	**(4.4)**
Effect of movements in exchange rates	**–**	**–**	**(0.1)**	**(0.1)**
At 31 December 2013	**2.4**	**1.7**	**2.0**	**6.1**
2012				
At 1 January 2012	2.9	6.3	9.6	18.8
(Released)/charged to income statement	(1.7)	13.2	(6.5)	5.0
Recognised on acquisitions	3.4	–	–	3.4
Utilisation of provision	(0.7)	(14.5)	–	(15.2)
Effect of movements in exchange rates	(0.1)	(0.1)	(0.5)	(0.7)
At 31 December 2012	3.8	4.9	2.6	11.3

	2013 £m	2012 £m
Included in current liabilities	**1.8**	5.7
Included in non-current liabilities	**4.3**	5.6
	6.1	11.3

Property provisions outstanding as at 31 December 2013 relate to provisions in respect of onerous leases and building dilapidations. The onerous lease provision represents the net present value of the future rental cost net of expected sub-lease income. These leases expire in one to thirteen years (2012: one to fourteen years). The building dilapidations provision represents the estimated cost of making good dilapidations and disrepair on various leasehold buildings. The leases expire in one to six years.

Restructuring provisions outstanding as at 31 December 2013 relate to termination and other employee related costs, the majority of which are expected to be discharged during 2014.

Legal and other provisions include provisions for legal claims brought against subsidiaries of the Group together with provisions against obligations for certain employee related costs and non-property related onerous contracts. At present the timing of any payments is uncertain and provisions are subject to regular review. It is expected that the obligations will be discharged over the next three years. The provision established in 2011 for the estimated cost of the resolution of the claim by BGC alleging that the Company misappropriated data supplied to its information sales subsidiary in violation of a redistribution agreement, was adjusted in 2012 in line with the arbitrator's award. The ultimate outcome remains uncertain.

24. Other long term payables

	2013 £m	2012 £m
Accruals and deferred income	**10.0**	5.5
Deferred consideration (Note 29)	**0.3**	3.4
	10.3	8.9

Accruals and deferred income includes deferred leasehold rental accruals that build up during rent free periods which are subsequently utilised over the rental payment period of the lease.

25. Financial instruments

The following analysis should be read in conjunction with the information on risk management, capital employed and regulatory capital included in the Strategic Report on pages 13 to 19.

(a) Capital management

The Group's policy is to maintain a capital base and funding structure that maintains creditor, regulator and market confidence and provides flexibility for business development whilst also optimising returns to shareholders. The capital structure of the Group consists of debt, as set out in Note 22, cash and cash equivalents, other current financial assets and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 26 and 27.

The Group has an investment firm consolidation waiver under which it is required to monitor its compliance with a financial holding company test which takes into account the Company's shareholders' funds and the aggregated credit risk, market risk and fixed overhead requirements of the Company's subsidiaries. A number of the Company's subsidiaries are individually regulated and are required to maintain capital that is appropriate to the risks entailed in their businesses according to definitions that vary according to each jurisdiction.

(b) Categorisation of financial assets and liabilities

Financial assets

	Available-for-sale assets £m	Loans and receivables £m	Total £m
2013			
Investments	**5.7**	**–**	**5.7**
Financial assets	**9.1**	**22.1**	**31.2**
Cash and cash equivalents	**–**	**251.6**	**251.6**
Trade receivables	**–**	**70.2**	**70.2**
Settlement balances	**–**	**5,682.5**	**5,682.5**
	14.8	**6,026.4**	**6,041.2**
2012			
Investments	6.2	–	6.2
Financial assets	7.9	22.4	30.3
Cash and cash equivalents	–	281.5	281.5
Trade receivables	–	69.4	69.4
Settlement balances	–	5,721.9	5,721.9
	14.1	6,095.2	6,109.3

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

25. Financial instruments continued

(b) Categorisation of financial assets and liabilities continued

Financial liabilities

Financial liabilities are all held at amortised cost.

	2013 £m	2012 £m
Sterling Notes August 2014	**8.5**	8.5
Sterling Notes July 2016	**140.2**	139.9
Sterling Notes June 2019	**78.9**	78.7
Bank loan	**–**	28.7
Trade payables	**7.6**	7.4
Settlement balances	**5,681.8**	5,721.3
	5,917.0	5,984.5

(c) Credit risk analysis

The following table presents an analysis by rating agency designation of cash and cash equivalents, financial assets, trade receivables and settlement balances based on Standard & Poor's ratings or their equivalent.

	Cash and cash equivalents and financial assets		Trade receivables		Settlement balances	
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
AAA to AA+	**4.8**	7.0	**0.2**	0.4	**1.2**	3.5
AA to A-	**270.1**	296.7	**50.6**	52.2	**4,477.0**	4,508.4
BBB+ to BBB-	**7.5**	7.6	**7.5**	5.4	**709.2**	750.3
BB+ to B-	**–**	–	**0.5**	0.2	**417.9**	66.9
Unrated	**0.4**	0.5	**12.4**	12.1	**77.2**	392.8
Total	**282.8**	311.8	**71.2**	70.3	**5,682.5**	5,721.9
Provision for doubtful debts	**–**	–	**(1.0)**	(0.9)	**–**	–
	282.8	311.8	**70.2**	69.4	**5,682.5**	5,721.9

In addition to the above, £1.7m (2012: £1.6m) of investments are rated AA to AA+, £1.1m are rated BBB+ (2012: £1.7m) and £2.9m (2012: £2.9m) are unrated.

The carrying value of financial assets recorded in the Financial Statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade receivables, the Group is not exposed to significant credit risk to a single counterparty or any group of counterparties.

Matched Principal brokerage transactions, whereby securities are bought from one counterparty and sold to another counterparty, are settled on a delivery versus payment basis. The above analysis reflects only the receivable side of such transactions, the other side being shown in trade and other payables. Settlement of such transactions typically takes place within a few business days according to the relevant market rules and conventions and the credit risk is considered to be minimal.

(d) Maturity profile of financial liabilities

The table below reflects the contractual maturities, including future interest obligations, of the Group's financial liabilities as at 31 December:

	Due within 3 months £m	Due between 3 months and 12 months £m	Due between 1 year and 5 years £m	Due after 5 years £m	Total £m
2013					
Settlement balances	**5,678.3**	**3.5**	**–**	**–**	**5,681.8**
Trade payables	**7.6**	**–**	**–**	**–**	**7.6**
Sterling Notes August 2014	**–**	**9.0**	**–**	**–**	**9.0**
Sterling Notes July 2016	**–**	**9.9**	**161.0**	**–**	**170.9**
Sterling Notes June 2019	**–**	**4.2**	**16.8**	**84.2**	**105.2**
	5,685.9	**26.6**	**177.8**	**84.2**	**5,974.5**
2012					
Settlement balances	5,721.3	–	–	–	5,721.3
Trade payables	7.4	–	–	–	7.4
Sterling Notes August 2014	–	0.6	9.0	–	9.6
Sterling Notes July 2016	–	9.9	171.0	–	180.9
Sterling Notes June 2019	–	4.2	16.8	88.4	109.4
Bank loan	10.2	0.5	20.1	–	30.8
	5,738.9	15.2	216.9	88.4	6,059.4

(e) Foreign currency sensitivity analysis

The table below illustrates the sensitivity of the profit for the year with regard to currency movements on financial assets and liabilities denominated in foreign currencies as at the year end.

Based on a 5% weakening in the US dollar and Euro exchange rates against Sterling, the effect on profit for the year would be as follows:

	2013		2012	
	USD £m	**EUR £m**	USD £m	EUR £m
Change in profit for the year	**(1.3)**	**(0.9)**	(1.2)	(0.8)

The Group would experience an equal and opposite foreign exchange gain should the US dollar and Euro exchange rates strengthen against Sterling.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

25. Financial instruments continued

(f) Interest rate sensitivity analysis

Interest on floating rate financial instruments is reset at intervals of less than one year. The Group's exposure to interest rates arises on cash and cash equivalents, money market instruments and, up to the date of repayment, the bank loan. The Sterling Notes are fixed rate financial instruments.

A 100 basis point change in interest rates, applied to average floating rate financial instrument assets and liabilities during the year, would result in the following impact on profit or loss:

	2013		2012	
	+100pts £m	**-100pts £m**	+100pts £m	-100pts £m
Income/(expense) arising on:				
– floating rate assets	**2.8**	**(1.5)**	2.8	(1.8)
– floating rate liabilities	**(0.1)**	**0.1**	(0.9)	0.7
Net income/(expense) for the year	**2.7**	**(1.4)**	1.9	(1.1)

(g) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
2013				
Investments				
– unlisted	**–**	**–**	**4.6**	**4.6**
– listed	**1.1**	**–**	**–**	**1.1**
Financial assets				
– short term government securities	**9.1**	**–**	**–**	**9.1**
	10.2	**–**	**4.6**	**14.8**
2012				
Investments				
– unlisted	–	–	4.5	4.5
– listed	1.7	–	–	1.7
Financial assets				
– short term government securities	7.9	–	–	7.9
	9.6	–	4.5	14.1

There were no transfers between Level 1 and 2 during the year.

Strategic Report

Governance

Financial Statements

Shareholder Information

Reconciliation of Level 3 fair value measurements of financial assets:

	2013 £m	2012 £m
Balance as at 1 January	**4.5**	6.0
Disposal proceeds	**–**	(1.7)
Unrealised gain in other comprehensive income	**0.1**	0.2
Balance as at 31 December	**4.6**	4.5

There were no financial liabilities subsequently remeasured at fair value on a Level 3 fair value measurement basis.

The disposal proceeds received in 2012 were received in cash.

The revaluation gain of £0.1m relating to the revaluation of unlisted available-for-sale investments held at the balance sheet date is included within the 'Revaluation reserve'.

26. Share capital

	2013 No.	2012 No.
Allotted, issued and fully paid		
Ordinary shares of 25p	**217,739,704**	217,611,872

	2013 £m	2012 £m
Allotted, issued and fully paid		
Ordinary shares of 25p	**54.4**	54.4

127,832 ordinary shares were issued at par on 19 April 2013 to the Tullett Prebon plc Employee Benefit Trust 2007.

27. Reconciliation of shareholders' funds

(a) Share capital, Share premium account, Reverse acquisition reserve

	Share capital £m	Share premium account £m	Reverse acquisition reserve £m	Total £m
2013				
As at 1 January 2013	**54.4**	**17.1**	**(1,182.3)**	**(1,110.8)**
Issue of ordinary shares	**–**	**–**	**–**	**–**
As at 31 December 2013	**54.4**	**17.1**	**(1,182.3)**	**(1,110.8)**
2012				
As at 1 January 2012	53.8	9.9	(1,182.3)	(1,118.6)
Issue of ordinary shares	0.6	7.2	–	7.8
As at 31 December 2012	54.4	17.1	(1,182.3)	(1,110.8)

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

27. Reconciliation of shareholders' funds continued

(a) Share capital, Share premium account, Reverse acquisition reserve continued

Reverse acquisition reserve

The acquisition of Collins Stewart Tullett plc by Tullett Prebon plc in 2006 was accounted for as a reverse acquisition. Under IFRS the consolidated accounts of Tullett Prebon plc are prepared as if they were a continuation of the consolidated accounts of Collins Stewart Tullett plc. The reverse acquisition reserve represents the difference between the initial equity share capital of Tullett Prebon plc and the share capital and share premium of Collins Stewart Tullett plc at the time of the acquisition. This resulted in the consolidated net assets before and after the acquisition remaining unchanged.

(b) Other reserves

	Equity reserve £m	Revaluation reserve £m	Merger reserve £m	Hedging and translation £m	Own shares £m	Other reserves £m
2013						
As at 1 January 2013	**–**	**2.4**	**121.5**	**7.7**	**(0.1)**	**131.5**
Revaluation of investments	**–**	**(0.5)**	**–**	**–**	**–**	**(0.5)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(7.5)**	**–**	**(7.5)**
Taxation credit on components of other comprehensive income	**–**	**–**	**–**	**0.2**	**–**	**0.2**
Total comprehensive income	**–**	**(0.5)**	**–**	**(7.3)**	**–**	**(7.8)**
As at 31 December 2013	**–**	**1.9**	**121.5**	**0.4**	**(0.1)**	**123.7**
2012						
As at 1 January 2012	7.7	1.9	121.5	17.4	(0.1)	148.4
Revaluation of investments	–	0.5	–	–	–	0.5
Exchange differences on translation of foreign operations	–	–	–	(9.3)	–	(9.3)
Taxation charge on components of other comprehensive income	–	–	–	(0.4)	–	(0.4)
Total comprehensive income	–	0.5	–	(9.7)	–	(9.2)
Equity component of deferred consideration	(7.7)	–	–	–	–	(7.7)
As at 31 December 2012	–	2.4	121.5	7.7	(0.1)	131.5

Equity reserve

The reserve of £7.7m as at 1 January 2012 represented the aggregate fair value of 2,298,288 ordinary shares issuable to the former owners of Primex Energy Brokers Limited following the completion of acquisition related performance conditions. The shares were issued on 5 January 2012.

Revaluation reserve

The revaluation reserve represents the remeasurement of assets in accordance with IFRS that have been recorded in other comprehensive income.

Merger reserve

The merger reserve arose in Collins Stewart Tullett plc prior to the reverse acquisition by Tullett Prebon plc in 2006. The reserve related to prior share-based acquisitions and represented the difference between the value of those acquisitions and the amount required to be recorded in share premium. On the acquisition by Tullett Prebon plc, this reserve was retained as the consolidated accounts of Tullett Prebon plc were prepared as if they were a continuation of the consolidated accounts of Collins Stewart Tullett plc.

Hedging and translation

The hedging and translation reserve records revaluation gains and losses arising on net investment hedges and the effect of changes in exchange rates on translation of foreign operations recorded in other comprehensive income.

Own shares

As at 31 December 2013, the Tullett Prebon plc Employee Benefit Trust 2007 held 202,029 ordinary shares (2012: 202,029 ordinary shares) with a fair value of £0.8m (2012: £0.6m). During the year 127,832 ordinary shares were issued to the Tullett Prebon plc Employee Benefit Trust 2007 and 127,832 ordinary shares were used to satisfy share award exercises.

(c) Total equity

	Equity attributable to equity holders of the parent					
	Total from Note 27(a) £m	Total from Note 27(b) £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
2013						
As at 1 January 2013	**(1,110.8)**	**131.5**	**1,348.8**	**369.5**	**2.5**	**372.0**
Profit for the year	**–**	**–**	**65.6**	**65.6**	**0.2**	**65.8**
Revaluation of investments	**–**	**(0.5)**	**–**	**(0.5)**	**–**	**(0.5)**
Exchange differences on translation of foreign operations	**–**	**(7.5)**	**–**	**(7.5)**	**(0.3)**	**(7.8)**
Remeasurement of the net defined benefit pension scheme asset	**–**	**–**	**7.2**	**7.2**	**–**	**7.2**
Taxation credit/(charge) on components of other comprehensive income	**–**	**0.2**	**(2.5)**	**(2.3)**	**–**	**(2.3)**
Total comprehensive income	**–**	**(7.8)**	**70.3**	**62.5**	**(0.1)**	**62.4**
Dividends paid	**–**	**–**	**(36.7)**	**(36.7)**	**(0.3)**	**(37.0)**
Credit arising on share-based payment awards	**–**	**–**	**1.0**	**1.0**	**–**	**1.0**
As at 31 December 2013	**(1,110.8)**	**123.7**	**1,383.4**	**396.3**	**2.1**	**398.4**
2012 (restated – Note 37)						
As at 1 January 2012	(1,118.6)	148.4	1,442.6	472.4	3.1	475.5
(Loss)/profit for the year	–	–	(61.2)	(61.2)	0.3	(60.9)
Revaluation of investments	–	0.5	–	0.5	–	0.5
Exchange differences on translation of foreign operations	–	(9.3)	–	(9.3)	(0.2)	(9.5)
Remeasurement of the net defined benefit pension scheme asset	–	–	4.2	4.2	–	4.2
Taxation charge on components of other comprehensive income	–	(0.4)	(1.6)	(2.0)	–	(2.0)
Total comprehensive income	–	(9.2)	(58.6)	(67.8)	0.1	(67.7)
Issue of ordinary shares	7.8	–	–	7.8	–	7.8
Equity component of deferred consideration	–	(7.7)	–	(7.7)	–	(7.7)
Dividends paid	–	–	(36.6)	(36.6)	(0.6)	(37.2)
Decrease in minority interests	–	–	–	–	(0.1)	(0.1)
Credit arising on share-based payment awards	–	–	1.4	1.4	–	1.4
As at 31 December 2012	(1,110.8)	131.5	1,348.8	369.5	2.5	372.0

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

28. Share-based payments

As at 31 December 2013 the Group had one active equity-based long term incentive plan, the Tullett Prebon Long Term Incentive Plan, for the granting of non-transferable awards to certain employees and executives.

Option awards granted under the plan typically become exercisable three years after grant date. The exercise of certain options is dependent on option holders meeting performance criteria. The maximum life of the options is 10 years after grant date. Options are settled in equity once exercised.

Outstanding awards at 31 December 2013 and their estimated fair values when granted are set out below:

	Awards outstanding 2013	Estimated fair value at grant date
Awards		
Long term incentive award (2009)(1)	302,148	199p
Long term incentive award (2011)(2)	44,761	309p
Long term incentive award (2012)(1)	714,649	139p
	1,061,558	

Notes:
(1) Subject to total shareholder return and return on capital conditions.
(2) Subject to revenue performance conditions.

The following table shows the number of share awards outstanding during 2013 and 2012:

	Share options No.
2013	
Outstanding at start of the year	**1,746,891**
Exercised during the year	**(127,832)**
Lapsed during the year	**(557,501)**
Outstanding at end of year	**1,061,558**
Exercisable at end of year	**302,148**
2012	
Outstanding at start of the year	1,829,508
Granted during the year	714,649
Lapsed during the year	(797,266)
Outstanding at end of year	1,746,891
Exercisable at end of year	429,980

The weighted average exercise price for all awards is £nil (2012: £nil).

As at 31 December 2013 the weighted average contractual life of outstanding share-based awards was 7.5 years (2012: 8.3 years).

	2013 £m	2012 £m
Charge arising from share-based awards	**1.0**	1.4

During the year 127,832 share options were exercised (2012: nil) with a weighted average share price of 252p. Share options under one of the long term incentive awards granted in 2011 lapsed during the year.

The estimated fair value of each option granted under the long term incentive awards granted in 2009 and 2012 was calculated by applying a Monte Carlo simulation model. The model inputs were the share price at grant date, exercise price, expected volatility, expected dividends based on historical dividend payment, the expected life of the option until exercise, a risk-free interest rate based on government securities with a similar maturity profile and the volatility and correlation of Total Shareholder Return ('TSR') with a comparator group of companies. The 2012 award is also subject to TSR comparison relative to the UK Retail Price Index.

The estimated fair value of each option granted under the long term incentive award granted in 2011 was calculated by applying a Black-Scholes option pricing model. The model inputs were the share price at grant date, exercise price, expected volatility, expected dividends based on historical dividend payment, expected life of the option until exercise and a risk-free interest rate based on government securities with a similar maturity profile.

The model inputs for share option awards that existed as at 31 December 2013 are set out below:

	Long term incentive award[1] (2012)	Long term incentive award[2] (2011)	Long term incentive award[1] (2009)
Share price at date of grant (p)	298	354	284
Exercise price (p)	nil	nil	nil
Expected volatility	36%	59%	58%
Expected life (years)	3	3	3
Risk-free rate	0.3%	1.5%	2.2%
Expected dividend yield	5.5%	4.3%	4.5%
Expected volatility of comparator group	34%	n/a	49%
Correlation with comparator group	29%	n/a	27%
Retail Price Index	2.1%	n/a	n/a
Proportion meeting service criteria	100%	100%	100%

Notes:
(1) Subject to total shareholder return and return on capital conditions.
(2) Subject to revenue performance conditions.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

29. Acquisitions

Analysis of deferred and contingent consideration in respect of acquisitions

Certain acquisitions made by the Group are satisfied in part by deferred or contingent deferred consideration. The Group has re-estimated the amounts due where necessary, with any corresponding adjustments being made to goodwill for acquisitions prior to 1 January 2010, and to profit or loss for acquisitions after that date.

	2013 £m	2012 £m
At 1 January	**5.8**	10.0
Acquisitions during the year	**–**	1.0
Unwind of discount	**0.5**	0.6
Cash paid	**(2.3)**	(4.9)
Credit taken to the income statement	**(1.8)**	–
Effect of movements in exchange rates	**(0.5)**	(0.9)
At 31 December	**1.7**	5.8
Amounts falling due within one year	**1.4**	2.4
Amounts falling due after one year	**0.3**	3.4
At 31 December	**1.7**	5.8

30. Reconciliation of operating result to net cash from operating activities

	2013 £m	2012 £m (restated – Note 37)
Operating profit/(loss)	**100.2**	(23.9)
Adjustments for:		
– Share-based compensation expense	**1.0**	1.4
– Depreciation of property, plant and equipment	**5.5**	5.5
– Amortisation of intangible fixed assets	**6.4**	6.3
– Goodwill impairment	**–**	123.0
– Loss on disposal of property, plant and equipment	**1.5**	–
– Loss on derecognition of intangible assets	**0.1**	–
Decrease in provisions for liabilities and charges	**(5.1)**	(10.4)
Increase in non-current liabilities	**2.8**	2.8
Operating cash flows before movement in working capital	**112.4**	104.7
Decrease/(increase) in trade and other receivables	**13.2**	(4.9)
Decrease/(increase) in net settlement balances	**0.4**	(0.4)
Decrease in trade and other payables	**(19.6)**	(40.3)
Cash generated from operations	**106.4**	59.1
Income taxes paid	**(27.5)**	(27.3)
Interest paid	**(16.8)**	(15.2)
Net cash from operating activities	**62.1**	16.6

31. Analysis of net funds

	At 1 January 2013 £m	Cash flow £m	Non-cash items £m	Exchange differences £m	At 31 December 2013 £m
2013					
Cash	**201.9**	**14.8**	**–**	**(4.1)**	**212.6**
Cash equivalents	**78.0**	**(39.8)**	**–**	**(0.8)**	**37.4**
Client settlement money	**1.6**	**–**	**–**	**–**	**1.6**
Cash and cash equivalents	**281.5**	**(25.0)**	**–**	**(4.9)**	**251.6**
Financial assets	**30.3**	**1.9**	**–**	**(1.0)**	**31.2**
Total funds	**311.8**	**(23.1)**	**–**	**(5.9)**	**282.8**
Bank loans due within one year	**(10.0)**	**10.0**	**–**	**–**	**–**
Bank loans due after one year	**(18.7)**	**20.0**	**(1.3)**	**–**	**–**
Notes due within one year	**–**	**–**	**(8.5)**	**–**	**(8.5)**
Notes due after one year	**(227.1)**	**–**	**8.0**	**–**	**(219.1)**
	(255.8)	**30.0**	**(1.8)**	**–**	**(227.6)**
Total net funds	**56.0**	**6.9**	**(1.8)**	**(5.9)**	**55.2**
2012					
Cash	240.2	(34.2)	–	(4.1)	201.9
Cash equivalents	100.0	(21.5)	–	(0.5)	78.0
Client settlement money	1.8	(0.2)	–	–	1.6
Cash and cash equivalents	342.0	(55.9)	–	(4.6)	281.5
Financial assets	30.8	0.2	–	(0.7)	30.3
Total funds	372.8	(55.7)	–	(5.3)	311.8
Bank loans due within one year	(30.0)	20.0	–	–	(10.0)
Bank loans due after one year	(87.6)	70.0	(1.1)	–	(18.7)
Notes due after one year	(148.0)	(78.7)	(0.4)	–	(227.1)
Finance leases	(0.1)	0.1	–	–	–
	(265.7)	11.4	(1.5)	–	(255.8)
Total net funds	107.1	(44.3)	(1.5)	(5.3)	56.0

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less. As at 31 December 2013 cash and cash equivalents amounted to £251.6m (2012: £281.5m). Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Financial assets comprise short term government securities and term deposits held with banks and clearing organisations.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

32. Contingent liabilities

In respect of legal matters or disputes for which a provision has not been made, notwithstanding the uncertainties that are inherent in the outcome of such matters, there are no issues which are considered to pose a significant risk of material adverse financial impact on the Group's results or net assets.

In the normal course of business, certain Group companies enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.

33. Operating lease commitments

	2013 £m	2012 £m
Minimum operating lease payments recognised in the income statement	**14.7**	15.8

At 31 December 2013 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2013		2012	
	Buildings £m	Other £m	Buildings £m	Other £m
Within one year	**12.6**	**1.2**	11.9	1.7
Within two to five years	**36.3**	**0.6**	37.3	0.7
Over five years	**53.3**	**–**	60.3	–
	102.2	**1.8**	109.5	2.4

34. Retirement benefits

(a) Defined benefit schemes

The Group operates one defined benefit pension scheme in the UK, the defined benefit section of the Tullett Prebon Pension Scheme ('the Scheme'). In addition, there are a small number of schemes operated in other countries which collectively are not significant in the context of the Group.

The Scheme is a final salary, funded pension scheme that is closed to new members and future accrual. For members still in service there is a continuing link between benefits and pensionable pay. The Principal Employer is Tullett Prebon Group Limited.

The assets of the Scheme are held separately from those of the Group, either in separate trustee administered funds or in contract-based policies of insurance.

The latest funding actuarial valuations of the Scheme was carried out as at 30 April 2013 by independent qualified actuaries.

The amounts included in the balance sheet arising from the Group's obligations in respect of the Scheme are as follows:

	2013 £m	2012 £m
Fair value of Scheme assets	**226.1**	204.3
Present value of Scheme liabilities	**(175.6)**	(162.9)
Defined benefit pension Scheme surplus	**50.5**	41.4
Deferred tax liability (Note 19)	**(17.7)**	(14.5)

The main financial assumptions used by the independent qualified actuaries of the Scheme to calculate the liabilities under IAS 19 were:

	2013 %	2012 %
Key assumptions		
Discount rate	**4.40**	4.40
Expected rate of salary increases	**4.95**	4.45
Rate of increase in LPI pensions in payment[1]	**2.60**	2.50
Inflation assumption	**2.70**	2.50

Note:
(1) This applies to pensions accrued from 6 April 1997. The majority of current and future pensions receive fixed increases in payment of either 0% or 2.5%.

The mortality assumptions are based on standard mortality tables and allow for future mortality improvements and are the same as those adopted for the 2013 funding valuation. Assumptions for the Scheme are that a member who retires in 15 years' time at age 60 will live on average for a further 31.1 years (2012: 28.5 years) after retirement if they are male and for a further 32.5 years (2012: 30.8 years) after retirement if they are female. Current pensioners are assumed to have a generally shorter life expectancy based on their current age.

The valuation of the Scheme liabilities is sensitive to changes in the assumptions used. The effect of changes in the discount rate, inflation and mortality assumptions, assuming an independent change in one assumption with all others held constant, on the liabilities is shown below:

		Scheme assets £m	Scheme liabilities £m	Surplus/(deficit) £m
As at 31 December 2013		226.1	(175.6)	50.5
Following a 0.25% decrease in the discount rate	Change	0%	4.4%	(15.2%)
	New value	226.1	(183.3)	42.8
Following a 0.25% increase in the inflation assumption	Change	0%	1.9%	(6.7%)
	New value	226.1	(179.0)	47.1
Life expectancy increases by 3 years	Change	0%	6.9%	(24.2%)
	New value	226.1	(187.8)	38.3

Note:
The above analysis does not reflect any inter-relationship between the assumptions.

Changes to the risks inherent in the Scheme would result in changes to the Scheme's carrying value. The most significant risks are: investment performance – the liabilities are calculated using a discount rate set by reference to bond yields. If assets underperform this yield, this would result in the carrying value of the Scheme reducing; changes in bond yields – a decrease in corporate bond yields will increase the value placed on the Scheme's liabilities; inflation risk – some of the Scheme's liabilities are linked to inflation, and higher inflation would lead to higher liabilities (mitigated by a cap on the level of inflationary increases which protects against extreme inflationary increases); and life expectancy – the majority of the Scheme's obligations are for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

34. Retirement benefits continued

(a) Defined benefit schemes continued

The amounts recognised in the income statement in respect of the Scheme were as follows:

	2013 £m	2012 £m
Deemed interest arising on the defined benefit pension scheme surplus	**1.9**	1.7

Deemed interest arising on the defined benefit pension scheme surplus has been included within finance income (Note 8). Scheme expenses for the year of £0.6m (2012: £0.5m) have been included in administrative expenses.

The amounts recognised in other comprehensive income in respect of the Scheme were as follows:

	2013 £m	2012 £m
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**24.6**	14.8
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**(6.8)**	1.0
Actuarial gains/(losses) arising on the revaluation of insurance policies	**6.8**	(1.0)
Actuarial losses arising from changes in financial assumptions	**(4.5)**	(8.7)
Actuarial losses arising from changes in demographic assumptions	**(6.6)**	–
Actuarial losses arising from experience adjustments	**(6.3)**	(1.9)
Remeasurement of the defined benefit pension scheme	**7.2**	4.2

Movements in the present value of the Scheme liabilities were as follows:

	2013 £m	2012 £m
At 1 January	**(162.9)**	(148.4)
Deemed interest cost	**(7.1)**	(7.0)
Actuarial gains/(losses) on the revaluation of insurance policies	**6.8**	(1.0)
Actuarial losses arising from changes in financial assumptions	**(4.5)**	(8.7)
Actuarial losses arising from changes in demographic assumptions	**(6.6)**	–
Actuarial losses arising from experience adjustments	**(6.3)**	(1.9)
Benefits paid/transfers out	**5.0**	4.1
At 31 December	**(175.6)**	(162.9)

Movements in the fair value of the Scheme assets were as follows:

	2013 £m	2012 £m
At 1 January	**204.3**	183.9
Deemed interest income	**9.0**	8.7
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**24.6**	14.8
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**(6.8)**	1.0
Employer contributions	**0.6**	0.5
Benefits paid/transfers out	**(5.0)**	(4.1)
Administrative expense	**(0.6)**	(0.5)
At 31 December	**226.1**	204.3

The major categories and fair values of the Scheme assets as at 31 December were as follows:

	2013 £m	2012 £m
Cash and cash equivalents	**3.8**	5.0
Equity instruments		
– Consumer products	**178.5**	159.8
– Industrials	**18.4**	17.9
– Business services	**20.5**	10.2
	217.4	187.9
Insurance policies	**4.2**	10.8
Other receivables	**0.7**	0.6
At 31 December	**226.1**	204.3

All equity instruments have quoted prices in active markets. The Scheme does not hedge against foreign currency exposures or interest rate risk.

The Scheme duration is an indicator of the weighted average time until benefit payments are made. For the Scheme as a whole, the duration is around 20 years reflecting the approximate split of the defined benefit liability between current employees (duration of 25 years), deferred members (duration of 23 years) and current pensioners (duration of 13 years).

The estimated amounts of contributions expected to be paid into the Schemes during 2014 is £nil.

(b) Defined contribution pensions

The Group operates a number of defined contribution schemes for qualifying employees. The assets of these schemes are held separately from those of the Group.

The defined contribution pension cost for the Group charged to administrative expenses was £7.0m (2012: £6.8m), of which £2.2m (2012: £2.0m) related to overseas schemes.

As at 31 December 2013, there was £0.6m outstanding in respect of the current reporting period that had not been paid over to the schemes (2012: £nil).

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2013

35. Client money

Client money held was £1.6m (2012: £1.6m). This represents balances held by the Group received as a result of corporate actions relating to securities transactions.

36. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

The total amount owed to the Group by related parties and associates at 31 December 2013 was £0.4m (2012: £0.4m). The total amount owed by the Group to related parties and associates at 31 December 2013 was £nil (2012: £nil).

	Amounts owed by related parties		Amounts owed to related parties	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Associates	**0.4**	0.4	**–**	–

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Directors

Costs in respect of the Directors who were the key management personnel of the Group during the year are set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the individual directors is provided in the audited part of the Report on Directors' Remuneration on pages 32 to 43.

	2013 £m	2012 £m
Short term benefits	**4.1**	4.5
Share-based payment expense	**1.0**	1.4
Social security costs	**0.6**	0.6
	5.7	6.5

37. Restatement of 2012 comparative financial information

The change to IAS 19 explained in Note 2(c) results in the following restatement of previously reported financial information for 31 December 2012.

In the Consolidated Income Statement, administrative expenses increase by £0.5m resulting in underlying operating profit reducing from £126.0m to £125.5m, and the total operating loss, including exceptional items, increasing from (£23.4m) to (£23.9m); finance income reduces by £9.9m and finance costs reduce by £7.0m; underlying profit before tax reduces from £114.7m to £111.3m and total loss before tax, including exceptional items, increases from (£34.7m) to (£38.1m); taxation reduces by £1.2m; underlying profit of consolidated companies reduces from £87.2m to £85.0m and total loss of consolidated companies, including exceptional items, increases from (£59.9m) to (£62.1m).

In the Consolidated Statement of Comprehensive Income, remeasurement of the defined benefit pension scheme increases to £4.2m from £0.8m and the taxation charge on components of other comprehensive income increases to (£2.0m) from (£0.8m) resulting in other comprehensive income increasing by £2.2m. Total comprehensive income remains unchanged at (£67.7m). Basic and diluted loss per share both increase from (27.1p) to (28.1p), underlying basic earnings per share reduce from 40.5p to 39.5p and underlying diluted earnings per share reduce from 40.4p to 39.4p.

38. Principal subsidiaries and undertakings

At 31 December 2013, the following companies were the Group's principal trading subsidiary undertakings, principal intermediate holding companies and associates.

	Country of incorporation	Principal activities	Issued ordinary shares, all voting
Subsidiary undertakings			
Tullett Prebon (Australia) Pty. Limited	Australia	Broking	100%
Marshalls (Bahrain) WLL[(1)]	Bahrain	Broking	70%
Tullett Liberty (Bahrain) Company W.L.L.	Bahrain	Broking	85%
Tullett Prebon Holdings do Brasil Ltda.	Brazil	Holding company	100%
Tullett Prebon Brasil S.A. Corretora de Valores e Câmbio	Brazil	Broking	100%
Tullett Prebon Canada Limited	Canada	Broking	100%
Tullett Prebon Group Holdings plc	England	Holding company	100%
TP Holdings Limited	England	Holding company	100%
Tullett Prebon Group Limited	England	Service company	100%
Tullett Prebon Investment Holdings Limited	England	Holding company	100%
Tullett Prebon (Europe) Limited	England	Broking	100%
Tullett Prebon (Securities) Limited	England	Broking	100%
Tullett Prebon (Equities) Limited	England	Broking	100%
Tullett Prebon Information Limited	Guernsey	Information sales	100%
Tullett Prebon (Hong Kong) Limited	Hong Kong	Broking	100%
PT. Inti Tullett Prebon Indonesia	Indonesia	Broking	57.52%
Tullett Prebon (Japan) Limited	Japan	Broking	100%
Yamane Tullett Prebon (Japan) Limited[(2)]	Japan	Broking	50%
Tullett Prebon Money Brokerage (Korea) Limited	Korea	Broking	100%
Tullett Prebon México SA de CV	Mexico	Broking	100%
Tullett Prebon (Philippines) Inc.	Philippines	Broking	51%
Tullett Prebon (Polska) SA	Poland	Broking	100%
Tullett Prebon Energy (Singapore) Pte. Ltd.	Singapore	Broking	100%
Tullett Prebon (Singapore) Limited	Singapore	Broking	100%
Prebon Technology Services (Singapore) Pte. Ltd.	Singapore	IT support services	100%
Tullett Prebon South Africa (Pty) Limited	South Africa	Broking	100%
Cosmorex A.G.	Switzerland	Broking	100%
Tullett Prebon (Dubai) Limited	UAE	Broking	100%
Tullett Prebon (Americas) Holdings Inc.	USA	Holding company	100%
Tullett Prebon Americas Corp	USA	Holding company	100%
Tullett Prebon Financial Services LLC	USA	Broking	100%
tpSEF Inc.	USA	Broking	100%
Tullett Prebon Information Inc.	USA	Information sales	100%

Notes:
(1) The Group's interest in the trading results is 90%.
(2) The Group's interest in the trading results is 60%. The company is consolidated as the Group, under a shareholder agreement, governs the financial and operating policies of the company.

All the above subsidiary undertakings are owned indirectly, with the exception of Tullett Prebon Group Holdings plc, which is owned directly. They all have a 31 December year end with the exception of Yamane Tullett Prebon (Japan) Limited, which has a 31 March year end.

38. Principal subsidiaries and undertakings continued

	Country of incorporation	Principal activities	Issued ordinary shares, all voting
Associates			
Tullett Prebon SITICO (China) Limited	China	Broking	33%
Parekh (Forex) Private Limited	India	Broking	26%
Prebon Yamane (India) Limited	India	Broking	48%
Wall Street Tullett Prebon Limited	Thailand	Broking	49%
Wall Street Tullett Prebon Securities Limited	Thailand	Broking	49%

All associates are held indirectly. They all have a 31 December year end with the exception of Parekh (Forex) Private Limited, which has a 31 March year end.

The companies listed above include all those which materially affect the amount of profit and assets of the Group. A full list of subsidiary undertakings and associates will be annexed to the next annual return of Tullett Prebon plc to be filed with the Registrar of Companies.

Company Balance Sheet

as at 31 December 2013

	Notes	2013 £m	2012 £m
Fixed assets			
Investment in subsidiary undertakings	4	**957.6**	905.7
Current assets			
Cash and cash equivalents		**14.8**	34.4
Prepayments and accrued income		**1.3**	–
		16.1	34.4
Creditors: amounts falling due within one year	5	**(12.3)**	(2.6)
Net current assets		**3.8**	31.8
Total assets less current liabilities		**961.4**	937.5
Creditors: amounts falling due after one year	5	**(78.9)**	(78.7)
Net assets		**882.5**	858.8
Capital and reserves			
Called-up share capital	6	**54.4**	54.4
Share premium	7	**17.1**	17.1
Equity reserve	7	**–**	–
Own shares	7	**(0.1)**	(0.1)
Profit and loss account	7	**811.1**	787.4
Shareholders' funds		**882.5**	858.8

The Financial Statements of Tullett Prebon plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 4 March 2014 and are signed on its behalf by:

Terry Smith
Chief Executive

Notes to the Financial Statements

for the year ended 31 December 2013

1. Basis of preparation

(a) Basis of accounting

The separate Financial Statements of the Company are presented as required by the Companies Act. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice. As discussed on page 23 of the Directors' Report, 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.

(b) Cash flow statement

The results, assets and liabilities of the Company are included in the Consolidated Financial Statements of Tullett Prebon plc. Consequently, the Company has taken advantage of the exemption available from preparing a cash flow statement under the terms of FRS 1 (revised) 'Cash Flow Statements'.

(c) Financial instruments

As disclosures equivalent to that required under FRS 29 'Financial Instruments: Disclosures' are given in the publicly available Consolidated Financial Statements of Tullett Prebon plc, the Company is exempt from the disclosures required by FRS 29 in its own accounts.

2. Significant accounting policies

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

(a) Investments

Fixed asset investments in subsidiary undertakings are shown at cost less provision for impairment.

At acquisition, the cost of investment in a subsidiary is measured at the fair value of the consideration payable, except for subsidiaries acquired through the issue of shares qualifying for merger relief where cost is measured by reference to the nominal value of the shares issued.

(b) Taxation

Current taxation 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 taxation 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 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.

(c) Share-based payments

The Company has applied the requirements of FRS 20 (IFRS 2) 'Share-based Payment' and UITF Abstract 44 (IFRIC Interpretation 11) 'FRS 20 (IFRS 2) – Group and Treasury Share Transactions'.

The Company has share-based payment arrangements involving employees of its subsidiaries. The cost of these arrangements is measured by reference to the fair value of equity instruments on the date they are granted. Cost is recognised in 'investment in subsidiary undertakings' and credited to the 'profit and loss account' reserves on a straight-line basis over the vesting period. Where the cost is subsequently recharged to the subsidiary, it is recognised as a reduction in 'investment in subsidiary undertakings'.

(d) Financial assets and financial liabilities

The Company has adopted FRS 25 'Financial Instruments: Presentation' and FRS 26 'Financial Instruments: Recognition and Measurement'.

Financial assets are classified on initial recognition as 'loans and receivables'. Financial liabilities are classified on initial recognition as 'other financial liabilities'.

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.

Other financial liabilities

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 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.

(e) Employee Share Ownership Plans

The assets, liabilities and results of the Tullett Prebon plc Employee Benefit Trust 2007 are included in accordance with UITF Abstract 38 'Accounting for ESOP trusts'.

3. Profit for the year

As permitted in section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. Tullett Prebon plc reported a profit for the financial year ended 31 December 2013 of £59.4m (2012: profit £33.8m).

The auditor's remuneration for audit services to the Company was £0.4m (2012: £0.4m).

4. Investments in subsidiary undertakings

	2013 £m	2012 £m
Cost		
At 1 January	**905.7**	831.2
Capital contribution arising on share-based awards	**1.0**	1.4
Increase in investment in subsidiary undertaking	**50.9**	73.1
At 31 December	**957.6**	905.7

5. Creditors

	2013 £m	2012 £m
Amounts falling due within one year		
Accruals and deferred income	**1.2**	1.5
Amounts due to Group undertakings	**11.1**	1.1
	12.3	2.6
Amounts falling due after one year		
Sterling Notes June 2019	**78.9**	78.7

Sterling Notes: Due June 2019

In December 2012, the Company issued its first series of Sterling Notes, amounting to £80,000,000, under its Euro Medium Term Note Programme. The notes have a coupon of 5.25% and are due in June 2019. The notes are guaranteed by a fellow Group undertaking, TP Holdings Limited, for the period that the Group's Sterling Notes due July 2016 remain outstanding.

At 31 December 2013, the carrying value of Sterling Notes due 2019, together with unamortised transaction costs, amounted to £78.9m and their fair value was £82.3m (2012: £79.6m).

Notes to the Financial Statements
continued

for the year ended 31 December 2013

6. Called-up share capital

	2013 No.	2012 No.
Allotted, issued and fully paid		
Ordinary shares of 25p	**217,739,704**	217,611,872

	2013 £m	2012 £m
Allotted, issued and fully paid		
Ordinary shares of 25p	**54.4**	54.4

127,832 ordinary shares were issued on the 19 April 2013 to the Tullett Prebon plc Employee Benefit Trust 2007.

7. Reconciliation of shareholders' funds

	Called-up share capital £m	Share premium account £m	Equity reserve £m	Own shares £m	Profit and loss account £m	Total shareholders' funds £m
2013						
Balance at 1 January 2013	**54.4**	**17.1**	**–**	**(0.1)**	**787.4**	**858.8**
Profit for the year	**–**	**–**	**–**	**–**	**59.4**	**59.4**
Dividends paid	**–**	**–**	**–**	**–**	**(36.7)**	**(36.7)**
Credit arising on share-based awards	**–**	**–**	**–**	**–**	**1.0**	**1.0**
Issue of ordinary shares	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2013	**54.4**	**17.1**	**–**	**(0.1)**	**811.1**	**882.5**
2012						
Balance at 1 January 2012	53.8	9.9	7.7	(0.1)	788.8	860.1
Profit for the year	–	–	–	–	33.8	33.8
Dividends paid	–	–	–	–	(36.6)	(36.6)
Credit arising on share-based awards	–	–	–	–	1.4	1.4
Issue of ordinary shares	0.6	7.2	–	–	–	7.8
Equity component of deferred consideration	–	–	(7.7)	–	–	(7.7)
Balance at 31 December 2012	54.4	17.1	–	(0.1)	787.4	858.8

At 31 December 2013 the Company's distributable reserves amounted to £811.1m (2012: £787.4m).

Equity reserve

The reserve of £7.7m as at 1 January 2012 represented the aggregate fair value of 2,298,288 ordinary shares issuable to the former owners of Primex Energy Brokers Limited following the completion of acquisition related performance conditions. The shares were issued on 5 January 2012.

Own shares

As at 31 December 2013, the Tullett Prebon plc Employee Benefit Trust 2007 held 202,029 ordinary shares (2012: 202,029 ordinary shares) with a fair value of £0.8m (2012: £0.6m). During the year 127,832 ordinary shares were issued to the Tullett Prebon plc Employee Benefit Trust 2007 and 127,832 ordinary shares were used to satisfy share award exercises.

Shareholder Information

Financial calendar for 2014

23 April
Ex-dividend Date

25 April
Dividend Record Date

9 May (2.00pm)
Annual General Meeting

15 May
Dividend payment date

Dividend mandate
Shareholders who wish their dividends to be paid directly into a bank or building society account should contact Capita Asset Services for a dividend mandate form. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that shareholders' accounts are credited on the dividend payment date.

Shareholder information on the internet
The Company maintains an investor relations page on its website (www.tullettprebon.com) which allows access to share price information, Directors' biographies, copies of Company reports, selected press releases and other useful investor information.

Registered office
Tullett Prebon plc
Tower 42, Level 37
25 Old Broad Street
London EC2N 1HQ
United Kingdom
Tel: +44 (0)20 7200 7000
Website: www.tullettprebon.com

Registrar
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Tel: 0871 664 0300*
From overseas: +44 (0)20 8639 3399

* Calls cost 10p per minute plus network extras.

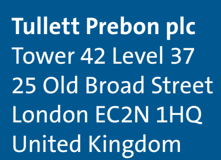
To access and maintain your shareholding online: www.capitashareportal.com

Auditor
Deloitte LLP
Chartered Accountants and Statutory Auditor
Hill House
1 Little New Street
London EC4A 3TR
United Kingdom
www.deloitte.com

Tullett Prebon plc is a company incorporated and registered in England and Wales with number 5807599

This report has been printed on paper which supports the FSC (Forest Stewardship Council) chain of custody environmental sustainment programme. The material used throughout the report is biodegradable, fully recyclable and elemental chlorine free. Both the paper mill and printer involved in the production support the growth of responsible forest management and are both accredited to ISO 14001 which specifies a process for continuous environmental improvement. Vegetable based inks were used throughout the production process.

Designed by luminous.co.uk


Tullett Prebon plc
Tower 42 Level 37
25 Old Broad Street
London EC2N 1HQ
United Kingdom
www.tullettprebon.com