tullett prebon

Annual Report 2015

Who we are

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.

What we do

Our 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 operates a hybrid voice broking business, 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, multiproduct matching services.

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.

Financial Highlights

Underlying, before exceptional and acquisition related items

Revenue	£796.0m	2014: £703.5m
Operating profit	£107.9m	2014: £100.7m
Operating margin	13.6%	2014: 14.3%
Profit before tax	£93.7m	2014: £86.6m
Basic EPS	32.2p	2014: 32.3p

Reported, after exceptional and acquisition related items

Profit before tax	£105.7m	2014: £33.5m
Basic EPS	34.0p	2014: 11.2p
Dividend per share	16.85p	2014: 16.85p

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Our Goal

To become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking.

Our Values

Our culture is founded on shared values and principles. These guide our decision-making and behaviours, creating a sustainable business culture which respects the interests of our clients, our shareholders, our employees and other stakeholders.

Our values are simple and central to everything we do:

Honesty

Integrity

Respect

Excellence

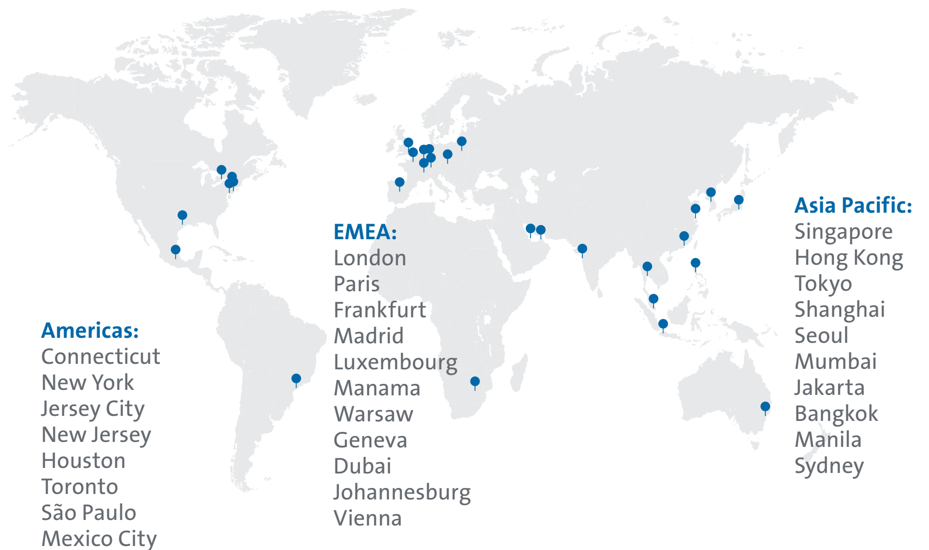
Global Presence

24
countries

29
locations

2,694
brokers and staff

We operate in all the world's major financial centres – with offices in 24 countries and in 29 locations.



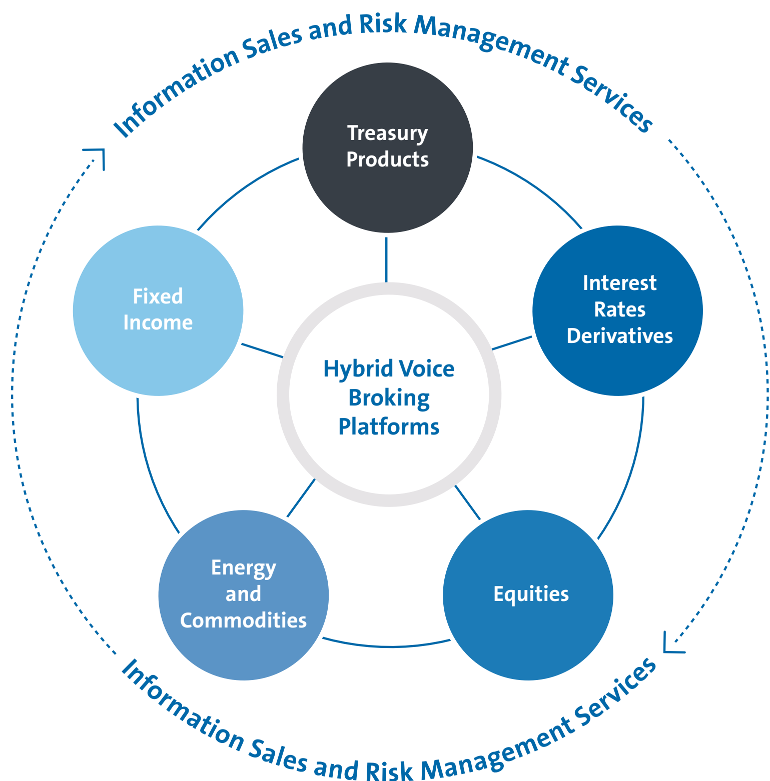
Americas:
Connecticut
New York
Jersey City
New Jersey
Houston
Toronto
São Paulo
Mexico City

EMEA:
London
Paris
Frankfurt
Madrid
Luxembourg
Manama
Warsaw
Geneva
Dubai
Johannesburg
Vienna

Asia Pacific:
Singapore
Hong Kong
Tokyo
Shanghai
Seoul
Mumbai
Jakarta
Bangkok
Manila
Sydney

How we operate

We provide our customers with voice, hybrid and electronic execution services and information sales for the five major product groups: Fixed Income Securities and their derivatives; Interest Rate Derivatives; Treasury Products; Equities and Energy. Our electronic execution methodologies include algorithmic bulk risk mitigation from our RMS business, volume matching and 'Request For Quote' execution in addition to our electronic central limit order books. Through this 'full service' offering we are well placed to provide a flexible, competitive and compliant service to our customers, during a period of unprecedented market structural change.



Chief Executive's Review

2015 was an eventful and exciting year for Tullett Prebon and we have been able to show tangible progress on many fronts.

Against a challenging global markets backdrop, it is pleasing to be able to report a good performance. Revenue of £796m was 13% higher than in 2014, operating profit grew by 7% to £108m, and we delivered an operating margin of 13.6%. Each of our three regional businesses reported double-digit percentage revenue increases. Return on Capital Employed was maintained at 20%.

At the product level it was a year of winners and losers. Energy, bolstered significantly by the acquisition of PVM in November 2014 and MOAB in August 2015, was clearly our best performing business. Boosted by unprecedented movements and volatility in the price of oil, Energy and commodities' revenues were up by 102%. Additionally our data business Tullett Prebon Information and our Risk Management Services business also continued to thrive, posting revenues up 15%. Finally, our Equities business posted revenues up 11%.

In contrast, our Fixed Income business continued to underperform on the back of a weakening global economy, flat yield curves and growing concerns about liquidity. As a result, we experienced lower market activity and revenues in a number of traditional products namely: Fixed Income (-10%); Treasury Products (-5%) and Interest Rate Derivatives (-4%).

Implementing our refreshed strategy

Shortly after joining as Chief Executive, I commissioned a strategic review of the global broking market environment and the cyclical and secular trends we faced.

This work drew on the knowledge and experience of many people in our firm, including our senior leaders. A crucial conclusion which this review independently validated, was the affirmation of our belief in the central role that hybrid voice broking plays and will continue to play, at the heart of world financial markets. So we fixed our goal to become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking.

The strategic review process culminated in the launch of our Ten Arrows, each of which has a number of projects and workstreams which are designed to optimise the existing business and to pursue opportunities to add new high quality revenue and earnings to the Group.

The early benefits of our strategy and the strong foundations we have put in place are already becoming visible and we are executing well against the key elements of our plan.

Investing in products and people

Through investment in people and products and our client relationships we have continued to develop additional efficient business solutions and to generate improvements in operational performance.

New products

Our broad market footprint and understanding of market trends combined with a proven capability for product innovation enabled us to deliver a number of new products, services and technology offerings.

In May, we launched the Tullett Prebon Alternative Investments Matching Engine, TP-AIME, the first screen-based matching engine to facilitate transactions in alternative investments such as hedge fund, private equity and real estate fund interests.

Building on PVM's highly regarded energy data assets, Tullett Prebon Information ('TPI') deepened its global crude, refined and middle distillates coverage. This will help corporates, banks and trading companies to manage risk and mark to market both physical and paper based positions in these markets.

TPI also signed an exclusive agreement with Numerco to distribute nuclear fuel data and separately added biofuel, ethanol and palm oil products pricing data to its coverage.

We announced the launch of tpSynrex, a joint venture between Tullett Prebon and Synrex delivering a new institutional all-to-all real estate trading portal for the issuance and secondary trading of indirect real estate risk.

We added capabilities in ETFs, iron ore, renewables, and environmental energy. All of these are suitable for clients in both our traditional investment bank client base and for a wider array of participants on the buyside.

New people

We further strengthened our management team in 2015 with a number of new senior personnel appointments at the Group level. Mihiri Jayaweera was appointed Global Head of Strategy. Giles Triffitt joined as Chief Risk Officer. Luke Barnett was appointed Chief Information Officer and Alan Whittaker was appointed Chief Administrative Officer. Finally, Nicolas Breteau was appointed Chief Commercial Officer.

These additions come after the previously announced Group level appointments of a new Group General Counsel, Philip Price; a new Group Head of HR, Carrie Heiss; and a new Group Head of Communications, Stephen Breslin.

Our Culture

We have launched a number of initiatives to enhance our commitment to improved conduct and culture: Respect @ Work training for all staff; regular 'Time for Change' newsletters; a new on-line training portal called tp^2; the introduction of a robust performance management process as well as a new Code of Conduct. In 2015 we issued a significant number of new HR, compliance and operations policies and we completed major exercises with the UK FCA regarding our culture and FX businesses (including training sessions for brokers). We have also significantly upgraded our risk management function and risk measurement frameworks, including the appointment of Carol Sargeant as Non-executive Director and Chairman of the Board Risk Committee.

We view our capabilities in these areas as valuable distinguishing characteristics, and believe that they provide reassurance to clients that we have the frameworks, processes and monitoring checks in place to ensure that all business done is executed to the highest standards. This benefits our clients, our employees and ultimately our shareholders – and is part of the value proposition that we offer. Our work in this area is not over but I am confident we have turned a corner and we are making progress.

Acquisitions to accelerate delivery of our strategy

As well as pursuing organic growth initiatives we have taken opportunities this year to deploy capital for bolt-on acquisitions. In January, we accelerated the growth of our US operations with the acquisition of 40 brokers from New York-based inter-dealer brokerage firm, Murphy & Durieu, a company with proven expertise and access to deep liquidity pools in a diverse range of fixed income products including corporate, convertible, municipal, high yield, distressed and government securities.

The deal took the total number of Tullett Prebon brokers in the Americas to 543 at period end, re-establishing our critical mass, further strengthening our fixed income credentials and underlining our commitment to the US and to the fixed income asset class.

In July we announced the acquisition of the US oil brokerage firm, MOAB, a leading independent broker of physical and financial instruments in the energy markets in the US, with expertise in physical gasoline, gasoline blending components, oil product swaps, ethanol, ethanol derivatives, natural gas financial derivatives and distillates. MOAB is an excellent fit with our existing crude oil and energy broking activities and the acquisition is consistent with our strategic aim to build our global energy and commodities franchise.

Buying is one thing, integrating, retaining and leveraging is another, and we are showing that we can do that as well. To date, our investment returns on PVM are significantly higher than we targetted.

We expect that in the coming years we will invest in more acquisitions. However we will only acquire businesses which are appropriately priced and clearly support our strategic objectives. At the same time, we will maintain a conservative but efficient balance sheet. Shareholders rightly expect our investments to generate appropriate returns and this is part of our rigorous investment appraisal process.

Awards and recognition from our clients

As in previous years, Tullett Prebon won plaudits in 2015 from our clients and the industry. A selection of awards includes:

- Top broker for FX options 2015 by FX Week Best Bank Awards;
- SEF of the year at the GlobalCapital 2015 awards;
- Overall IDB in currency in Risk Magazine's annual Interdealer Rankings 2015;
- Best data provider for the 5th consecutive year at Inside Market Data Awards; and
- Top broker in Electricity by Risk & Energy Risk.

These are testament to our excellence in products, services and execution capabilities and we are grateful to our clients for their continued approbation and confidence in us.

Regulatory overview

In the US, we were pleased that our swap execution facility ('SEF'), which was granted temporary registration by the CFTC in 2013, was granted permanent registration in January 2016.

In Europe, the introduction of MiFID II and MiFIR is currently set to become effective from 3 January 2018.

We completed some significant workstreams with the UK FCA including our 2015 ICAAP, a thematic review on incentives, a review of the effectiveness of market conduct controls, a deep-dive on our FX business and proactive engagement with board members and executives. We are now also in the process of reviewing the implications of a possible UK 'no' vote in the upcoming Brexit Referendum.

Signing an agreement to acquire the ICAP Global Broking Business

Of great significance was the signing in late 2015 of the agreement to acquire the hybrid voice broking and information business of ICAP ('IGBB'), which, if approved by shareholders and the relevant authorities, will transform our position in the global brokerage market.

The deal combines the complementary strengths of two leading global hybrid voice broking franchises to create the largest player in the industry. It brings with it over 2,500 talented ICAP employees across 35 locations in 22 countries and the combined business will employ around 5,500 total staff with historical revenues in excess of £1.5bn.

It will be the beginning of a new era for our Company and will provide an enlarged base from which to continue to pursue our refreshed strategy and enhance our offering to current and future clients.

We firmly believe that this acquisition, to create TP ICAP, is the right deal for our shareholders, our clients and our employees and we have started preparatory planning for the integration of the two businesses. We also continue to focus, nevertheless, on optimising our existing business and providing our clients with high quality products and services.

The year ahead

On the back of weak economic news from China, 2016 has started with dramatic market moves to the downside in global equity markets, further weakness and volatility in the crude oil market and poor earnings and share price performance from the banks. This global downturn has effectively put the short term prospects of a second US rate hike on hold. In addition, ongoing tensions in the Middle East, Russia and the Eurozone, not forgetting Greece and the prospect of Brexit and the US Presidential election in 2016 – means that there is plenty of scope for market activity and volatility.

Our achievements in 2015 are, of course, down to the people who work for Tullett Prebon. So I would like to thank all my colleagues for their enduring dedication and commitment to our clients and our Company. Certain characteristics unite our people: they are down to earth, responsive to client needs, experts in their fields, entrepreneurial and creative. Those qualities sustain and strengthen us and will hold us in very good stead as we take on the exciting challenge of creating TP ICAP.

Looking forward, we can expect more challenges and more opportunities and with the ongoing help and hard work of all of the talented people at Tullett Prebon I remain confident that we will rise to them all.

As ever, we have numerous challenges in the year ahead. Regulatory and investor approval for the acquisition of IGBB is pending and the subsequent integration and realisation of the forecast synergies will be key. In addition, we can expect weakness from our traditional products that are derived from the banks, as a result of their reduced trading capacity. Under the headings of technology, people and regulation there are a broad range of projects and milestones that will need to be attained. And finally, we will continue to rely on the trust and respect of our clients to carry the firm forward.

We have much work to do in the year ahead, but we approach this with a growing sense of optimism and an absolute sense of purpose.

John Phizackerley
Chief Executive
1 March 2016

Strategic Report

Chairman's Statement

I am pleased to report that 2015 was a year of significant progress for the Company.

John Phizackerley – who is known both inside and outside the business as 'Phiz' – our Chief Executive who joined Tullett Prebon in September 2014, concluded his strategic review evaluating our position and prospects in each of our products and markets around the world. The Company now has the clearly articulated goal to become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking, and Phiz has launched a number of initiatives to deliver the plan.

Amongst the many strategic initiatives that were taken in 2015, the most significant was the announcement in November that the Company had agreed terms with ICAP plc for Tullett Prebon to acquire ICAP's global hybrid voice broking and information business, including ICAP's associated technology and broking platforms (including iSwap and Fusion), certain of ICAP's joint ventures and associates, and certain intellectual property rights including the 'ICAP' name.

The transaction will combine the complementary strengths of two leading global hybrid voice broking franchises, and will establish a stronger platform to deliver our objectives. On completion of the transaction (or shortly thereafter), the Company will be renamed 'TP ICAP plc' or a derivation thereof.

Completion of the transaction is subject to a number of conditions being satisfied including approvals from competition authorities and regulatory authorities, and consents from the shareholders of both companies and various other parties. We expect to complete the transaction during 2016.

Trading and dividend

Revenue of £796m in 2015 was 13% higher than in 2014 with underlying operating profit increasing by 7% to £108m. The underlying operating profit margin in 2015 of 13.6% is 0.7% points lower than in 2014 reflecting the investments being made in the business. Underlying earnings per share for 2015 of 32.2p are 0.1p lower than for 2014, reflecting the increase in the average number of shares in issue following the acquisition of PVM.

The Board is recommending an unchanged final dividend of 11.25p per share, making the total dividend for the year 16.85p per share (2014: 16.85p per share). The final dividend will be payable on 19 May 2016 to shareholders on the register at close of business on 29 April 2016.

Board and governance

I noted last year that the Board had spent a considerable amount of time reviewing its risk management governance arrangements and its risk management framework, and that one of the conclusions from the review was that the Board should appoint a new Non-executive director with extensive experience in risk management. In July the Board was delighted to welcome Carol Sergeant as a Non-executive Director and chairman of the Board's new Risk Committee. Carol has had a long and distinguished career in the City and her extensive knowledge of financial markets and expertise in risk and regulation will be of great value to the Board.

We have continued to actively engage with shareholders during 2015, and I believe that we have established a useful and constructive dialogue to ensure that the Board stays abreast of the development of shareholder views on governance, remuneration, and other key issues.

Outlook

We achieved a good overall financial performance in 2015 against the backdrop of a challenging trading environment and subdued client demand.

The business's revenue is dependent, in the short term, on the level of activity in the markets we serve. Revenue in the first two months of 2016 was 3% lower than in the same period in 2015 at constant exchange rates. Consistent with the trends experienced in 2015, revenue from Information Sales and Risk Management Services, and broking revenue in Energy and Equities was higher than in the prior year, offset by lower broking revenue in the traditional interdealer product areas of Treasury products, Interest Rate Derivatives and Fixed Income.

It is not possible to predict when the structural and cyclical factors currently adversely affecting the interdealer broker industry will ease, or when the level of activity in the wholesale OTC financial markets may increase. Our recent performance has benefited from the buoyant level of activity in the Energy and commodities markets, particularly in oil and oil related financial instruments, and this level of activity may not persist. We have taken further cost improvement action and we will continue to actively manage our cost base to reflect market conditions.

We took a number of initiatives during 2015 in pursuit of our goal to become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking. The agreement for the acquisition of ICAP's global hybrid voice broking and information business provides a unique opportunity to accelerate the delivery of our strategy, and we are in the process of planning the integration of the two businesses to be implemented after completion of the transaction which we expect will be during 2016.

We will continue to look for opportunities to deliver our objectives to build revenue and raise the quality and quantity of earnings through further diversification of the client base, continued expansion into Energy and commodities, and building scale in the Americas and Asia Pacific, whilst preserving the business's core franchises.

Rupert Robson

Chairman
1 March 2016

Strategy and Objectives, Business Model and Risk Profile

Strategy and Objectives

The Group's strategy is to continue to develop its business, operating as an intermediary in the wholesale 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 Company's goal is to become the world's most trusted source of liquidity in hybrid OTC markets and the world's best operator in global hybrid voice broking.

In order to deliver this strategy the Group will aim:

(1) 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;

(2) to develop revenue streams from information and other non-broking services related to financial and commodity markets; and

(3) to deliver superior and consistent operating margins and return on capital by:

  (a) maintaining cost discipline and flexibility in the cost base;

  (b) maintaining a prudent financial structure; and

  (c) operating an effective risk management governance structure and risk management framework so that the Group can manage its risks within its risk appetite.

Following the conclusion of the global strategic review in the first half of 2015, the Company announced the launch of ten key initiatives (the 'Ten Arrows') each of which has a number of projects and work streams which are designed to optimise the existing business and to pursue opportunities to add new high quality revenue and earnings to the Group.

The first four arrows of the Ten Arrows are focused on building revenue in the most attractive areas of the Group's markets. The Group will:

(1) seek to add brokers to maintain and grow presence in those products with high relative market attractiveness and where the business has a high relative ability to compete, and to invest in those products that have high market attractiveness where the business's presence can be developed;

(2) seek to continue to build the business's activities in Energy and commodities;

(3) look to extend the business's broking offering to service clients who have not traditionally been served by the interdealer brokers in those products where the market is receptive to a broadening of the client base; and

(4) continue to develop the Information Sales business where the product suite and delivery channels can be further developed.

The remainder of the Ten Arrows are focused on improving the functions in the business that support the revenue generating divisions. The Group will:

(1) invest in technology including both front office and back office systems and realign the mix between owned and outsourced platforms to maximise the business's intellectual property to seek to ensure that the hybrid voice broking business and Information Sales have the technology richness and capability that customers seek;

(2) invest in client relationship management and introduce new focus and discipline to how the business targets and covers existing and new clients to seek to broaden and institutionalise client relationships;

(3) develop the business's capability to source, execute and integrate acquisitions;

(4) work within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created, taking account of risks and the impact of regulation;

(5) develop the HR function and processes to focus on hiring and training the next generation of brokers and to manage compensation appropriately to encourage good long term cultural behaviours; and

(6) seek to improve the business's brand awareness and coverage.

Business model and risk profile

The Group'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 is willing to accept a limited exposure to certain risks as a consequence of its activities, primarily to counterparty credit risk and operational risk, and also to a limited amount of market 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. The Group's operational risks 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.

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.

Name Passing

Around 75% 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. Almost all of the Group's activities in derivatives, such as forward FX, FX options, interest rate swaps, interest rate options, credit derivatives, and the vast majority of the Energy and commodities activities are conducted under the Name Passing model.

The level of invoiced receivables is monitored closely, by individual clients and in aggregate, and there have been very few instances in the past few years when invoiced receivables have not been collected.

Matched Principal

Around 20% 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. The vast majority of the Group's activities conducted under the Matched Principal model are in government and agency bonds, municipal bonds, mortgage backed securities, and corporate bonds.

The Group bears the risk of counterparty default during the period between execution and settlement of the trade. In the event of a counterparty default prior to settlement in a Matched Principal trade, the Group's exposure is not to the trade date value of the underlying instrument, but to the movement in that value between trade date and the date of default, 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 counterparty default. The Group does undertake, under strict controls, a limited amount of Matched Principal broking where a counterparty is buying its own securities, and in these circumstances in the event of that counterparty defaulting prior to settlement the risk of loss in the value of the underlying instrument is heightened.

To mitigate settlement risk the Group's risk management policies require that transactions are undertaken on a strict delivery-versus-payment basis.

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.

The Group's Matched Principal activities give rise to liquidity risk as the settlement agents and central counterparty services used by the Group can call for increased cash collateral or margin deposits at short notice and the Group may be required to fund a purchase of a security before the delivery of that security on to the Group's matching counterparty.

Once a Matched Principal transaction has settled (usually 1-3 days after trade date), there is no on-going risk for the business.

Executing Broker

Around 5% of the Group's broking revenue is derived from the business operating as an Executing Broker, where 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 majority of the Group's revenue generated under the Executing Broker model relates to listed equity derivatives and listed interest rate futures and options on futures.

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. The Group is also exposed to some liquidity risk as exchanges and clearers may require additional cash collateral or margin deposits at short notice if trades have not been claimed.

Once the trade has been claimed, the Group's only exposure to the client is for the invoiced commission receivable.

Main Trends and Factors Likely to Affect the Future Development, Performance and Position of the Company's Business

The level of financial market volatility and the shape and level of yield curves

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, by the steepness and absolute level of yield curves, as well as 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. 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 steepness and absolute level of yield curves is one of the key drivers of activity in financial markets. When yield curves are flat and low the level of activity tends to be lower than when yield curves are steep and both short and long term interest rates are higher.

Commodity price volatility

The Group's largest product group by revenue is Energy and commodities, including oil and oil related products and financial instruments. Activity in these markets tends to increase during periods of rapid change in commodity prices, and to be more subdued when prices are stable.

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

Since the financial crisis 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 have been affected by their reaction to the actions being taken by regulators which have generally reduced their risk appetite and their willingness and ability to trade.

The impact of new regulations directly affecting OTC 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 CFTC and the Securities Exchange Commission ('SEC') of the provisions of the Dodd-Frank Act, and in the European Union through the European Markets Infrastructure Regulation ('EMIR') and the Markets in Financial Instruments Directive ('MiFID II') and Markets in Financial Instruments Regulation ('MiFIR'). There are four broad themes to the reforms:

- the requirement that certain derivatives contracts be cleared through central counterparties;
- 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 in the United States, and the regulated market, multilateral trading facility ('MTF') or the organised trading facility ('OTF') in the European Union).

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, which was granted temporary registration by the CFTC in September 2013, was granted permanent registration by the CFTC in January 2016. The SEF started operating on 2 October 2013 when the rules for the capture and reporting of all trades in instruments within the scope of the regulations came into effect. The requirement for the mandatory execution within a SEF of trades in instruments that have been determined by the CFTC to be 'made available to trade' first came into effect for certain instruments in February 2014.

In the European Union, the implementation of EMIR, which contains provisions governing mandatory central clearing requirements and trade reporting requirements for certain OTC derivatives, is coming into effect in stages as the various technical standards are approved. The mandatory reporting of the details of all relevant derivatives contracts to recognised trade repositories came into effect from February 2014. The first clearing obligations are expected to come into effect in June 2016, and margin requirements for non-cleared trades are expected to apply from September 2016.

The legislative framework governing permissible trade execution venues, and governance and conduct of business requirements for trading venues, through the introduction of MiFID II and MiFIR is currently set to become effective from 3 January 2018.

MiFID II/MiFIR reform the regulatory framework for capital markets in the European Union, providing harmonised conditions for the authorisation and operation of investment firms and trading venues, conduct of business requirements, pre- and post-trade transparency arrangements, trading of certain OTC derivatives on regulated trading venues in certain conditions, and arrangements for the cross-border provision of investment and ancillary services. The rules create a new type of trading venue (the OTF) for, among other things, Fixed Income instruments and derivatives, and require management of position limits for commodities derivatives. The broad reach of MiFID II/MiFIR reforms will present risks and challenges to the Group as a provider of investment and ancillary services, including as an operator of regulated trading venues.

The reforms are 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 expected to be incurred in order to comply with the regulations, including the costs of implementing business and technology changes, the development and running of technical infrastructure and associated operational costs.

Competition for brokers and the level of broker compensation

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. The ability of the Group to maintain broker compensation at its current level or to reduce broker compensation further will be affected by the extent of competition for brokers by other firms.

Management of the cost base

The Group actively manages its 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.

As the level of activity and revenue in the traditional interdealer product areas has fallen over the last few years, action has been taken in the product areas and geographies most affected to align the cost base with the lower level of revenue. The objectives of the cost improvement programmes have been to reduce fixed costs, to preserve the variable nature of broker compensation and to reduce it as a percentage of broking revenue, in order to ensure that the business is well positioned to respond to less favourable market conditions and to maintain operating margins.

The Group may undertake further cost improvement and restructuring programmes from time to time in the future, and any such future action might involve significant costs or have a disruptive effect on the Group's business, or the anticipated benefits of any actions 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 arising through business combinations. 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.

The estimated value of the business for each region is based on calculations reflecting projections of future cash flows and assumptions on growth rates and discount rates. The projections of future cash flows reflect the current performance and position of each business without taking into account further investment for growth or further actions to reduce costs. 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 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 and awards that may be received as a result, and the costs of defending actions taken against the Group, may be significant.

The proposed acquisition of IGBB

On 11 November 2015, the Company announced that it had agreed terms with ICAP for the acquisition by Tullett Prebon of ICAP's global hybrid voice broking and information business ('IGBB'), including ICAP's associated technology and broking platforms (including iSwap and Fusion), certain of ICAP's joint ventures and associates, and certain intellectual property rights including the 'ICAP' name.

Completion is conditional upon, amongst other matters, approval by the shareholders of both ICAP and the Company, regulatory approvals, and antitrust approvals and clearances in the UK, US and other relevant jurisdictions.

The Transaction will combine the complementary strengths of two leading global hybrid voice broking franchises to create the largest player in the industry with historical revenue in excess of £1.5 billion employing over 3,000 brokers. The Transaction will establish a stronger platform to deliver Tullett Prebon's objectives of becoming the world's best operator in global hybrid voice broking and the most trusted source of liquidity in the hybrid OTC markets. The Transaction is expected to facilitate the delivery of significant management and support cost synergies of at least £60 million by the third full year following Completion.

The Group's success will be dependent upon its ability to integrate the two businesses and to deliver the synergies expected. Costs will be incurred on the integration planning process prior to completion, there will be numerous challenges and significant cost associated with the integration, and the process will make demands on management time and on other resources which may delay other projects or may restrict the ability of the Group to invest in business development.

Overview

Our strategic review, the results of which were communicated to the market in June last year, concluded that the central role played by interdealer brokers at the heart of the global wholesale OTC markets remains secure, but that revenue declines were likely to continue in a number of traditional interdealer broker products. The review concluded that the Energy and commodities markets do not currently face all the same pressures.

Market conditions in 2015 were consistent with these conclusions. Activity in many of the traditional interdealer broker products remained subdued throughout 2015 although after a slow summer period there was some pick-up in activity in some products and markets in the last two months of the year. In contrast, activity in the Energy and commodities markets, particularly in oil and oil related financial products, was buoyant reflecting the significant changes and volatility in oil prices throughout the year.

We have continued to actively manage the direct cost base to reflect market conditions. In light of the reductions in market volumes in the traditional interdealer broker product areas in the second half of the year further cost improvement action was taken towards the end of 2015 to reduce headcount and other fixed costs in the products and geographies most affected by the reduction in market volumes and revenue.

The business's performance in 2015 has benefited greatly from the investments made in increasing the scale of the Group's activities in the Energy sector. The performance of PVM Oil Associates Limited and subsidiaries ('PVM') which was acquired in November 2014 was strong throughout the year. The Group's leading position in Energy broking was enhanced by the acquisition in August 2015 of MOAB Oil, Inc. ('MOAB') significantly increasing the scale of the Group's activities in broking crude oil and energy products in North America. Energy and commodities is now the Group's largest product area by revenue.

The Information Sales and Risk Management Services businesses have also performed strongly. The Information Sales business has benefited from the continued expansion of its client base and geographical presence, the enhancement of its sales capability and the extension of the data content it provides to customers.

We have made investments in senior management to lead our strategy and business development activities. We have taken steps to strengthen our support and control functions to facilitate the implementation of enhanced cultural, compliance and risk governance frameworks in order to deliver our commitment to instil and embed the highest standards of conduct in the business.

Revenue of £796m in 2015 was 13% higher than in 2014 with underlying operating profit increasing by 7% to £108m. The underlying operating profit margin in 2015 of 13.6% is 0.7% points lower than in 2014 reflecting the investments being made in the business. Underlying earnings per share for 2015 of 32.2p are 0.1p lower than for 2014, reflecting the increase in the average number of shares in issue following the acquisition of PVM.

Market conditions and revenue

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 conditions in the financial markets, by customers' risk appetite, and by their willingness and ability to trade.

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

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

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

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

Excluding PVM, revenue in 2015 was 2% lower than in 2014 at constant exchange rates. Broking revenue was 3% lower, with revenue from the traditional interdealer broker product areas of Treasury products, Interest Rate Derivatives, and Fixed Income, down 6%, partly offset by growth in Energy and in Equities products. Revenue from Information Sales and Risk Management Services was 14% higher in 2015 than in 2014.

PVM had an excellent first full year in the Group. PVM's main activities are in crude oil and petroleum products and the business continued to benefit from the higher level of activity in those markets. PVM's revenue in 2015 was 26% higher than in 2014.

Cost management and operating margin

The business actively manages its direct cost base to reflect market conditions. As the level of activity and revenue in the traditional interdealer product areas has fallen action has been taken in the product areas and geographies most affected to align the cost base with the lower level of revenue. The objectives of the cost improvement programmes have been to reduce fixed costs, to preserve the variable nature of broker compensation and to reduce it as a percentage of broking revenue, in order to ensure that the business is well positioned to respond to less favourable market conditions and to maintain operating margins.

The cost improvement programme implemented towards the end of 2015 is focused on reducing headcount in Europe and the Middle East and on restructuring broker contracts in North America to reduce fixed costs and to reduce the level of pay out as a percentage of broking revenue. Front office broking headcount is being reduced by approximately 70 heads representing a reduction of around 7.5% of the front office headcount in Europe and the Middle East and in North America in Treasury products, Interest Rate Derivatives, and Fixed Income. The cost of the actions taken in 2015 of £25.7m, of which £4.4m is the non-cash write down of amounts previously paid, has been charged as an exceptional item in the 2015 accounts. A further charge of less than £10m is expected to be made in the first half of 2016 relating to the actions being taken under this programme which had not been completed by the end of 2015.

As a result of these actions, together with the actions taken in 2014, fixed broker employment costs in the traditional interdealer product areas in Europe and the Middle East and in North America have been reduced in line with the decline in revenue in those areas. Total broker compensation costs as a percentage of broking revenue have fallen by 0.5% points to 55.7%, continuing the downward trend established since 2012 when total broker compensation costs as a percentage of broking revenue were 59.8%. The reduction in the overall broker employment costs to revenue percentage in 2015 has been held back by some inoperative bonus pool arrangements (fixed costs in these areas are being reduced through the 2015 cost improvement programme), and by the change in the mix of the business with a higher proportion of revenue in Energy where broker compensation costs as a percentage of revenue tend to be a little higher than the average.

The overall contribution margin of the business, after broker employment costs and other front office direct and variable costs, was 0.7% points higher in 2015 than in the prior year, reflecting the reduction in the broker compensation to broking revenue percentage, a full year of PVM which has a higher contribution margin than the average group broking contribution margin, and the growth in Information Sales and Risk Management Services which have a relatively low level of variable costs.

The investments that have been made in developing the Group's capabilities in managing strategic initiatives and in strengthening the control and support functions have resulted in an increase in management and support costs and one-off project costs in the year. These investments are important for the business to retain its competitive advantage, to innovate, and to grow revenue and earnings.

Business development

The global strategic review that was initiated in September 2014 concluded with the Company hosting a Capital Markets Day for institutional investors and analysts in June 2015. The presentation materials are available on the Company's website.

The Company's goal is to become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking. The Company plans to build revenue and raise the quality and quantity of earnings through further diversification of the client base, continued expansion into Energy and commodities, and building scale in the Americas and Asia Pacific, whilst preserving the business's core franchises.

We concluded from the strategic review that interdealer brokers remain secure at the heart of the global financial services industry, facilitating efficient and effective trading in the wholesale OTC financial markets, and that the majority of OTC product markets, which are not characterised by continuous trading, depend upon the intervention and support of voice brokers for their liquidity and effective operation.

We are wholly committed to the hybrid voice broking model, and to developing the technology and services that support it. This is where the business is positioned, and we aim to be the best operator and best provider of liquidity and trusted partner to our clients.

A number of initiatives have been taken during 2015 in pursuit of the strategic objectives. We have continued to focus on delivering innovative products and a first class broking service to our clients. Action has also been taken to develop and strengthen the broking business through hiring brokers and through acquisitions, and to develop the Group's Information Sales and post-trade Risk Management Services businesses.

The Company completed the acquisition of MOAB, a leading independent broker of physical and financial instruments in the energy markets in the United States in August. MOAB is entirely focused on energy products, and its expertise includes physical gasoline, gasoline blending components, oil product swaps, ethanol and ethanol derivatives. MOAB has long-established relationships with major oil companies, gasoline blenders, the oil trading divisions of investment banks and other trading firms. The acquisition of MOAB complements the acquisition of PVM and further establishes the Group's leading position in the Energy sector, significantly increasing the scale of the Group's activities in broking crude oil and energy products in North America.

We continue to launch new products and provide innovative solutions to our clients. We have established our presence in environmental products in North America, commenced the broking of iron ore in Europe, and expanded our activities in base and precious metals in Europe. We have started broking MSCI futures and ETFs in London. We have hired a team to establish our presence in corporate and sovereign bonds in Asia. Our alternative investments team has launched TP-AIME, the first screen-based matching engine to better facilitate secondary market transactions in a range of alternative investments. The platform also facilitates auctions in hedge fund, private equity and real estate fund interests. We have announced the establishment of a joint venture with Synrex Limited to develop a new institutional all-to-all real estate trading portal for the issuance and secondary trading of indirect real estate risk across a range of instruments.

The quality of our broking activities has been recognised with the Company being voted the number one overall IDB in currency in Risk magazine's 2015 annual interdealer rankings published in September. The business also performed strongly in rates and equities. Tullett Prebon was named Interest Rates Broker of the Year and SEF of the Year in the 2015 GlobalCapital awards, and was voted the top broker in FX options in the 2015 FX Week Best Bank Awards.

We have continued to expand the data sets provided by our Information Sales business. We were proud to announce that our Information Sales business was awarded, for the fifth consecutive year, the title of Best Data Provider (Broker) at the Inside Market Data Awards in May. This award, which is determined by an independent ballot of end-users, reaffirms our position as the leading provider of the highest quality independent price information and data from the global OTC markets.

The Company announced in November 2015 that it had agreed terms with ICAP for the acquisition by Tullett Prebon of ICAP's global hybrid voice broking and information business. The transaction will position the Group as the leading inter-institutional liquidity provider in OTC products and as a nexus of product knowledge, broking experience and client relationships, and provides a unique opportunity to accelerate the delivery of the strategy. The acquisition is expected to complete in 2016.

OTC Market Regulation

Regulatory reforms of the OTC derivatives markets have been effected in the United States through the implementation by the CFTC and the Securities Exchange Commission of the provisions of the Dodd-Frank Act, and are being effected in the European Union through the European Markets Infrastructure Regulation ('EMIR') and the Markets in Financial Instruments Directive ('MiFID II') and Markets in Financial Instruments Regulation ('MiFIR').

The Group's swap execution facility ('SEF') in the United States, which was granted temporary registration by the CFTC in September 2013, was granted permanent registration by the CFTC in January 2016.

In the European Union, the implementation of EMIR, which contains provisions governing mandatory central clearing requirements and trade reporting requirements for certain OTC derivatives, is coming into effect in stages as the various technical standards are approved. The mandatory reporting of the details of all relevant derivatives contracts to recognised trade repositories came into effect from February 2014. The first clearing obligations are expected to come into effect in June 2016, and margin requirements for non-cleared trades are expected to apply from September 2016.

The legislative framework governing permissible trade execution venues, and governance and conduct of business requirements for trading venues, through the introduction of MiFID II and MiFIR is currently set to become effective from 3 January 2018.

Regulatory matters

The Company is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, with no commercial rationale or economic purpose, on which brokerage is paid, and trades on which brokerage may have been improperly charged. As part of its investigation, the FCA is considering the extent to which during the relevant period (i) the Company's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of the Company's managers were aware of, and/or managed appropriately the risks associated with, the trades. The FCA is also reviewing the circumstances surrounding a failure in 2011 to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is ongoing, any potential liability arising from it cannot currently be quantified.

Our key financial and performance indicators for 2015 are summarised in the table below. The figures shown include PVM except where stated.

	2015	2014	Change
Broking revenue (excluding PVM)	**£638.9m**	£649.6m	-3%*
Information Sales/RMS revenue (excluding PVM)	**£53.3m**	£46.4m	+14%*
Total revenue (excluding PVM)	**£692.2m**	£696.0m	-2%*
Total revenue	**£796.0m**	£703.5m	+13%
Underlying operating profit	**£107.9m**	£100.7m	+7%
Underlying operating margin	**13.6%**	14.3%	-0.7% pts
Average broker headcount (excluding PVM)	**1,614**	1,625	-1%
Average broker headcount (including PVM)	**1,748**		
Average revenue per broker (£000)			
– excluding PVM	**396**	400	-2%*
– including PVM	**425**		
Broker compensation costs: broking revenue	**55.7%**	56.2%	-0.5% pts
Period end broker headcount			
– at June	**1,750**	1,595	+10%
– at December	**1,726**	1,702	+1%
Period end broking support headcount	**801**	765	+5%

*At constant exchange rates

Broker headcount increased from 1,595 at June 2014 to 1,702 at December 2014 largely due to the acquisition of PVM. Broker headcount increased in the first half of 2015 to 1,750 mainly due to the brokers acquired from Murphy & Durieu in January. Broker headcount has fallen in the second half of the year to 1,726 as a result of actions taken under the cost improvement programme in Europe and North America, partly offset by the acquisition of MOAB and by hiring in Asia Pacific including the team to establish our presence in corporate and sovereign bonds in the region.

Excluding PVM, average broker headcount during 2015 was 1% lower than during the previous year, with a 2% reduction in average revenue per broker, resulting in the 3% fall in base broking revenue.

The year-end broking support headcount of 801 was 5% higher than at the end of 2014, reflecting the strengthening of the control and support functions with additional headcount in customer relationship management, risk, human resources, and legal and compliance.

Operating Review

The tables below analyse revenue by region and by product group, and underlying operating profit by region, for 2015 compared with 2014.

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. The tables therefore show revenue for 2014 translated at the same exchange rates as those used for 2015, with growth rates calculated on the same basis. The revenue figures as reported for 2014 are shown in Note 4 to the Consolidated Financial Statements.

The commentary below reflects the presentation in the tables.

Revenue by product group

	2015 £m	2014 £m	Change
Treasury Products	**185.0**	194.2	-5%
Interest Rate Derivatives	**135.3**	141.0	-4%
Fixed Income	**171.2**	190.3	-10%
Equities	**46.3**	41.6	+11%
Energy	**204.3**	101.3	+102%
Information Sales and Risk Management Services	**53.9**	46.7	+15%
At constant exchange rates	**796.0**	715.1	+11%
Exchange translation		(11.6)	
Reported	**796.0**	703.5	+13%

Revenue in 2015 was 11% higher than in 2014. The benefit from the first full year of PVM, together with growth in Equities and in Information Sales and RMS, has been partly offset by lower volumes in the traditional interdealer broker product groups of Treasury Products (FX and cash), Interest Rate Derivatives and Fixed Income.

Revenue from Energy has more than doubled, reflecting the inclusion for a full year of PVM, the benefit from the acquisition of MOAB and higher levels of activity in the oil markets generally, and the development of our activities in this sector in all three regions. Energy is now the business's largest product group by revenue.

Our Equities businesses, which are primarily focused on equity derivatives, have performed well in both Europe and the Americas where we have benefited from the higher levels of volatility in equity markets compared with a year ago, and from the investments we have made in broadening our product coverage, including alternative investments and real estate instruments. In contrast, revenue in Asia Pacific was lower than last year reflecting lower levels of client activity in the Japanese market.

Revenue from Information Sales and Risk Management Services was 15% higher than last year. The Information Sales business has benefited from the growing client demand for independent data for use in risk management, compliance and validation, and has increased revenue by adding new data content sets and through broadening its customer base, with an increasing number of information feeds to client IT applications. The investment in sales and marketing in the Risk Management Services business has resulted in increased market share in USD and Asia Pacific currencies.

Revenue from Treasury Products (FX and cash) was 5% lower, with lower activity in Europe and in Asia Pacific partly offset by a stronger performance in the Americas, particularly in emerging markets' currencies.

Revenue from Interest Rate Derivatives products (swaps and options) was 4% lower. Levels of market activity in these products, which had been higher in the first half of the year reflecting the sporadic volatility in interest rates in Europe during that period and improved market conditions for JPY products in Asia Pacific, were particularly subdued in the second half reflecting the further flattening of yield curves for major currencies.

The 10% decline in revenue from Fixed Income reflects the low liquidity and levels of activity across the European government and corporate bond markets, and in the North American government and agency bond markets, partly offset by higher revenue in corporate bonds in North America including that generated by the brokers hired from Murphy & Durieu at the beginning of the year, and higher levels of activity in the high yield sector.

Revenue by region

	2015 £m	2014 £m	Change
Europe and the Middle East	**455.3**	404.7	+13%
Americas	**234.5**	214.0	+10%
Asia Pacific	**106.2**	96.4	+10%
At constant exchange rates	**796.0**	715.1	+11%
Exchange translation		(11.6)	
Reported	**796.0**	703.5	+13%

Europe and the Middle East

Revenue in Europe and the Middle East was 13% higher including PVM, and was 7% lower excluding PVM. The base broking revenue in the region was 9% lower than last year, partly offset by growth in revenue from Information Sales.

The broking business in the region continues to face difficult market conditions in many of the traditional major product areas. Revenue from government and corporate bonds, from forward FX and cash, and from Interest Rate Derivatives were all lower than last year.

Revenue from Equities was higher reflecting the higher volatility in equity markets and the benefit from investment in broadening the product coverage to include MSCI futures and real estate instruments. Revenue from Energy and commodities excluding PVM was unchanged with higher revenues from oil and other commodities offset by lower revenue in power and gas products. Including PVM, Energy is the largest product group by revenue in the region, and accounts for over one third of the region's total revenue.

Average broker headcount in the region, excluding PVM, was 5% lower than last year with average revenue per broker down 4%. Period end broker headcount, including PVM, was 799, 5% lower than at June 2015.

Americas

Revenue in the Americas was 10% higher including PVM and was 4% higher excluding PVM.

The benefit from the investments that have been made in the region in Energy and corporate bonds has more than offset the lower level of market activity in the product areas where the business is particularly dependent on serving the traditional interdealer broker client base, most notably Interest Rate Derivatives and government and agency Fixed Income. Revenue from Treasury products (FX and cash), particularly in emerging markets' currencies, was higher than last year.

The business's presence in corporate bonds has been enhanced by the addition of the brokers from Murphy & Durieu at the beginning of 2015, and revenue from Fixed Income products in the region is now balanced between credit, and government and agency bonds. The investments made in the Equities business over the last two years have resulted in good revenue growth in that area in 2015.

The quality of the Energy business in the Americas has been significantly improved through the acquisitions of PVM and MOAB, investments in gas and environmental products, and our withdrawal from broking power contracts for end-users by disposing of our standalone subsidiary Unified Energy Services. Our Energy activities in the Americas accounted for 15% of the total revenue in the region in 2015.

Average broker headcount in the Americas, excluding PVM, was 7% higher than in 2014, with average revenue per broker 2% lower. Period end broker headcount in the Americas, including PVM, was 543.

Asia Pacific

Revenue in Asia Pacific was 10% higher than last year including PVM and was 3% higher excluding PVM, reflecting increased revenue from the Risk Management Services business which is operated from the region, with base broking revenue unchanged.

Base broking revenue in the region has benefited from the continued growth in the offshore Renminbi market, the investment made in our Fixed Income broking capability with the hiring of a team to build our presence in corporate and sovereign bonds that started with the business during the second half, and the development of our Energy and commodities broking activities. Including PVM, Energy and commodities now accounts for around one sixth of the region's total broking revenue.

Activity in FX options and equity derivatives was lower than in the prior year reflecting a slowdown in client trading in volatility products. Revenue from Interest Rate Derivatives was higher than last year reflecting improved market conditions for JPY interest rate swaps in the first half.

Average broker headcount in the region, excluding PVM, was 1% lower than in 2014 with average revenue per broker up 2%. Period end broker headcount in Asia Pacific, including PVM, was 385.

Underlying operating profit

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

Revenue

£m	**2015**	2014	Change
Europe and the Middle East	**455.3**	405.6	+12%
Americas	**234.5**	201.6	+16%
Asia Pacific	**106.2**	96.3	+10%
Reported	**796.0**	703.5	+13%

Underlying operating profit

£m	**2015**	2014	Change
Europe and the Middle East	**81.2**	80.1	+1%
Americas	**14.9**	10.5	+42%
Asia Pacific	**11.8**	10.1	+17%
Reported	**107.9**	100.7	+7%

Underlying operating margin by region

	2015	2014
Europe and the Middle East	**17.8%**	19.8%
Americas	**6.4%**	5.2%
Asia Pacific	**11.1%**	10.5%
Reported	**13.6%**	14.3%

Underlying operating profit in Europe and the Middle East of £81.2m was 1% higher than in the prior year, but with revenue up 12% the underlying operating margin has reduced by 2.0% points, to 17.8%. The actions taken under the cost improvement programmes have resulted in a 9% reduction in fixed broker employment costs in the region compared with the prior year, excluding PVM, in line with the reduction in base broking revenue, and total broker employment costs as a percentage of broking revenue have fallen by 0.4% points. The benefit of the higher contribution margin has been offset by higher management and support costs due to the investments being made in strengthening and developing the business, and one off costs relating to technology and regulatory projects.

In the Americas the underlying operating profit of £14.9m is 42% higher than in 2014 and the underlying operating margin has improved by 1.2% points to 6.4%. The actions taken under the cost improvement programmes have resulted in a 14% reduction in fixed broker employment costs (excluding PVM, MOAB and the brokers hired from Murphy & Durieu), in 2015 compared with 2014, and total broker employment costs as a percentage of broking revenue have fallen by 1.4% points. Total management and support costs in the region have increased broadly in line with the increase in revenue.

Underlying operating profit in Asia Pacific has increased by 17% to £11.8m. Broker employment costs as a percentage of broking revenue are little changed compared with the prior year, with the improvement in the underlying operating margin reflecting the operational leverage effect of the higher revenue, and the development of the higher margin Risk Management Services business.

Financial Review

The results for 2015 compared with those for 2014 are shown in the tables below.

2015

Income Statement £m	Underlying	Exceptional and acquisition related items	Reported
Revenue	**796.0**		**796.0**
Operating profit	**107.9**		**107.9**
Credit relating to major legal actions		**64.4**	**64.4**
Charge relating to cost improvement programme		**(25.7)**	**(25.7)**
Acquisition costs related to IGBB		**(12.1)**	**(12.1)**
Amortisation of acquisition deferred consideration		**(10.5)**	**(10.5)**
Amortisation of intangible assets arising on acquisition		**(1.2)**	**(1.2)**
Other acquisition and disposal items		**(0.9)**	**(0.9)**
Operating profit	**107.9**	**14.0**	**121.9**
Net finance expense	**(14.2)**	**(2.0)**	**(16.2)**
Profit before tax	**93.7**	**12.0**	**105.7**
Tax	**(17.5)**	**(7.5)**	**(25.0)**
Share of net profit of associates	**2.6**		**2.6**
Minority interests	**(0.4)**		**(0.4)**
Earnings	**78.4**	**4.5**	**82.9**
Average number of shares	**243.6m**		**243.6m**
Basic EPS	**32.2p**		**34.0p**

2014

Income Statement £m	Underlying	Exceptional and acquisition related items	Reported
Revenue	703.5		703.5
Operating profit	100.7		100.7
Credit relating to major legal actions		3.1	3.1
Charge relating to cost improvement programme		(46.7)	(46.7)
Acquisition costs related to PVM		(1.8)	(1.8)
Amortisation of acquisition deferred consideration		(0.9)	(0.9)
Goodwill impairment		(6.8)	(6.8)
Operating profit/(loss)	100.7	(53.1)	47.6
Net finance expense	(14.1)		(14.1)
Profit/(loss) before tax	86.6	(53.1)	33.5
Tax	(16.9)	6.5	(10.4)
Share of net profit of associates	1.9		1.9
Minority interests	(0.4)		(0.4)
Earnings	71.2	(46.6)	24.6
Average number of shares	220.4m		220.4m
Basic EPS	32.3p		11.2p

Exceptional and acquisition related items

The Company entered into an agreement with BGC in January 2015 under which BGC would pay $100m to the Company to settle the litigation in the New Jersey Superior Court. The first $25m of the $100m settlement was paid to the Company in January and the remaining $75m was paid to the Company at the end of March. Net of the £2.7m of costs incurred in 2015 in relation to the legal action the exceptional credit in 2015 relating to the major legal actions is £64.4m. The £3.1m credit in 2014 relates to the net $27m compensatory damages awarded to the subsidiary companies in the United States following the conclusion of the FINRA arbitration on their claims against BGC and former employees which were received in August 2014, net of costs incurred in the year in relation to the major legal actions with BGC.

The £25.7m charge in 2015 relating to the cost improvement programme is discussed in the Overview above. The £46.7m charge in 2014 relates to the cost improvement actions taken in the prior year.

The £12.1m charge in 2015 relating to acquisition costs reflects legal and professional costs incurred in relation to the agreement to acquire ICAP's global hybrid voice broking and information business. The £1.8m charge in 2014 reflects the costs incurred in relation to the acquisition of PVM.

The Company completed the acquisition of PVM on 26 November 2014. The payment to each individual vendor of their share of up to $48m of deferred consideration (which is subject to the achievement of revenue targets in the three years after completion) is linked to their continued service with the business, and is therefore amortised through the income statement over the three year period. The amortisation charge recognised in 2015 is £10.5m (2014: £0.9m).

Intangible assets other than goodwill of £9.5m arising on the acquisition of PVM relate to the PVM brand and the value of customer relationships. This amount is being amortised through the income statement over the estimated useful lives of those assets. The amortisation charge recognised in 2015 is £1.2m (2014: £nil).

The other acquisition and disposal items include the loss on the disposal of Unified Energy Services and costs relating to the acquisition of MOAB.

The £6.8m charge in 2014 relating to goodwill impairment reflects the write down in the balance sheet carrying value of the Group's business in Brazil.

Net finance expense

The underlying net cash finance charge comprises the £14.1m interest payable on the outstanding Sterling Notes, the commitment fees for the revolving credit facility of £1.6m, £1.8m of amortisation of debt issue and arrangement costs including a £0.6m one-off charge relating to the balance of unamortised arrangement costs arising on the revolving credit facility that was refinanced in April 2015, partly offset by other net interest income of £1.8m.

The underlying net non-cash finance income comprises the deemed interest on the pension scheme net asset of £2.3m, partly offset by the unwinding of discounted liabilities and provisions.

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

£m	**2015**	2014
Receivable on cash balances	**1.8**	1.4
Payable on Sterling Notes August 2014	**–**	(0.4)
Payable on Sterling Notes July 2016	**(9.9)**	(9.9)
Payable on Sterling Notes June 2019	**(4.2)**	(4.2)
Commitment fees payable on bank facilities	**(1.6)**	(1.5)
Amortisation of debt issue and arrangement costs	**(1.8)**	(1.1)
Other interest	**(0.4)**	(0.5)
Net cash finance expense	**(16.1)**	(16.2)
Net non-cash finance income	**1.9**	2.1
Underlying net finance expense	**(14.2)**	(14.1)
Acquisition related finance expense	**(2.0)**	–

The acquisition related finance expense comprises: £0.8m of commitment fees and amortisation of arrangement costs relating to the £470m bank bridge facility that the Company entered into in November 2015 in order to fund the repayment of the £330m of debt that will be acquired with IGBB and the maturity of the £141.1m notes in July 2016; £0.9m of costs and commitment fees relating to a £100m facility put in place in the middle of the year to fund the maturity of the notes in case the transaction with ICAP did not proceed; and £0.3m relating to the unwinding of the discount on deferred consideration relating to the acquisitions of PVM and MOAB.

Tax

The effective rate of tax on underlying PBT is 18.7% (2014: 19.5%). The reduction in the effective rate reflects the benefit of the reduction in the UK statutory rate of corporation tax to 20.25% for 2015, 1.25% points lower than for 2014, partly offset by a lower level of provision releases relating to tax uncertainties which have been resolved. Excluding the benefit from the release of provisions, the effective rate of tax on underlying PBT would have been 20.5% (2014: 23.1%).

The tax charge on exceptional and acquisition related items reflects the net of tax charges and 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 and credits arising in the United States in either 2015 or 2014 due to the tax losses available in that jurisdiction.

Basic EPS

The average number of shares used for the basic EPS calculation of 243.6m reflects the 243.5m shares in issue at the beginning of the year, plus the 0.3m shares that are issuable when vested options are exercised, less the 0.2m shares held throughout the year by the Employee Benefit Trust which has waived its rights to dividends.

Cash flow

	2015 £m	2014 £m
Underlying operating profit	**107.9**	100.7
Share-based compensation and other non-cash items	**2.2**	0.9
Depreciation and amortisation	**15.0**	13.6
EBITDA	**125.1**	115.2
Capital expenditure (net of disposals)	**(13.9)**	(11.0)
(Increase)/decrease in initial contract prepayment	**(0.9)**	8.7
Other working capital	**13.6**	(21.9)
Operating cash flow	**123.9**	91.0
Exceptional items – cost improvement programme 2015	**(3.7)**	–
Exceptional items – cost improvement programme 2014	**(5.3)**	(17.0)
Exceptional items – restructuring 2011/2012	**(0.3)**	(0.9)
Exceptional items – major legal actions net cash flow	**64.4**	3.1
Acquisition costs related to IGBB	**(12.1)**	–
Other acquisition and disposal items	**(0.5)**	(1.8)
Interest	**(14.6)**	(15.2)
Taxation	**(19.5)**	(15.9)
Dividends received from associates/(paid) to minorities	**1.1**	0.8
Acquisition consideration/investments (net of disposals)	**(12.0)**	(6.9)
Cash flow	**121.4**	37.2

The operating cash flow in 2015 of £123.9m represents a conversion of 115% (2014: £91.0m and 90%) of underlying operating profit into cash.

Capital expenditure of £13.9m includes the development of electronic platforms and 'straight through processing' technology, and investment in IT and communications infrastructure.

Initial contract payments in 2015 were broadly in line with the amortisation charge.

The other working capital inflow in 2015 primarily reflects an increase in bonus accruals compared with the prior year end, reflecting the higher level of broking activity towards the end of the year than in 2014.

During 2015 the Group made £3.7m of cash payments relating to actions taken under the 2015 cost improvement programme, £5.3m relating to the 2014 cost improvement programme, and £0.3m relating to the 2011/12 restructuring programme.

The major legal actions net cash inflow of £64.4m is in line with the credit in the income statement.

Interest payments in 2015 reflect the income statement charge for net cash finance expenses excluding the charge for the amortisation of debt issue costs.

Tax payments in 2015 of £19.5m include £14.5m paid in the UK, an increase compared with the prior year largely due to the inclusion of PVM for a full year. Tax payments in the United States continue to be at low levels reflecting the use of tax losses. Tax paid in Asia has increased due to increased taxable profits in a number of jurisdictions.

The cash payments relating to acquisitions and investments in 2015 include £11.6m relating to the acquisition of MOAB comprising the initial cash consideration of £7.9m, plus £3.7m for the working capital in the business, including cash of £1.7m.

The movement in cash and debt is summarised below.

£m	Cash	Debt	Net
At 31 December 2014	**297.8**	**(219.7)**	**78.1**
Cash flow	**121.4**	**–**	**121.4**
Dividends	**(41.0)**	**–**	**(41.0)**
Bank facility arrangement fees	**(4.7)**	**–**	**(4.7)**
Amortisation of debt issue costs	**–**	**(0.5)**	**(0.5)**
Cash acquired/(sold) with subsidiaries	**1.4**	**–**	**1.4**
Effect of movement in exchange rates	**4.3**	**–**	**4.3**
At 31 December 2015	**379.2**	**(220.2)**	**159.0**

Debt finance

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

£m	**At 31 Dec 2015**	At 31 Dec 2014
7.04% Sterling Notes July 2016	**141.1**	141.1
5.25% Sterling Notes June 2019	**80.0**	80.0
Unamortised debt issue costs	**(0.9)**	(1.4)
	220.2	219.7

The Group has committed facilities in place to refinance the Notes maturing in July 2016. When the acquisition of IGBB completes the group will draw the committed £470m bank bridge facility that the Company entered into in November 2015 in order to fund the repayment of the £330m of debt that will be acquired with IGBB and the maturity of the £141.1m Notes. If the Notes mature before the completion of the acquisition of IGBB, the Group will draw on its committed £250m revolving credit facility which matures in April 2018. When the acquisition completes, that drawing will then be repaid through the drawdown of the bank bridge facility.

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		Year End	
	2015	2014	**2015**	2014
US dollar	**$1.53**	$1.65	**$1.47**	$1.56
Euro	**€1.38**	€1.24	**€1.36**	€1.29
Singapore dollar	**S$2.10**	S$2.09	**S$2.09**	S$2.07
Japanese Yen	**¥185**	¥174	**¥177**	¥187

Pensions

The Group has one defined benefit pension scheme in the UK. 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 fair value of the scheme's assets at the end of the year was £289.8m (2014: £255.7m). The increase reflects the investment return on the assets of 15% less amounts paid as benefits. The value of the scheme's liabilities at the end of 2015 calculated in accordance with IAS 19 was £201.6m (2014: £193.6m). The valuation of the scheme's liabilities at the end of 2015 reflects the demographic assumptions adopted for the most recent triennial actuarial valuation and a discount rate of 3.7% (2014: 3.7%). Under IAS 19 the scheme shows a surplus, before the related deferred tax liability, of £88.2m at 31 December 2015 (2014: £62.1m).

As the scheme is in a strong financial position, the Trustees are actively considering making arrangements for an insurance company to take over their responsibility as Trustees for providing the benefits, and the Company's responsibility for supporting the Scheme financially.

Return on capital employed

The return on capital employed (ROCE) in 2015 was 20% (2014: 20%). 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 the 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.

The Group has a waiver from the consolidated capital adequacy requirements under CRD IV. The Group's current waiver took effect on 25 September 2014 and will expire on 24 September 2024. Under the terms of the waiver each investment firm within the Group must be either a limited activity or a limited licence firm and must comply with its individual regulatory capital resources requirements. Tullett Prebon plc, as the parent company, must continue to maintain capital resources in excess of the sum of the solo notional capital resources requirements for each relevant firm within the Group, the 'Financial Holding Company test'.

The terms of the waiver require the Group to eliminate the excess of its consolidated own funds requirements compared with its consolidated own funds ('excess goodwill') over the ten year period to 24 September 2024. The amount of the excess goodwill must not exceed the amount determined as at the date the waiver took effect and must be reduced in line with a schedule over the ten years, with the first reduction of 25% required to be achieved by March 2017. The Company expects to achieve this reduction within its current business plan. The waiver also sets out conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

The Group's regulatory capital headroom under the Financial Holding Company test calculated in accordance with Pillar 1 was £761m (2014: £715m).

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 Group's Enterprise Risk Management Framework and its Principal Risks.

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.

Enterprise Risk Management Framework

The Board has adopted an Enterprise Risk Management Framework ('ERMF'), the purpose of which is to enable the Group to understand the risks to which it is exposed, and to manage them in line with the Group's overall business objectives and within its stated risk appetite. The ERMF defines the processes, ownership, responsibilities and the risk governance required to support effective implementation of the framework, and comprises four mutually reinforcing components:

- a risk management philosophy which sets out the Group's underlying attitude to the management of risk and addresses the Group's risk appetite;
- a risk management culture which seeks to foster adoption of appropriate risk management principles and behaviours throughout the Group;
- a risk management governance structure based on three lines of defence that segregate risk management (first line of defence) from risk oversight (second line of defence) and risk assurance (third line of defence); and
- risk management processes that enable effective identification, assessment, management and reporting of risk exposures.

Risk management philosophy

Effective risk management is essential for the financial strength and resilience of the Group, and for the achievement of its business objectives. The Board has the responsibility to ensure that the Group implements an appropriate risk management culture throughout the Group, underpinned by a robust framework of risk governance and controls, complying with all relevant laws and regulations.

The Group has adopted core principles that set the context for the Group's risk management activities:

- risk management should be value enhancing so that current and potential risks are managed to support achievement of the Group's business objectives and strategy;
- risk management should address the expectations and requirements of the key stakeholders (shareholders and regulatory authorities);
- risk oversight and assurance functions should be sufficiently independent of business decision taking and supported by adequate resources;
- the Board must clearly define its risk appetite, setting out the type and level of risk the Group is willing to accept in pursuit of its objectives;
- risk management should be integrated into the business processes of the Group, and both current and emerging risks should be managed as an integral aspect of the business management processes. Risk management should be proportionate and commensurate with the level and complexity of both the business model and the nature of associated risks;

- the cost of risk management should be proportionate to the value it creates for the Group, while ensuring that regulatory objectives are met; and
- risk management should be subject to continual review and enhancement to ensure that associated structures, systems and processes remain effective and reflect stakeholder expectations.

Risk management culture

The Board recognises that embedding a sound risk management culture is fundamental to the effective operation of the Group's risk management framework, and sets the tone and manner in which the Group conducts its business activities through defined values and expected behaviours. The Board notes that the Group must ensure that the risk management culture is implemented across all businesses and functions, such that all employees are aware of, and act in conformity with, the desired values and behaviours adopted by the Group in their day-to-day activities.

The Group seeks to achieve the implementation of its desired risk management culture through a combination of frameworks, policies and practices, including:

- the Group cultural framework which puts market integrity at the heart of the business;
- risk appetite statements that clearly define the type and level of risk the Group is willing to accept in pursuit of its objectives;
- the adoption of a comprehensive policy framework to ensure that all employees are aware of their risk management responsibilities as they relate to specific risks;
- the allocation of responsibility for identification, assessment, mitigation and reporting of risks to management across the business (including front office, control function and executive management);
- a performance management process that links staff appraisals and remuneration to risk management and conduct criteria; and
- corporate communications that reinforce awareness and understanding of the Group's desired risk management culture and associated policies.

Risk management governance structure

The Board

The Board has overall responsibility for the management of risk within the Group. This includes determining its risk appetite which sets out the nature and extent of the principal risks it is willing to take in achieving its objectives, defining expectations for the Group's risk culture, ensuring that it has an appropriate and effective risk management framework and monitoring performance so that the Group remains within its risk appetite. The Board has delegated certain risk governance responsibilities to the Risk Committee of the Board ('BRC').

Risk Committees

In 2015, the Group implemented a Risk Committee governance structure to oversee the implementation and operation of the ERMF. This structure comprises the BRC, Group Executive Risk Committee ('GERC') and three Regional Risk Committees (in EMEA, Americas and APAC).

The Regional Risk Committees are responsible for exercising risk management oversight in their respective regions. The Regional Risk Committee of each region is chaired by the relevant Regional CEO and attended by the Regional CRO.

The Regional Risk Committees all report to the GERC, chaired by the Group CEO, which in turn reports to the Board Risk Committee which is a formal committee of the Board, and is chaired by the Group's designated Risk Non-executive Director. Both of these committees are attended by the Group CRO.

First line of defence – risk management within the business

The first line of defence comprises the management of the business units and support functions. The first line of defence has primary responsibility for ensuring that the business operates within risk appetite on a day-to-day basis.

In discharging this responsibility, business management are responsible for identifying, assessing and managing any risks arising from their activities, and for adhering to all relevant risk management policies adopted by the Group. This includes ensuring the effective operation of any controls required to manage risk within appetite, and for ensuring that the employees for whom they are responsible are aware of, and competent to undertake, their role in the risk management process.

Second line of defence – risk oversight

The second line of defence comprises the risk and compliance functions, which are separate from operational management, and are responsible for overseeing and challenging the first line of defence as it undertakes the identification, assessment and management of risks, and for assisting the Board (and its various committees) in discharging its overall risk oversight responsibilities.

The Group's risk function is responsible for assisting the Board in the development of the Group's risk appetite and framework, monitoring the implementation of the ERMF and providing robust challenge to the first line in its risk management activities.

The compliance function is responsible for monitoring compliance with all applicable regulatory requirements, including those relating to conduct of business requirements, market abuse provisions and the prevention of financial crime. The Compliance function is also responsible for monitoring potential changes to the regulatory framework in which the Group operates, to assess their impact on the Group and identify the actions required to meet these new requirements.

Third line of defence – independent assurance

Internal Audit provides independent assurance on the design and operational effectiveness of the Tullett Prebon Group's risk management framework and activity, including the performance of the business units and support and oversight functions which constitute the first and second lines of defence. Internal Audit considers all relevant risk related information in constructing its audit plan, including risk exposure reports, the results of risk and control self-assessments, and specific risk events which have occurred (such as loss events or 'near-misses'). Internal Audit has a direct reporting line to the Audit Committee.

The Audit Committee is a sub-committee of the Board, which discharges a number of risk management responsibilities, including:

- the review of the effectiveness of the Group's internal control and risk management procedures;
- the approval of the Tullett Prebon Group's annual internal audit plan;
- the review of the internal audit function; and
- the review of all internal audit reports and related management actions.

The Audit Committee is comprised of at least three members, all of whom are Non-executive Directors.

Risk management processes

The ERMF sets out the core risk management activities undertaken by the Group to ensure that the Board understands the Group's risk profile and adopts a clearly defined risk appetite, that it manages risk exposures within risk appetite and that the Group's desired risk culture is embedded throughout the Group.

The business objectives and strategy adopted by the Board determine the nature and scale of the commercial activities undertaken by the Group, and the overall risk appetite of the Group. As such, the business objectives are the key determinant of the Group's risk profile.

The Group periodically identifies the risks to which it is exposed as a result of its business objectives, strategy and operating model, collectively referred to as the 'risk universe'. This exercise also covers any emerging risks, defined as newly developing and changing risks which could have a significant impact on the Group. The risk universe is approved by the Board at least once a year, or more frequently in the event of a significant change to the Group's business activities or external business environment.

Risk appetite represents the type and level of risk which the Group is willing to accept in pursuit of its objectives and is articulated by the Board through the Group's risk appetite statements, at least annually or more often if required. These can be expressed in either quantitative or qualitative terms. The Group implements these risk appetite statements through the adoption of 'risk thresholds' which provide exposure thresholds at individual risk level which the 'first line of defence' must use to manage the risk exposure within risk appetite on a day-to-day basis. The Board approves the risk appetite statements at least annually. Risk thresholds are approved by the BRC on an annual basis. In setting its risk appetite, the Group adheres to the overriding principle that the risk profile of the Group should be managed to be as low as reasonably practicable.

The Group publishes risk management policies which describe the principal risk management and control requirements that must be implemented to manage the Group's risk exposure within appetite.

The Group conducts a formal assessment of its risk exposure at least once a year to ensure that it is operating within risk appetite. The assessment of risk exposure consists of the risk and controls self-assessment process ('RCSA'); a top-down risk assessment process; and stress testing and scenario analysis. The findings of the RCSA process, the top-down risk assessment process and the stress testing and scenario analysis are taken together to determine the Group's overall risk exposure, and then compared with the applicable risk appetite statement to assess whether the Group is operating within risk appetite.

The RCSA is the process by which the Group assesses its exposure to specific risks, including an assessment of the effectiveness of the control framework it has in place. RCSAs are undertaken by the Group's front office, support and control functions with support from the Risk function. Any impact on the Group's capital, liquidity, reputation, regulatory standing or access to capital markets is considered.

The top-down risk assessment process is completed by the Board and Executive Committee to ensure that the overall Group risk assessment process incorporates the input of those members of senior management who have not been involved in the 'bottom-up' RCSA process, and to ensure that the process incorporates the Board and Executive's view of the major and strategic risks to which the Group is exposed.

The Group undertakes stress testing and scenario analysis to complement the RCSA process and enhance its understanding of its risk profile and control framework. These include macro-economic scenarios to investigate the impact on the Group of 'severe but plausible' external events which are beyond the control of the Group and reverse stress tests to identify those risks which could render the Group's business model unviable in an extreme scenario, thereby identifying those areas of the Group's control framework which require particular scrutiny.

The ability of the Group to withstand severe risk events is, to a large extent, determined by the level of capital and liquidity resources held by the Group. The Group therefore regularly assesses the adequacy of its capital and liquidity resources to cover the Group's risk profile as established through the RCSA, top-down risk assessment and stress testing and scenario analysis. The assessment of financial resources is undertaken at a subsidiary level, to ensure that each subsidiary has access to adequate financial resources on a standalone basis.

Principal Risks

The Group identifies the risks to which it is exposed as a result of its business objectives, strategy and operating model, and categorises those risks into three overarching risk categories: Operational Risk, Financial Risk, and Strategic and Business Risk. The risks identified within each of these categories are described below, along with an explanation of how the Group seeks to manage or mitigate these risk exposures.

Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people activities, systems or external events. Operational risk is a significant component of the Group's overall risk profile and arises in a wide range of activities and scenarios.

Whilst operational risk is often seen as a distinct risk category in its own right, in reality it arises in the execution of all activities undertaken by the Group. Therefore, the Group seeks to ensure that it identifies any exposure to loss arising from processes, people activities, systems or external events, in whatever context it may arise.

The Group is exposed to operational risk in nearly every facet of its role as an intermediary in the wholesale financial markets, arising from its dependence on:

- Large numbers of employees (both broking and support staff) undertaking their roles correctly and behaving appropriately;
- Multiple IT platforms (including broking, middle office and support platforms);
- The accurate execution of a large number of processes including those required to execute, clear and settle trades; and
- The continued availability of various third party market infrastructure providers (such as clearing and settlement institutions).

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.

The Group manages its operational risk exposure through its policy framework which prescribes the policies and procedures to be followed to ensure the Group's operational risk exposure remains within risk appetite.

Business Process

The risk that the Group suffers a loss as a result of a failure in the broking business process, whether arising from trade execution or from post-trade activities, such as clearing, settlement or trade reporting. Failures in the broking process could include a broker error or failure to match clients' orders precisely, resulting in an incidental position and consequential market risk for the Group – this is discussed under Market Risk below. The Group could also experience a failure in the non-broking business process, such as in the Information Sales and Risk Management businesses.

Front office and functional heads are responsible for implementing an appropriate control framework and ensuring that all staff are aware of their risk management responsibilities. Senior management are also responsible for monitoring operational risk exposure through the adoption and review of appropriate management information.

Senior management seek to foster a culture of openness and transparency and ensure that brokers and other members of staff are aware of their responsibility to disclose any errors or issues that arise at the earliest opportunity.

Legal and Compliance

The risk that the Group incurs loss as a result of litigation brought against the Group or incurs significant legal costs in conducting litigation to protect the Group's commercial interests. The Group's Legal department manages the Group's legal risk and is responsible for conducting any litigation which may arise.

The Group is also exposed to the risk of loss due to regulatory enforcement action (such as for breaches of conduct of business requirements, failures or inadequacy of systems and controls including those related to know your customer and anti-money laundering, or market abuse provisions) and the possible costs and penalties associated with such action.

The Group's lead regulator is the FCA, but the Group is also subject to the requirements imposed by the regulatory frameworks of the other jurisdictions in which the Group operates. The Group's Compliance function is responsible for ensuring that staff are made aware of all applicable regulatory requirements and for monitoring the Group's compliance with the various regulatory regimes to which the Group is subject.

Technology and Infrastructure

The risk that the Group experiences the unavailability or failure of business critical systems or infrastructure undermining the Group's ability to conduct its business. This includes the failure of critical applications, hardware or network components operated by the Group, as well as loss or unavailability of any infrastructure provided by a third party, such as clearing and settlement facilities. It also includes the occurrence of an event which prevents access to premises, telecommunications failure or loss of power supply.

The Group seeks to mitigate this risk by maintaining detailed and comprehensive business continuity plans which can be activated at short notice to minimise business disruption.

Recent events in the financial services sector illustrate the serious threat posed by cyber-criminals whose activity can result in the prolonged disruption of technology infrastructure as well as potential loss of critical business or client data. The Group continues to monitor and assess the evolving and increasingly sophisticated cyber-threat landscape to ensure that its control framework is appropriate to address the potential cyber-threats to which it is exposed.

Human capital

The risk that the Group is unable to attract or retain the staff it requires to operate its business, or is subject to employee litigation. The Group seeks to ensure the retention of staff through an effective recruitment and performance management process, and to foster appropriate employee behaviour through clearly articulated values and expectations.

Financial management

This is the risk of loss arising from a failure to manage or safeguard the Group's financial assets or a failure in a financial management process. It includes the risk of loss arising from internal or external fraud or employee error (inaccurate payment or cash transfer). It also includes a failure to ensure the Group holds adequate working capital resulting in an ability to meet obligations as they fall due.

The Group is also exposed to 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 professionals in key jurisdictions to manage the Group's financial position, engaging professional advisers, where required.

Governance

The risk of loss or damage to the Group 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 for key management positions, or a failure to exercise effective risk management oversight.

The Group manages this risk through the adoption of appropriate governance arrangements and by maintaining up-to-date succession plans.

Financial Risk

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 trading-book 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. The Group has limited exposure to non-trading book market risk, specifically to interest rate risk and currency risk.

Residual balances

The Group incurs occasional residual balances in instruments traded on a Matched Principal or Executing Broker basis. The Group's operational procedures and risk management policies reduce the likelihood of such trade mismatches and, in the event that they arise, the Group's policies require such balances to be closed-out as soon as practicable.

Interest rate risk

The Group is exposed to interest rate risk on its cash deposits and on any 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 Group periodically considers its 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.

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 the individual elements of counterparty risk identified above, the Group is also exposed to concentration risk, whereby the Group incurs an excessive exposure 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 are managed against exposure reporting thresholds, 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 settling its side of the transaction without simultaneous receipt of the counter-value) 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).

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 revenue generated by the Group is 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 Group manages its Concentration Risk exposure by continually monitoring its exposures to single counterparties and to concentrations of counterparty exposure, assessed by reference to country groups, credit rating, and counterparty type.

Liquidity Risk

The Group seeks to ensure that it has access to an appropriate level of cash, other forms of marketable securities and liquidity 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 Group's Finance and Treasury functions.

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, reflecting the value of the security which the Group has 'failed to deliver' until such time as the delivery leg is finally settled and the business has received the associated cash.

The Group has addressed this funding risk by arranging overdraft facilities to cover '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 its £250m committed revolving credit facility as additional contingency funding. This facility remained undrawn throughout 2015.

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

Specific liquidity risk exposures

In addition to its general Liquidity Risk exposure, the Group is exposed to two additional types of funding risk.

The Group is exposed to the risk that it is required, in the short and medium term, to fund a deficit in the Group's defined benefit pension scheme. The scheme currently has a substantial funding surplus, and the Group closely monitors developments in its funding position.

The Group is also exposed to the risk that is unable to refinance its outstanding debt. The Group seeks to mitigate this risk by maintaining a strong credit rating and an ongoing dialogue with its lenders and investors, and by ensuring that it complies with all of its current debt covenants.

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 risk. The Group has identified three principal categories of Strategic and Business Risk:

- regulatory environment;
- commercial environment; and
- strategic management.

Regulatory Environment

The Group is exposed to 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.

The Group is also exposed to 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.

The Group monitors closely regulatory developments in its markets and is actively involved in consultation and rule setting processes so as to ensure an informed debate of all regulatory issues potentially affecting the IDB markets, both on an individual firm basis and through trade associations.

Commercial Environment

The Group's performance would be adversely affected by a sustained and prolonged period of suppressed 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.

The Group is also exposed to the risk of significant or fundamental changes to the commercial or competitive environment. The markets in which the Group competes are characterised by rapidly changing technology and evolving customer requirements, including the demand for electronic broking solutions. Competitors offering new or enhanced services may gain first-mover advantage to which the Group may not be able to respond in a timely manner. Consolidation within the industry or integration with adjacent sectors may provide competing firms or platforms with advantages of scale, access to wider pools of liquidity, or service capability that may put the Group at a competitive disadvantage.

The Group also 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.

The Group seeks to manage and mitigate its commercial risk through geographic and product diversification and strong client relationship management. The Group also continues to develop and enhance its electronic broking capability, to ensure that it can offer a competitive solution for all major asset classes.

Strategy Management

This is the risk that the Group suffers a reduction in its profitability or its competitive position due to a failure to adopt or implement an effective business strategy, or as a result of inadequate management of the business, potentially undermining the viability of the business. It also includes the risk that the Group fails to integrate a business acquisition, resulting in a material loss of value.

The Group manages this risk by adopting a strategy defined by the Board, which clearly articulates the Group's business objectives. This is subject to ongoing review by the Board to ensure it remains effective and appropriate in the context of any changes to the commercial and regulatory environment in which the Group operates.

The Board's assessment of the Principal Risks

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Board Risk Committee has reviewed reports from the Risk function on the risks faced by the Group and the processes for the management and mitigation of those risks, and senior management have presented to the Committee on the risk management actions being taken. The risk reports highlight those risks which senior management and the Board have identified as being the highest risks, and the Chief Risk Officer reports on his assessment of which residual risks are potentially outside of the Board's risk appetite.

During 2015 the risks identified as being the highest risks included changes in the regulatory and commercial environments that could materially reduce the Group's revenue or profitability, risks related to the availability of technology systems and infrastructure, including cyber-risk, that could prevent the Group from operating as normal or result in reputational damage, and strategic risks particularly related to the proposed acquisition of IGBB, the integration of the two businesses and the delivery of the expected synergies. The Board has also focused on the Group's ability to refinance the banking facilities that have been put in place to finance the acquisition. The Board has paid particular attention to risk management governance, measurement frameworks, and to the initiatives underway to improve conduct and culture in the business designed to ensure that all business done is executed to the highest standards.

The risks facing the Group have been considered as part of the Board's review of the Company's longer term viability.

Corporate Social Responsibility

As a leading international company, Tullett Prebon is strongly committed to acting in a responsible way that serves all its stakeholders as well as society at large. This is reflected in the Company's ongoing commitment to maintaining sound business practices, developing its employees, supporting the communities it serves and protecting the environment.

Governance

Strong governance underpins responsible business practice and accountability for social, ethical and environmental matters rests with the Board, and is included in its Terms of Reference. The Chief Executive is the Board member responsible for driving the Corporate Social Responsibility ('CSR') agenda. The Company's CSR Governance Committee was established in 2009 and comprises all members of the Company's Executive Committee. This Committee continues to oversee and guide the CSR activities of the Company and meets as required to discuss CSR matters.

Business ethics

The Board expects the Company to maintain high standards of governance and of ethical behaviour throughout the business. Policies and procedures exist to ensure employees at all levels maintain the high standards of conduct and behaviour expected of them.

The Company has a clear set of values namely Honesty, Integrity, Respect and Excellence. These together form the foundation of how the Company conducts its business, informing the principles under which the Company operates and the standards of behaviour that are required of all employees and contractors engaged by the Company.

The Company's approach to ethical behaviour and corporate governance is documented in its policies and procedures, for observance by all employees and contractors, 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.

Culture

In 2015 Tullett Prebon looked to further embed its corporate culture across the business, which was founded on shared values and principles that it believes are essential for the success of the Company in the long term. These values and principles should guide decision-making and behaviour in today's financial environment, and help employees to always take the right course of action – to the benefit of clients, shareholders, employees and to society.

In 2015, Tullett Prebon made significant progress on this journey; employees have been engaged in an ongoing dialogue on culture and the values and principles have been, and will continue to be, embedded into all of Tullett Prebon's business and people processes.

Respect at Work training was provided to all employees globally and the Company also launched a new Code of Conduct, which focused on appropriate employee conduct, which summarises standards to ensure employees do the right thing. The goal is to make the values and principles an integral part of how Tullett Prebon does business.

Cultural change at Tullett Prebon is an evolving journey and will continue throughout 2016 and beyond.

Employees

The Company recognises that to deliver superior performance for shareholders and clients, it needs to foster an environment in which its employees feel valued and take pride in their work. The Company recognises that people are its most important asset and that investment in their development is essential for the delivery of the Company's strategy.

Tullett Prebon continues to invest significantly in employee development led by Group Human Resources. In May 2015, the Company launched its on-line training and performance portal 'tp^2' to deliver e-learning and e-training across the whole organisation. In addition, the Company is developing other training and development programmes for its employees designed to develop their skills and capabilities including instructor-led development courses through to individually tailored programmes for senior executives.

In 2015, compliance and risk management training was delivered to Tullett Prebon employees and contractors. Leadership and management training was also provided to more than 350 managers and desk heads reinforcing the Company's cultural values and building best business practice.

Also during 2015, the Company successfully introduced a new Performance Management process across the Company as part of its stated aspiration to be the employer of choice in the brokerage industry.

Employee welfare remains a serious matter for the Company, especially given the demanding nature of the broking environment. The great majority of Tullett Prebon employees work in an office environment and therefore there are no significant areas of risk to report. Overall responsibility for employee welfare and the management of stress rests with business line management assisted by the regional Human Resources departments. This is supplemented by an Employee Assistance Programme which provides counselling and advice to employees 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 people 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.

At 31 December 2015 the Company's Board comprised two women and six men; the senior managers of the Company (excluding the Board) comprised six women and fifty-three men; and the Group employed 556 women and 2,129 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 2,694 full time equivalent employees and Directors worldwide in 2015 (47% in Europe, 31% in the Americas and 22% in Asia Pacific) compared with 2,536 staff in 2014 (47% in Europe, 31% in the Americas and 22% in Asia Pacific). Total remuneration for all staff in 2015 excluding payments made under the cost improvement programme was £462m (2014: £409m).

The table below sets out the retention levels across the Group in 2015:

	2015
EMEA	
5 years' + service	**60%**
10 years' + service	**39%**
Americas	
5 years' + service	**48%**
10 years' + service	**33%**
Asia Pacific	
5 years' + service	**52%**
10 years' + service	**28%**

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 seven years since HMRC started to disclose 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 2015 of £193m (2014: £189m), 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.

HM Treasury has adopted the requirements set out under CRD IV and issued the Capital Requirements Country-by-Country Reporting Regulations 2013 effective 1 January 2014. The legislation requires the Company to publish additional information, in respect of the year ended 31 December 2015, by 31 December 2016. This information will be available by this date on Tullett Prebon's website, www.tullettprebon.com.

Donations

The Company has maintained the policy of making no donations to political parties. Charitable donations require the approval of the Board. The policy on charitable donations is currently being reviewed.

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 Company also measures its annual carbon footprint. Details can be found in the Directors' Report.

Corporate Governance Report

Chairman's Statement

Dear Shareholder

2015 has been a year of considerable change for Tullett Prebon. This is not only due to the recently announced agreement to acquire ICAP's global hybrid voice broking and information business ('IGBB'). In his first full year as CEO, John Phizackerley has instituted a large number of changes both amongst his management team and to the Company's culture.

Under the CEO's leadership, the Company also concluded a wide-ranging strategy review in the first quarter of the year. Ten initiatives were put in place to progress rapidly and forcefully the Company's competitive position and its commitment to value creation for shareholders. This included a new client relationship management platform, a strategic approach to technology development and a revitalised HR plan.

Culture

The Board is acutely conscious of its role in setting the cultural norms and tone of the organisation. A considerable amount of attention has been focussed on this area during the year. This has been led by the CEO and the Board, and further entrenched with the appointment of a new Group Legal Counsel. The new cultural initiative has been summarised in, and driven by, the instantiation of five key principles: acting as a good intermediary, clean pricing, appropriate disclosure of information, stringent checks to steer clear of financial crime and the promotion of high quality market infrastructure. These principles have been, and continue to be, promulgated at every level throughout the Group. The Company launched a number of initiatives to enhance our commitment to improved conduct and culture including : Respect@Work training; 'Time for Change' newsletters; a new tp^2 on-line training portal and the introduction of a robust performance management process.

Board and committee composition

As signalled a year ago, a new Non-executive Director, Carol Sergeant, was appointed to the Board with the additional responsibility of being Chairman of a new committee of the Board, the Risk Committee. This appointment continued our practice of diversifying the composition of the board in terms of background, skill and gender. With the last two Non-executive Director appointments, the Board has introduced technology and risk skills. These add to the existing skill-base in banking, investments, markets, audit, political and regulatory fields.

The Board undertakes an annual evaluation exercise, which encompasses the performance of the committees as well. This year, the evaluation was conducted internally; next year's will be external, reflecting the Board's decision to conduct an external evaluation once every three years. The Board is comfortable that significant progress has been made with respect to the rigour of the discussion around the Board table, the breadth of subject matter addressed and the change in culture throughout the Group.

The Board also reviews annually the independence, and through myself the performance, of each of the Non-executive Directors. All of the Non-executive Directors are considered by the Board to be independent. My own performance is assessed by the Senior Independent Non-executive Director.

Risk

As mentioned, the Board's work in 2015 included the establishment of a formal Risk Committee of the Board. This took place in parallel with the appointment of a dedicated Chief Risk Officer. The first three meetings of that committee have already made a substantial difference to the quality of risk management information escalated to the Board. Moreover, the risk architecture of the Group has been greatly improved following these changes, which have facilitated the formalising and embedding of the cultural framework.

People and training

Considerable focus has been placed on people and the general approach to communication and training. Proactive communication in the form of 'Time for Change' newsletter, regional Town Hall meetings and general regular updates from the CEO have improved the flow of information across the Company on important topics. Training initiatives have been rolled out for all staff related to conduct and culture, and for specific populations with regard to risk awareness and regulatory compliance. A Company-wide system was launched as a central hub for all training activity and this will continue to be expanded.

Remuneration

Stephen Pull, the Chairman of the Remuneration Committee, has set out his report on pages 39 to 52 of this Annual Report. Stephen and I will seek to engage with shareholders during 2016 in order to put in place a new legally binding three year remuneration policy. The timing is uncertain and it is therefore unclear whether we will apply our current Policy to part or all of 2016 or seek shareholder approval during 2016 for a new policy. In any event we will seek shareholder approval for a new Remuneration Policy at our AGM in 2017 at the latest. We expect this policy to be heavily oriented towards aligning the interests of management and shareholders and, subject to its completion, the successful integration of the acquisition of IGBB.

Shareholder communications

Due in part to the reporting of the conclusions of the strategy review in the first quarter of 2015 and in part to the announcement of the acquisition of IGBB, there has been very significant communication and engagement with shareholders over the last 12 months. It is expected that, due to the continuing development of the business, 2016 will also see considerable shareholder communication and engagement. I am grateful to all of our shareholders for their support and to those who have given feedback.

2015 was another year of change and progress, distinguished by the considerable amount of both. The Board continues to discuss and challenge its assumptions and conclusions concerning the development of the business and will remain assiduous on behalf of shareholders during 2016.

Rupert Robson
Chairman
1 March 2016

Directors

Composition of the Board

The Board currently comprises two Executive Directors, five independent Non-executive Directors and a Non-executive Chairman. Over half the Board is therefore composed of independent non-executive directors. There was one Board change during 2015. Carol Sergeant was appointed as an independent Non-executive Director and Chairman of the newly formed Risk Committee on 2 July 2015. At the same time as the appointment of Carol Sergeant, the Board decided to streamline membership of the Committees due to the time constraints of the current Board and Committee programme.

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 30.

The Directors' biographies on page 30 demonstrate the Board's depth and breadth of experience and skill. Six of the Directors (including five 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 that is reviewed annually. 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. Non-executive directors' contracts are for specific terms and are subject to annual re-election by shareholders. 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 in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, any Director's judgement. The Senior Independent Non-executive Director has responsibility for engaging with any shareholders if they 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, Risk 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 on a regular basis.

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.

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 Board, 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 2015. The effectiveness of the Board was reviewed internally by way of an on-line questionnaire using Evalu8. The outcomes of the questionnaire were discussed at a Board meeting and follow up actions proposed. The review of the Board's effectiveness concluded that the Board was operating effectively. The effectiveness of the Board's Committees was also undertaken using Evalu8 and similarly concluded that the Board's Committees were operating effectively. In 2013 an independent, external facilitator was used and it is the Board's intention to carry out an independent, externally facilitated review in 2016.

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 January 2016 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. They also considered the Chairman's commitment of time to the Company in light of his other commitments, as noted in his biography on page 30 and concluded that he fully satisfied his obligations to the Company. Appropriate feedback was provided following these meetings. The Chairman has also provided feedback on performance to the Non-executive Directors.

Compliance with the Corporate Governance Code

The Company complies with UK Corporate Governance Code (the 'Code').

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.

Carol Sergeant was appointed since the last AGM and accordingly is subject to election at the forthcoming AGM. The Board believes that Carol Sergeant brings extensive knowledge of financial markets and expertise in the area of risk and regulation, which will enable her to make a valuable contribution to the Company and the Board recommends her 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 the following page.

Board of Directors

Rupert Robson (55)
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 and a trustee of the Company's pension scheme. Currently he is Chairman of Sanne Group plc and a Non-executive Director of Savills plc. He has held a number of senior roles in financial institutions, most recently Chairman of Charles Taylor plc, 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 also Chairman of EMF Capital Partners.

John Phizackerley (54)
Chief Executive

John Phizackerley was appointed to the Board and as Chief Executive in September 2014. From 1986 to 2009 he held various positions in Lehman Brothers Europe including Head of Equity Research, Head of Equity Sales in Europe, Global Head of Pan-European Cash Equities, Co-Head of European Equities and Chief Administrative Officer, Europe and Middle East. He remained with the firm post the Nomura acquisition in 2009 and held a number of positions, including Chief Operating Officer of Nomura International and Chief Executive Officer of Nomura Bank International, becoming Chief Executive Officer of Nomura International plc in 2011.

Paul Mainwaring (52)
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. He is also a trustee of the Company's pension scheme.

Angela Knight (65)
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 the Senior Independent Director on Brewin Dolphin Plc and a Non-executive Director of Transport for London and Chair of the Office of Tax Simplification. She was formerly the Chief Executive of Energy UK until 31 December 2014, 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 (67)
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 Risk 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. He was formerly a Non-executive Director at The Evolution Group plc until its acquisition in December 2011 and at Friends Life Group Limited until its acquisition in 2015. He is a trustee of two charities, Chiddingstone Castle and Crime Reduction Initiatives.

Stephen Pull (59)
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, a member of the Nominations Committee and a trustee of the Company's pension scheme. 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 (49)
Independent Non-executive Director

David Shalders joined the Board on 27 February 2014 and is a member of the Remuneration and Risk Committees. David Shalders is Group Operations & Technology Director at Willis Towers Watson, 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.

Carol Sergeant (63)
Independent Non-executive Director

Carol Sergeant CBE was appointed as a Non-executive Director in July 2015. She chairs the Board's Risk Committee and is also a member of the Audit Committee. She is currently a Non-executive Director at Danske Bank Group as well as being Chair of the Standards Policy and Strategy Committee of the British Standards Institute, Trustee of the Lloyds Register Foundation and Chair of the UK whistle blowing charity, Public Concern at Work. Carol Sergeant has enjoyed a distinguished City career, holding various senior positions, including Head of Major Banks' Supervision at the Bank of England, Managing Director at the Financial Services Authority and Chief Risk Officer at Lloyds Banking Group. She was a Non-executive Director at Secure Trust Bank plc until 31 December 2015.

Board Process

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 and in 2015 established a Risk Committee, 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 Board reviews the Terms of Reference each year to ensure they cover the relevant areas. The responsibilities of the Nominations Committee together with an overview of its work during the year are described below. Separate reports for the Audit, Risk and Remuneration Committee are set out on pages 32 to 52.

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.

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.

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 maintains liability insurance for its Directors and officers.

Board and Committee attendance record

	Board[1]	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
Executive Directors					
John Phizackerley	9/9	–	–	–	–
Paul Mainwaring	9/9	–	–	–	–
Non-executive Directors					
Rupert Robson	9/9	–	–	–	3/3
Angela Knight	9/9	5/5	–	5/6	3/3
Roger Perkin	9/9	5/5	2/2	3/3	3/3
Stephen Pull	9/9	2/2	–	6/6	3/3
Carol Sergeant[2]	3/5	2/3	2/2	–	–
David Shalders	7/9	–	1/2	5/6	–

(1) Excludes meetings of Committees of the Board appointed to complete routine business or business previously approved by the Board.

(2) Carol Sergeant was appointed to the Board in July 2015 and had previous confirmed commitments that meant she was unable to attend the Board and Committee meetings in July and November.

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 2015 the Company recorded a webcast of its 2015 interim results presentation, which is also now available to download on the Company's website.

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 2015 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.

Nominations Committee Report

Composition

The Nominations Committee is chaired by Rupert Robson. The other members throughout the year were Angela Knight, Roger Perkin and Stephen Pull. The other Non-executive Directors and Executive Directors are invited to attend meetings where appropriate.

All members of the Committee, other than the Chairman, are independent Non-executive Directors.

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.

Work of the Nominations Committee

As reported in last year's Annual Report, the Nominations Committee had initiated a search for a new Non-executive Director with specific experience in risk management as the individual chosen would become the Chairman of the new Risk Committee of the Board. The candidate needed to have a sound knowledge of the financial services industry, especially in banking and markets, a sound understanding of regulatory developments, a strong reputation with the Regulator and the ability to contribute to the Board in the normal way as a Non-executive Director. During the process consideration was given to the question of diversity, including gender, to ensure the individual appointed had the correct balance of skills, experience and knowledge to be effective. After a comprehensive recruitment process, the Committee nominated Carol Sergeant and this appointment was approved by the Board. The external search consultancy retained by the Board in respect of Carol Sergeant's appointment was Korn Ferry. The Company does not have any other connection with Korn Ferry.

The other main task performed by the Committee was in relation to succession planning. 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. The Nominations Committee agreed formal succession plans in the event that the Chief Executive or Finance Director was absent on short notice. The Committee similarly agreed with the Chief Executive formal succession plans for each member of the Executive Committee. The Committee also considered longer term succession within the Group at a senior level and has discussed this topic with the Chief Executive and the Group Head of HR.

Audit Committee Report

Chairman's Statement

Dear Shareholder

As Chairman of the Audit Committee, I am pleased to introduce this report which sets out how the Committee has discharged its responsibilities during the year. The Committee's primary focus is to ensure the integrity of the financial reporting by reviewing the controls in place and those areas where judgement is required. The other key areas in the Terms of Reference are set out below.

Outside of the formal Committee meetings, I maintain regular dialogue with internal and external auditors. Additionally I visited the Group in both New York and Singapore where I met with both local management and auditors in order better to understand local issues and the respective audit arrangements.

I regularly report to the Board on how the Committee has discharged its responsibilities. As requested by the Board, the Committee has considered the processes and controls in place to help ensure that the Annual Report presents a fair, balanced and understandable view of the business. As a result of this work the Committee concluded that the processes and controls were appropriate and was able to provide positive assurance to the Board.

As referenced in the Chairman's Statement on page 27, the Board Risk Committee was formed in June 2015 to exercise primary oversight of the Group's risk management framework. This will complement the review of the control framework undertaken by the Audit Committee.

Roger Perkin
Chairman
Audit Committee
1 March 2016

Composition

Roger Perkin chaired the Audit Committee during the year. The other members of the Committee during the year were Angela Knight, Stephen Pull and Carol Sergeant. Stephen Pull stepped down as member of the Committee on 2 July 2015 and Carol Sergeant was appointed as a member of the Committee on the same date. All members of the Committee are independent Non-executive Directors. The Audit Committee Chairman has recent and relevant financial experience. The Chairman of the Committee is also a member of the Risk Committee.

The Chairman, the Executive Directors, the Company's external and internal auditors, and other senior risk management and finance personnel 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 2015 the Audit Committee's Terms of Reference included:

- recommending the appointment and terms of engagement of the external auditor;
- reviewing the independence and objectivity of the external auditor, including the Company's policy on the auditor providing non-audit services and associated fees;
- overseeing the relationship with the external auditor, including approving the annual audit plan and scope of engagement and reviewing the effectiveness of the audit process;
- monitoring the integrity of the Financial Statements and all formal announcements relating to the Company's financial performance;
- reviewing the results of the audit;
- reviewing the effectiveness of the Company's internal control and risk management procedures;
- approving the annual internal audit plan, reviewing the effectiveness of the internal audit function, and consideration of internal audit reports;
- reviewing the arrangements by which staff may, in confidence, raise concerns about potential improprieties in financial reporting and other matters;
- providing 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 position, performance, business model and strategy; and
- ensuring that the audit services contract is put out to tender at least once every ten years and initiating and supervising the selection process.

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

Audit tenders

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

The Company has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout the year ended 31 December 2015.

In 2013 the Board put the external audit contract out for tender and concluded that Deloitte should be re-appointed and that a new lead audit partner would be appointed to the Company's audit by Deloitte in 2014 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 the Company's internal audit arrangements. The Audit Committee made a recommendation to the Board that KPMG should be appointed to provide internal audit services for the Company and this appointment took effect from 1 July 2014.

Work of the Audit Committee since the date of the last Annual Report

The Audit Committee was engaged in a number of work streams during 2015 as described below.

External auditor effectiveness and independence

In considering the 2015 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 2015 (which are disclosed in Note 6 to the Consolidated Financial Statements). During the period under review the non-audit services performed by the external auditor amounted to £2.1m, 91% compared with the £2.3m of audit fees. These non-audit services include £1.7m of fees related to the proposed acquisition of IGBB, in respect of due diligence services and acting as reporting accountant. Excluding these fees, the proportion of non-audit fees was 17%.

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 audit process including their expertise, efficiency, global service delivery and cost effectiveness. The effectiveness of management in the external audit process is assessed principally in relation to the timely identification and resolution of areas of accounting judgement, the quality and timeliness of papers analysing those judgements, management's approach to the value of independent audit and the booking of any audit adjustments arising and the timely provision of draft public documents for review by the auditor and the Audit Committee.

The Audit Committee also monitored performance during the audit of the 2015 financial statements which included receiving feedback from senior management. The conclusion from this exercise was that the 2015 external audit had been effective.

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 2015 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 position, performance, business model and strategy.

The Audit Committee considered the following judgements in connection with the 2015 Consolidated Financial Statements and were satisfied that the judgements were appropriate. The judgements are consistent with those considered in respect of the 2014 Consolidated Financial Statements.

Impairment of goodwill and other intangibles

The key elements involved in the review of goodwill for impairment are described in Note 13; and the procedures adopted by the external auditor are described in their report.

The Committee considered whether the facts taken into account were complete and consistent with the Group's business planning process, and challenged the auditor as to the extent to which they had examined potential stress outcomes to the base case used, particularly in areas where there is limited headroom.

Based on the above the Committee is satisfied with the process undertaken and the resultant financial statement impact.

Taxation

Notwithstanding the Group's low appetite for complex tax structuring, the dynamic nature of its global operations necessarily gives rise to uncertainties where judgements need to be made as to likely outcomes. Management regularly presents the status of open tax issues to the Committee, and, it is satisfied that an appropriately considered and prudent approach is taken to tax provisioning.

Revenue

The recognition of revenue by the Group requires little judgement but is reliant to a significant degree on strong internal controls (see below).

Going concern and viability statement

The assumptions relating to the going concern review and viability statement were 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. The Committee also reviewed the long term taking into account the Group's current position and principal risks and advised the Board that the statement and the three year period of the assessment were appropriate.

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 Enterprise Risk Management Framework and principal risks are described in the Risk Management section of the Strategic Report.

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 an annual review of the effectiveness of the internal control and risk management systems and to report to the Board thereon. The Audit Committee conducted a formal review of the effectiveness of the Group's internal control systems for 2015, considering reports from management, external audit and the work of the Group Risk and Internal Audit functions.

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 FRC's 'Internal Control: Guidance for Directors'.

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 2015 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 during 2015 to ensure that the audit plan had been completed effectively.

The Audit Committee reviewed and approved the internal audit plan for the new internal audit year, running from 1 July 2015 to 30 June 2016, prepared by the head of internal audit, and reviewed the work and reports of internal audit since 1 January 2015.

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.

Risk Committee Report

Chairman's Statement

Dear Shareholder

As Chairman of the Risk Committee (the 'Committee'), I am pleased to introduce this report which sets out how the Committee discharged its responsibilities during 2015. The Committee's role is not to eliminate risk, but rather to consider and recommend to the Board the Group's risk appetite, risk principles and policies such that the risks (including reputational risk) are reasonable and appropriate for the Company and can be managed and controlled within the limits of the financial, human and systems resources of the Company; and finally, to monitor that these principles and thresholds are being adhered to.

The Committee was set up in June 2015 and, following my appointment to the Board, I chaired my first meeting in September 2015.

Outside of the formal Committee meetings, I maintain regular contact with the Chief Risk Officer and his team and the Group General Counsel. During 2016, I will be visiting the businesses in New York and Singapore and will also be attending meetings of the key executive risk committees.

The Committee has agreed a programme of work for 2016, which includes in-depth reviews of risk management effectiveness in IT and HR, risk management of the Integration programme for the IGBB acquisition and reviews of significant business areas.

It is early days for the Risk Committee, but the risk framework, cultural transformation programme and quality of reporting to the Risk Committee are all making good progress.

The report below provides more information on the Terms of Reference of the Committee and how it has discharged its responsibilities this year. The conclusions of the Risk Committee are regularly reported to the Board.

Carol Sergeant

Chairman
Risk Committee
1 March 2016

Composition

Carol Sergeant has chaired the Risk Committee since she was appointed in July 2015. The other members of the Committee were David Shalders and Roger Perkin. All members of the Committee are independent Non-executive Directors. The Risk Committee Chairman has recent and relevant risk experience. The Chairman of the Committee is also a member of the Audit Committee. The Chairman, the Executive Directors, the Company's external auditors, internal auditors, other senior risk management and finance personnel and executives attend Committee meetings by invitation.

Terms of Reference

The Risk Committee's Terms of Reference include:

- considering the Group's overall risk management and compliance framework and its risk appetite, principles and policies;
- reviewing new risk principles and policies and any material amendments;
- considering future and emerging risks and current and upcoming regulatory developments;
- overseeing the Group's risk exposures against risk appetite, and risk and conduct management practices;
- reviewing the Group's prudential regulatory requirements (capital and liquidity/ICAAP, recovery and resolution plans);
- considering the risks arising from any strategic initiatives; and
- providing input to the Remuneration Committee on the alignment of remuneration to risk performance.

Work of the Risk Committee since its establishment in June 2015

The main focus of the Committee during its first six months has been putting in place an effective risk and control framework to support the Company's new cultural initiative, business objectives and the regulatory agenda, including reviews of past business.

Specifically, the Committee has:

- Agreed the eight risk categories in the Group's risk taxonomy along with the metrics and other information that will be used to measure and control these risks and how this will be reported to the Committee;
- Agreed the high level risk governance in the Group, including the establishment of new regional and business specific executive risk committees and their Terms of Reference;
- Agreed a risk acceptance process;
- Reviewed and agreed an incident and crisis management framework;
- Received reports on the independent review of historical business and latest general and specific regulatory developments; and
- Instituted a programme of reviews of the risks and risk management in key individual business units and support functions to complement the regular top down oversight of company-wide risks on a risk category basis. These reviews enable the Committee to review and challenge the practical implementation and effectiveness of the risk principles, processes and thresholds agreed by the Risk Committee and the Board. The first business review has been held with the CEO of EMEA and included an assessment of the comprehensive new risk culture and conduct training programme.

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 2015.

Results and dividends

The results for the year are set out in the Consolidated Income Statement on page 58.

The Directors recommend a final dividend for the year of 11.25p (2014: 11.25p) per ordinary share. The final dividend, if approved, will be paid on 19 May 2016 to ordinary shareholders whose names are on the register at the close of business on 29 April 2016.

During 2015, Tullett Prebon plc paid a final dividend for 2014 of 11.25p (2014: 11.25p) per ordinary share and an interim dividend for 2015 of 5.6p (2014: 5.6p) per ordinary share.

Directors

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

Rupert Robson (Non-executive Chairman)

John Phizackerley (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)

David Shalders (independent Non-executive Director)

Carol Sergeant (independent Non-executive Director) – appointed on 2 July 2015

Biographical details of the Directors are set out on page 30.

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 £40,586,037.75 ordinary shares (subject to certain restrictions) and to purchase up to 24,351,622 ordinary shares. Similar authorities will be proposed at this year's AGM and any authority will be in addition to the authority proposed by Resolution 2 at the General Meeting to be held on 24 March 2016. 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 2015 AGM. The allotment and buy-back authorities will expire at the conclusion of the next AGM or, if earlier, on 1 July 2016, 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 banking facilities give the lenders the right not to renew loans and to cancel commitments in the event of a change of control. 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 takeover bid.

Substantial interests

As at the year-end, and at 29 February 2016, 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 2015 %	29 February 2016 %
Schroders plc	12.03	11.90
Jupiter Asset Management	7.66	7.66
Majedie Asset Management	5.74	5.74
Oppenheimer Funds, Inc	5.01	5.01
Invesco Limited	5.00	5.00
Allianz Global Investors Europe GmbH	4.90	4.90
Aberdeen Asset Managers	4.42	4.42
Henderson Global Investors	4.30	4.30
Terry Smith	3.85	3.85

Corporate Governance Report

A separate Corporate Governance Report is included within this Annual Report on pages 27 to 35 and which is, where relevant, incorporated into this Directors' Report by reference. The Corporate Governance Report on pages 27 to 35 includes the information that fulfils the requirements of section 7 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 on pages 25 and 26, which is, where relevant, incorporated into this Directors' Report by reference.

Greenhouse gas emissions

The estimated Group greenhouse gas emissions for 2014 and 2015 are set out below:

	Tonnes of CO_2e	
	2015	2014
Combustion of fuel, vehicles, fugitive emissions (scope 1)	584	794
Purchased electricity (scope 2)	8,156	10,810
Total	8,740	11,604
Total emissions per employee	3.4	4.3

The emission statistics were calculated by Sustain Limited and cover all material sources of emissions for which the Group is directly 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 74% 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 2015.

Political and charitable donations

It is the Company's policy not to make cash contributions to any political party. However, within the normal activities of the Group there may be occasions when an activity might fall within the broader definition of 'political expenditure' contained within the Companies Act 2006. During 2015 no political or charitable donations were made by the Group (2014: £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 on pages 6 to 19. 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, long term provisions, other long term payables and financial instruments are set out in Notes 22 to 25 to the Consolidated Financial Statements on pages 84 to 90.

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.

Viability Statement

The Directors have assessed the prospects for and viability of the Group over a three year period to the end of December 2018. The Directors consider that a three year time horizon has a sufficient degree of certainty and in the context of the current position of the Group provides an appropriate longer term outlook. The key assumptions that have been made in conducting the review and arriving at the conclusion include the completion of the acquisition of IGBB, the delivery of the synergies expected from the integration of the two businesses, the refinancing of the bank bridge facility that the Company has entered into to facilitate the acquisition, and the refinancing of the revolving credit facility.

The assessment has been made taking into account:

- the current position of the Group and its base case and stressed case cash flow forecasts, both with the acquisition of IGBB and without it;
- the Group's liquidity stress testing and reverse stress testing which are undertaken as part of the Group's Review of Capital Adequacy and its UK regulatory obligations;
- the ICAAPs undertaken by the Group's FCA regulated entities;
- the expected position of the Group following the completion of the acquisition of IGBB and the integration of the two businesses;
- the assessment of the Group's principal risks, including those that would threaten the Group's business model, future performance, solvency and liquidity. These risks are discussed in the strategic report on pages 21 to 24; and
- the effectiveness of the Group's risk management and internal control systems.

The Directors consider that they have undertaken a robust assessment of the prospects of the Group and its principal risks over the three year period, and the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over at least the period of assessment.

Accountability and audit

The Directors' statement regarding their responsibility for preparing the Annual Report is set out on page 53 and the independent auditor's report regarding their reporting responsibility is on pages 54 to 57.

Auditor

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 12 May 2016. 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 on the register of members of the Company as at 6.00pm on Tuesday 10 May 2016 (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 authority to allot shares, disapplication of pre-emption rights, authority to buy back shares and to convene general meetings other than annual 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

Tiffany Brill

Company Secretary
1 March 2016

Report on Directors' Remuneration

Remuneration Committee Chairman's Statement

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report ('DRR') for the year to 31 December 2015. The report comprises:

- Annual Report on Remuneration, which details how our policy was applied in 2015; and
- The Directors' Remuneration Policy, which was approved at the 2014 AGM, and is included for information only as no changes are proposed at the 2016 AGM.

Shareholder consultation and application of our Remuneration Policy

As highlighted in the 2014 DRR the Remuneration Committee (the 'Committee') introduced more detailed and structured individual Performance Targets ('Targets') for our Executive Directors to provide a clear framework for the assessment of annual bonus. The Committee has assessed the performance of the Executive Directors against these Targets to determine the appropriate level of bonus within the range. The Targets and the Committee's assessment of performance are disclosed in this report.

It is also important to note that the policy approved in 2014 includes some significant constraints on incentive pay. The Bonus Pool Operating Profit is subject to a cap of 150% of the prior year Bonus Pool Operating Profit. In 2015 we have achieved a substantial increase in our operating profit after exceptional items, despite a challenging business environment. For the Executive Directors the Bonus Pool Operating Profit without the application of this cap would have been £145.7m. With the application of this cap, the actual Bonus Pool Operating Profit used for calculating bonuses was £80.7m, reducing the bonus opportunity by 45%.

Following the significant number of votes against the DRR at last year's AGM, I wrote to our largest shareholders and their agents explaining that the Committee expected for 2015 to award bonuses only in relation to agreed performance criteria and not to exercise its discretion with respect to exceptional circumstances. For 2015 the Committee undertook a comprehensive performance assessment in awarding bonuses in accordance with our policy and commitments.

Performance and reward outcomes for 2015

Our Chief Executive is entitled to receive a bonus of 1.825 – 2.175% of Bonus Pool Operating Profit and our Finance Director is entitled to a bonus of 0.675 – 0.825% of Bonus Pool Operating Profit. The individual performance objectives are reported on in detail on pages 42 and 43. The Remuneration Committee awarded our Chief Executive 28 basis points out of a potential 35 basis points for performance against these objectives, resulting in a total bonus of £1,698,735. Our Finance Director was awarded 11 basis points out of a potential 15 basis points against his objectives, resulting in a total bonus of £633,495. Executive Directors are required to invest 50% of the post-tax bonus into Company shares, deferred for three years. This assists in building towards the minimum shareholding requirement, which is 300% of base salary for the Chief Executive and 150% of base salary for the Finance Director.

Total shareholder return for the 7 years to 31 December 2015 was 284%.

Long-Term Incentive Scheme ('LTIS') vesting

The LTIS award for the 2013-15 performance period vests in June 2016. The final payment due under the 2013 LTIS is determined with reference to three performance measures: relative TSR (50% weighting), cash flow (25% weighting) and Return on Equity (25% weighting). The TSR and Cash Flow metrics have been tested at 31 December 2015, and 36% of the TSR-related element has vested and 48% of the cash flow related element has vested. This assessment will result in a future payment due in June 2016 of £59,030 to Paul Mainwaring. The ROE-related component will be performance tested in June 2016 as it takes account of relative performance, prior to the final payment being made.

Base salary restraint

In accordance with our Remuneration Policy approved by shareholders in 2014 our Executive Directors received no base salary increase in 2015.

Increasing alignment of remuneration with shareholders

In 2015 we introduced an element of share-based remuneration for 52 of our senior staff. It is hoped that in time we will be able to extend this more widely across the Company. The Board firmly believes this better aligns the interests of senior staff and shareholders.

Looking ahead

In 2016 we expect to start work on developing a new Remuneration Policy with the intention of aligning performance objectives with key milestones in the integration of IGBB. Although the acquisition is expected to complete during this year, the timing is uncertain and it is therefore unclear whether we will apply our current Remuneration Policy to part or all of 2016 or seek shareholder approval during 2016 for a new policy for the enlarged Group. In any event we will seek shareholder approval for a new Remuneration Policy at our AGM in 2017 at the latest. We intend to seek advice from shareholders when the timing of completion becomes clearer.

We also await with interest the conclusions of the Investment Association Executive Remuneration Working Group on the simplification of executive remuneration.

The Committee is also closely monitoring developments in remuneration regulation from European and UK authorities. Should there be need to amend policy or practice in light of these regulatory developments, the Committee will undertake consultation with major shareholders in advance of any significant proposed changes.

Key decisions of the Committee for 2015

- Agreed and assessed specific performance objectives for each Executive Director;
- Consultation with shareholders following the 36% vote against our Remuneration Report at our 2015 AGM;
- Introduction of a share based compensation plan for senior staff;
- Decision to review Remuneration Policy in 2016 following the acquisition of IGBB; and
- Appointment of New Bridge Street as advisors to the Remuneration Committee.

Stephen Pull
Chairman
Remuneration Committee
1 March 2016

Governance

The Role of the Remuneration Committee

The Committee is chaired by Stephen Pull. The other members of the Committee during 2015 were Angela Knight, Roger Perkin and David Shalders. Roger Perkin stood down from the Remuneration Committee in July 2015. All members of the Committee are independent Non-executive Directors.

The 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 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 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 Committee are available on the Company's website, www.tullettprebon.com.

The Chairman and the Executive Directors attend the 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 2015 the Committee also undertook the regular task of approving the remuneration of senior management and addressed 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 the Company's internal auditor, provided the Committee with an independent assessment of compliance with the Remuneration Code and supported the 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.

The Report on Directors' Remuneration has been prepared in accordance with 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.

Annual Report on Remuneration

The Annual Statement made by the Chairman on page 39 and this Annual Report on Remuneration are subject to a shareholders' advisory vote at the forthcoming AGM. Information in this report is audited except where stated.

Members of the Remuneration Committee during the year were: Stephen Pull (Chairman), David Shalders, Roger Perkin and Angela Knight. With effect from 2 July 2015, Roger Perkins stepped down from his position on the Remuneration Committee and was not replaced on this Committee.

The single total remuneration for each of the Directors who held office during the year ended 31 December 2015 was as follows:

	Salaries and fees		Benefits		Bonus[1]		LTIS		Pension		Total	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Executive Directors												
John Phizackerley	**550**	183	**1**	–	**1,699**	537[2]	**–**	–	**–**	–	**2,250**	720
Paul Mainwaring	**350**	350	**1**	1	**633**	495	**59**[7]	–	**–**	–	**1,043**	846
Non-executive Directors												
Rupert Robson[3]	**196**	175	**–**	–	**–**	–	**–**	–	**–**	–	**196**	175
Angela Knight	**64**	59	**–**	–	**–**	–	**–**	–	**–**	–	**64**	59
Roger Perkin	**67**	62	**–**	–	**–**	–	**–**	–	**–**	–	**67**	62
Stephen Pull[4]	**67**	62	**–**	–	**–**	–	**–**	–	**–**	–	**67**	62
David Shalders	**59**	45	**–**	–	**–**	–	**–**	–	**–**	–	**59**	45
Carol Sergeant[5]	**68**	–	**–**	–	**–**	–	**–**	–	**–**	–	**68**	–
Terry Smith[6]	**–**	494	**–**	1	**–**	–	**–**	–	**–**	–	**–**	495
	1,421	1,430	**2**	2	**2,332**	1,032	**59**	–	**–**	–	**3,814**	2,464

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 September 2014, 2014 bonus award equivalent to £1,611,000 on an annualised basis.
(3) In addition he received £4,000 as a pension trustee.
(4) In addition he received £4,000 as a pension trustee.
(5) Appointed 2 July 2015. Includes fees under consultancy arrangement for advisory services in the amount of £35,000 during 2015.
(6) Former Chief Executive retired 31 August 2014.
(7) Value of 2013 LTIS vested. The value vested following achievement of performance conditions measured to 31 December 2015. See page 43 for further information.

Fixed remuneration

The fixed remuneration of the Chief Executive, John Phizackerley and the Finance Director, Paul Mainwaring remained unchanged throughout 2015 at £550,000 and £350,000 respectively.

Annual bonus

The Remuneration Committee determined that the Bonus Pool Operating Profit for 2015 should amount to £80.7m.

The Remuneration Policy requires that for any bonus to be awarded to the Executive Directors, operating profit must exceed a threshold calculated as the weighted average cost of capital times the average capital employed. The Committee determined that the Bonus Pool Operating Profit had exceeded this threshold.

For 2014 the Bonus Pool Operating Profit of £53.8m was determined after deducting from operating profit exceptional items including a charge of £46.7m relating to the cost improvement programme. In 2015 we achieved a significant recovery in our operating profit after exceptional items, despite a challenging business environment. The Bonus Pool Operating Profit used to determine the aggregate bonus pool in 2015 was subject to a cap of 150% of the prior year Bonus Pool Operating Profit of £53.8m.

Without the application of this cap the Bonus Pool Operating Profit would have been £145.7m. This is based on reported operating profit of £121.9m adding back the amortisation of PVM deferred consideration and intangible assets arising on acquisition and the costs relating to the proposed acquisition of IGBB.

With the application of the cap, the actual Bonus Pool Operating Profit used for calculating bonuses was £80.7m, reducing the bonus opportunity by 45%.

The allocation to each of the Executive Directors took into consideration their personal contribution, relative responsibilities and their performance against specific objectives agreed with each Executive Director during the first quarter of 2015. Within the overall limits set by the Remuneration Policy our Chief Executive is eligible for a bonus of between 1.825% and 2.175% of Bonus Pool Operating Profit. Our Finance Director is eligible for a bonus of between 0.675% and 0.825% of Bonus Pool Operating Profit.

In determining annual bonus awards, the Committee also confirmed, in consultation with the Board Risk Committee, that the Company and individual executives had operated within agreed risk controls and regulatory compliance requirements.

50% of the 2015 bonus net of tax has to be invested in the Company's ordinary shares to be held for three years and will be subject during this time to clawback as described in the Directors` Remuneration Policy. The reinvestment requirement does not have any service or other non-performance conditions attached to it.

For 2015 the Remuneration Committee awarded John Phizackerley a bonus of £1,698,735 which comprised a 'base' bonus of £1,472,775 (equivalent to 1.825% of Bonus Pool Operating Profit) and a bonus of £225,960 determined by his performance against his agreed personal objectives.

The Targets set for the Chief Executive, the allocation of the bonus pool for each objective, and the assessment by the Remuneration Committee of the performance against each objective is shown below.

Chief Executive Performance Targets	Potential Award (Basis Points)	Overall Score (Basis Points)	Assessment of Performance by the Remuneration Committee
Strategic actions/investing in new initiatives for growth	6	6	Comprehensive approach to strategic thinking, McKinsey project leading to 10 arrows, Murphy Durieu and MOAB acquisitions completed.
Management team – key hires and complete formation of the Executive Committee	6	5	New senior team largely complete and working well together. Good interaction with the Board.
Finance and operating reforms – greater responsibility and accountability by business heads for budgets	3	2	Some progress in reviewing and monitoring internal approval and authorisations for various internal processes. New T&E policy with lower thresholds.
Staff – including training and reforms to Broker compensation	3	2	Significant progress in achieving a cultural shift in support of core values. Initial staff survey. Much improved internal communication.
Regulatory matters – complete governance framework	3	2	Appointed new General Counsel in March and Chief Risk Officer in April, significant progress in driving overall Group Risk Committee and defining framework. Improved relationships and dialogue with FCA.
Information technology – setting strategy and objectives	3	2	Successfully changed IT leadership. Objectives set and strategy to transform IT agreed.
Structured approach to clients – including launching new Client Relationship Management function	3	3	Established new Client Relationship Management framework with leadership in place.
At the discretion of the Remuneration Committee	8	6	Leadership regarding the acquisition of IGBB, arguably the most transformational opportunity available to the Group. Underlying EPS broadly flat for the year.
Total	**35**	**28**	

In total, the Remuneration Committee awarded 28 basis points out of 35 basis points for performance by our Chief Executive against individual targets.

The Remuneration Committee therefore determined the Chief Executive's Bonus for 2015 would be 2.105% of Bonus Pool Operating Profit and has awarded a 2015 bonus of £1,698,735.

For 2015 the Remuneration Committee awarded Paul Mainwaring a bonus of £633,495 which comprised a 'base' bonus of £544,725 (equivalent to 0.675% of Bonus Pool Operating Profit) and a bonus of £88,770 determined by his performance against his agreed personal objectives.

The Targets set for the Finance Director, the allocation of the bonus pool for each objective, and the assessment by the Remuneration Committee of the performance against each objective is shown below.

Finance Director Performance Targets	Potential Award (Basis Points)	Overall Score (Basis Points)	Assessment of Performance by the Remuneration Committee
Manage delivery of appropriate 2014 and 2015 financial outcomes and manage the financing of investments	2	2	All elements successfully completed. The careful monitoring of the financial performance in the third quarter and the development of the Q3 forecast gave the context for the cost improvement exercise.
Refinance the RCF	2	2	The RCF was successfully refinanced and enlarged due to the proposed acquisition of IGBB on the original plan timescale.
Refinance the 2016 Notes	2	1	This was only partially completed due to the planned acquisition of IGBB.
PVM 'technical' integration	2	2	The 'bolt on' strategy has now been replaced by full integration of PVM activities.
Pension scheme investment review and implementation	2	2	The pension scheme investment review was completed during the first half of the year and the review has given rise to further projects which are continuing.
At the discretion of the Remuneration Committee	5	2	Strong technical performance in 2015. Underlying EPS broadly flat for the year.
Total	**15**	**11**	

In total the Remuneration Committee in consultation with the Chief Executive awarded 11 basis points out of 15 Basis Points for performance by our Finance Director against individual targets.

The Remuneration Committee therefore determined the Finance Director's Bonus for 2015 would be 0.785% of Bonus Pool Operating Profit and has awarded a 2015 bonus of £633,495.

Executive Directors are required to invest 50% of the post-tax bonus into Company shares, deferred for three years. This assists in building towards the minimum shareholding requirement, which is 300% of base salary for the Chief Executive and 150% of base salary for the Finance Director.

Long Term Incentive Scheme ('LTIS')

Vesting of 2013 LTIS

The proportion of the 2013 LTIS that has vested is shown in the remuneration table on page 41. 75% of the LTIS award made in 2013 were subject to performance conditions measured to December 2015 as follows:

Paul Mainwaring

	TSR	Cash flow	Total
% vested	34.73%	48.60%	
Value of Award due	£34,730	£24,300	£59,030

The remaining 25% of the unvested 2013 LTIS relating Return on Equity will be tested against performance conditions in June 2016 when the comparative data for competitor companies becomes available.

2015 LTIS Awards

Awards under the LTIS made in 2015, amounted to £654,545 for John Phizackerley and £245,455 for Paul Mainwaring. The awards have a normal vesting date of 30 June 2018 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 2017, 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 2017 ('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 2017 (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, ICAP plc and Compagnie Financière Tradition.

Awards under the Company's Long Term Incentive Scheme

Basis[1]	Nature of Award	Face Value	Threshold Vesting	End of Performance Period
John Phizackerley	Cash	£654,545	25%	31.12.17
Paul Mainwaring	Cash	£245,455	25%	31.12.17

(1) Our Remuneration Policy is to make Annual Awards equivalent to the higher of aggregate base salary and 25% of the prior year aggregate variable remuneration (or base salary for a new Executive Director) or of Executive Directors in office at the date of the award.

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

There are no outstanding unvested awards under the LTIP.

Shareholding requirements

Half of the 2014 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 2015 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.

Paul Mainwaring currently complies with the Company's overarching minimum shareholding requirements and complies with investment requirements in respect of previously paid bonuses.

John Phizackerley was restricted from dealing in Company shares following the bonus payment date of 31 March 2015 as he had access to market sensitive data. However, following the announcement on 11 November 2015, the trading restrictions on John Phizackerley were lifted. John Phizackerley then purchased the required value of shares as soon as practicable thereafter to meet the shareholding requirements in place with respect to his 2014 bonus and the overarching minimum shareholding requirement applicable for Executive Directors.

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. As announced in the 2014 Annual Report, the fees for the Chairman increased from £175,000 to £200,000 per annum with effect from 1 March 2015. The Non-executive Directors' fees were increased from £54,000 to £60,000 per annum with effect from 1 March 2015. In addition, a fee of £5,000 per annum is paid to the Senior Independent Non-executive Director and both the Chairman of the Audit Committee and the Chairman of Remuneration Committees also each received an annual fee of £7,500 in respect of the added responsibility of chairing a committee. With effect from 1 March 2016 the fees for chairing a committee increased to £10,000 per annum in addition to the standard fees payable to Non-executive Directors. Non-executive Directors acting as trustees of the Company's occupational pension scheme are entitled to an attendance fee of £1,000 per meeting. There have been no further changes to Director's fees as reflected in the 2014 Annual Report.

Consultancy arrangements

In addition to her appointment as a Non-executive Director of the Board on 2 July 2015, Carol Sergeant was also engaged via the service company Threadneedle Solutions Ltd (the 'Consultant Company') to provide specialist advice regarding the operation of the new Risk Committee for a period of six months. Under the agreement, the Consultant Company received a fee exclusive of value added tax of £35,000 which was paid in equal monthly instalments of £5,833.33 each (being £7,000 per month inclusive of value added tax). The agreement terminated on 31 December 2015.

Directors' interests

The interests (all beneficial) as at 31 December 2015 during the year in the ordinary share capital of the Company, were as follows:

Director	Shares
Rupert Robson	7,000
John Phizackerley	42,500
Paul Mainwaring	279,741
Angela Knight	–
Roger Perkin	–
Stephen Pull	7,000
David Shalders	–
Carol Sergeant [1]	–

Notes:
(1) Appointed 2 July 2015

The following information is not subject to audit.

Voting at the 2015 AGM

At the AGM held on 6 May 2015 the following votes were cast in respect of the Report on Directors' Remuneration:

Vote on Approval of the Report of Director's Remuneration as below:

For		Against		Votes withheld
Number	%	Number	%	Number
110,546,490	63.94	62,346,192	36.06	23,495,949

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.

Shareholder voting at the 2015 AGM

At our AGM in 2015 36.06% of votes were cast against our Remuneration Report. Prior to our AGM the Chairman of the Remuneration Committee wrote to shareholders and their agents about the rationale for the Committee's decision to pay an additional bonus to our incoming Chief Executive, a matter that had been of concern to some shareholders.

Following the significant number of votes against the Directors' Remuneration Report at last year's AGM, the Chairman of the Remuneration Committee wrote to our largest shareholders and their agents explaining that the Committee expected for 2015 to award bonuses for 2015 in relation to agreed performance criteria and not to exercise its discretion with respect to exceptional circumstances. Subsequently a number of follow up meetings and conversations were held to establish that this concern had been addressed.

For 2015, the Remuneration Committee undertook a comprehensive performance assessment in the awarding of bonuses for our Executive Directors in accordance with our policy and commitments. There have been no additional 'special considerations'.

2016 AGM

Copies of the Executive Directors' service agreements, the Non-executive Directors' letters of appointment 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 2016 AGM.

Advice provided to the Remuneration Committee

In the early part of 2015, PwC was retained by the Committee as its principal and only material external adviser to the Remuneration Committee. During the summer of 2015, the Committee undertook an exercise to review its advisory relationships. From 1 September 2015 New Bridge Street (an Aon Hewitt company) was appointed as the principal and only material external advisor to the Remuneration Committee effective 1 September 2015.

In September, New Bridge Street provided training to the Remuneration Committee on the duties of the Remuneration Committee, current trends in remuneration policies and possible regulatory developments. In addition, New Bridge Street advised on some aspects of our Remuneration Policy and practice.

Fees payable to PwC during the year amounted to £24,000 and to New Bridge Street £23,538. The Committee are satisfied that these fees are appropriate for the work undertaken.

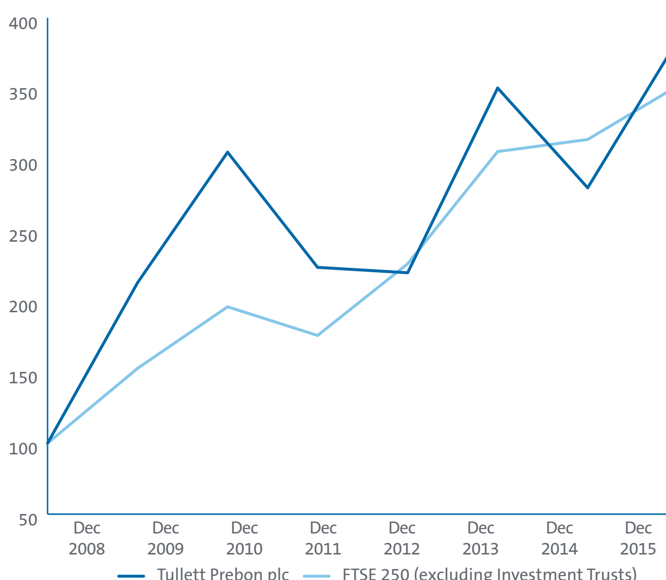
Herbert Smith Freehills LLP and Allen & Overy LLP provided advice on law and regulation in relation to employee incentive matters. Both firms also provide general legal advice to the Company.

Outside directorships

Neither John Phizackerley nor Paul Mainwaring has any outside directorships from which they received any remuneration in 2015.

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 seven years to 31 December 2015 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

Year ended	Name	Total Remuneration £'000	Annual Bonus % of max payout	LTIP % of max vesting
31 December 2015	John Phizackerley	2,250	80%[(1)]	N/A
31 December 2014	John Phizackerley[(2)]	720	NA	N/A
	Terry Smith[(3)]	433	NA	–
31 December 2013	Terry Smith	2,856	51%	–
31 December 2012	Terry Smith	3,153	N/A	–
31 December 2011	Terry Smith	4,929	N/A	45%
31 December 2010	Terry Smith	4,344	N/A	–
31 December 2009	Terry Smith	4,652	N/A	–

Notes:
(1) % represents the overall % score achieved on individual performance targets
(2) For the 4 month period from 1 September 2014
(3) For the 8 month period from 1 January 2014 – 31 August 2014
(4) Variable remuneration was uncapped in the years 2009 – 2012

Change in Chief Executive remuneration

	% change Salary	% change Benefits	% change in annualised bonus payment
Chief Executive[(1)]	0%	0%	5%[(2)]
Senior Management	5%[(3)]	0%	7%[(3)]

This table shows the change of the CEO's fixed and variable remuneration compared to senior management.

Notes:
(1) John Phizackerley has not received a Base Salary increase.
(2) Represents the change in annualised bonus payment. 2014 bonus was £536,667 for a period 4 months annualised to £1,610,001.
(3) Represents a like for like figure looking at senior managers employed throughout 2014 and 2015.

A large proportion of the Group's remuneration is payable to Brokers, who earn a significant proportion of their income as 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	**2015**	2014	% change
Employee remuneration[(1)]	**532.4**	490.4	9
Shareholder dividends paid[(2)]	**41.0**	36.7	12

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 2016

In 2016 we expect to start work on developing a new Remuneration Policy with the intention of aligning performance objectives with key milestones in the integration of IGBB. Although the acquisition is expected to complete this year the timing is uncertain and it is therefore unclear whether we will apply our current Remuneration Policy for all or part of 2016 or seek shareholder approval during 2016 for a new policy for the enlarged Group. We intend to seek advice from shareholders when the timing of completion becomes clearer. In 2016, our Executive Directors will again be set individual bonus targets either within our current approved range of operating profits or as part of a new Remuneration Policy. A range of individual performance targets covering delivery against strategic objectives, leadership, people development and culture will be disclosed retrospectively.

As part of the agreed terms to acquire IGBB, at completion Ken Pigaga will be appointed to the Board as Chief Operating Officer. Our Remuneration Policy permits an increase in the maximum aggregate Executive Director's bonus pool to 5% of Reported Operating Profit to accommodate additional Executive Directors. The share of Bonus Pool Operating Profit available to our current Executive Directors remains unchanged.

Base salaries for our Chief Executive and Finance Director will remain unchanged in 2016. In addition, the Remuneration Committee expects to make a further LTIS award on the terms and with the performance conditions as outlined in the Policy.

The policies set out in the policy table in the Remuneration Policy section of the Report on Directors' Remuneration will apply in 2016 unless approval is sought from shareholders during 2016 for a new Remuneration Policy for the enlarged Group.

Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by a shareholder's binding vote at the 2014 AGM and it is not proposed that the current policy is revised at the 2016 AGM. The Remuneration Policy approved at the 2014 AGM can also be found on the Company's website www.tullettprebon.com, and pages 35-36 of the Annual Report and Accounts 2013.

Background

In reviewing and approving the general principles of the Company's Remuneration Policy which applies throughout the Group, the Remuneration Committee took account of the Company's goal to become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking. The Remuneration Committee was also 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 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 took 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., ICAP plc and Compagnie Financière Tradition. These practices are characterised by high levels of variable remuneration. The Remuneration Committee 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 considered the relationship between incentives and risk when approving the 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 of this Annual Report on pages 19 to 24. 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 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 was subject to a binding vote of shareholders at the 2014 AGM. For the purposes of the 2013 Regulations, the policy applies 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.

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 base salary in respect of the Chief Executive and 150% of base 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 base salary and 25% of the prior year aggregate variable remuneration (or base 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 employees 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. In addition, a Deferred Bonus Plan has been introduced for Senior Managers impacting the 2015 bonus year. Under this Plan, employees identified as Senior Managers had 20% of their discretionary 2015 bonus award deferred into equity for a three year period. The grants of equity will be made by April 2016 and are subject to forfeiture, in whole or in part, in the event the employee resigns or employment is terminated for gross misconduct as defined in the Employee Handbook. Fifty-two employees participated in the 2015 Deferred Bonus Plan with participants located in London, New York, New Jersey, Frankfurt and Singapore. As part of the introduction of the Deferred Bonus Plan, a Special Award was granted to these employees. These grants will also be made by April 2016 along similar terms as the main grant save for a two year holding period.

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 at this time. We will continue to review this matter in light of any future changes to the Remuneration Code.

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 LTIS has been put in place for the benefit of the Executive Directors only.

Remuneration policies for Brokers

The Company's remuneration policy for Brokers is based on the principle that remuneration is directly linked to financial performance, generally at a desk team level, and is calculated in accordance with formulae linked to revenue. These formulae take into account the fixed costs of the Brokers; variable remuneration payments are therefore based on the profits that the Brokers generate for the business together with an assessment of individual performance and conduct against core Company values – Honesty, Integrity, Respect and Excellence. 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 their revenue, conduct and performance, which is paid after the revenue has been fully received in cash.

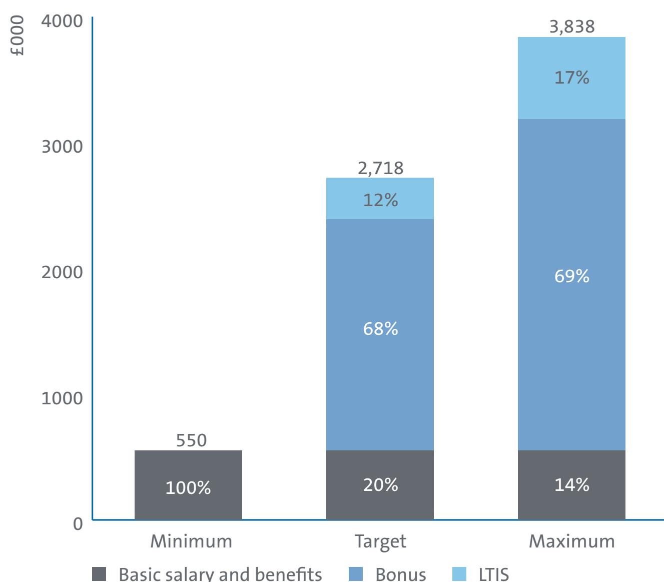
Remuneration policies for Control Functions

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 as part of the Senior Manager bonus review undertaken in January each year.

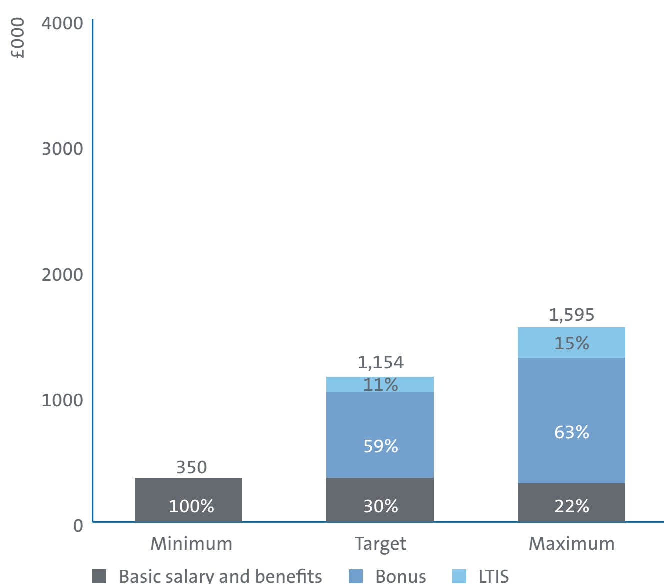
Illustrations of the application of the Remuneration Policy

The total remuneration for each of the Executive Directors for a minimum, target and maximum performance for 2016 is represented in the charts below:

John Phizackerley



Paul Mainwaring



As the variable remuneration calculation is based on a percentage of reported operating profit, to avoid including a profit forecast the Board has prepared the above illustrations using the Bonus Pool Operating Profit for 2015 capped at 150% and 125% for the calculation of the 2016 maximum and target payouts respectively.

Executive Directors' service agreements and loss of office entitlements

Effective 18 January 2016, the Chief Executive's contract may be terminated by either party on the expiry of 6 months' written notice by either party (save in circumstances justifying summary termination) or by making 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 Finance Director's contract may be terminated by either party on the expiry of 12 months written notice by either party (save in circumstances justifying summary termination) or by making 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 annual leave entitlement; 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.

The LTIS 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.

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 6 months' notice for the Chairman or 3 months' notice for the other Non-executive Directors. The notice periods were adjusted from 12 months to 3 and 6 months respectively in October 2015.

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.

Approved by the Board and signed on its behalf by

Stephen Pull
Chairman of the Remuneration Committee
1 March 2016

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 (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. 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 are 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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 may differ 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, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

John Phizackerley
Chief Executive
1 March 2016

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 2015 and of the Group’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, including FRS 101 ‘Reduced Disclosure Framework’; 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, the related notes 1 to 37, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity and related notes 1 to 8. 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), including FRS 101 ‘Reduced Disclosure Framework’.

Going concern and the Directors’ assessment of the principal risks that would threaten the solvency or liquidity of the Group

As required by the Listing Rules we have reviewed the Directors’ statement regarding the appropriateness of the going concern basis of accounting contained within Note 2 to the Financial Statements and the Directors’ statement on the longer-term viability of the Group contained within Directors’ Report on pages 37 and 38. We have nothing material to add or draw attention to in relation to:

- the Directors’ confirmation on page 24 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 19 to 24 that describe those risks and explain how they are being managed or mitigated;
- the Directors’ statement in Note 2 to the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group’s ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements; and
- the Director’s explanation on pages 37 and 38 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors’ adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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.

Independence

We are required to comply with the Financial Reporting Council’s Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

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.

The assessed risks of material misstatement we identified are:

- Matched Principal revenue;
- Name Passing revenue;
- impairment of goodwill and other intangibles; and
- valuation of group tax provisions.

Last year, our report also included the acquisition of PVM Oil Associates Limited (‘PVM’) as a significant risk. This risk has not been included in the current year as the acquisition of PVM was completed in 2014.

The description of risks below should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 34.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risks	How the scope of our audit responded
Matched Principal revenue	
As detailed in the summary of significant accounting policies on page 64, Matched Principal brokerage revenue is the net proceeds from a commitment to simultaneously buy and sell financial instruments with counterparties, which is recognised on trade date. It accounts for approximately 20% of Broking revenue. Given the high volume of transactions, robust internal controls over trade recording and settlement are important to ensure the completeness and accuracy of revenues. Most Matched Principal transactions settle within a standard market settlement period, which is typically two to three business days. The risk of misstatement of revenue increases where trades fail to settle within the standard market settlement period.	We tested the design, implementation and operating effectiveness of relevant controls relating to trade recording, settlement and the recognition of revenue associated with Matched Principal transactions. We selected a sample of trades which settled within standard settlement periods and confirmed each to cash receipts. For all open trades at year-end that did not settle within the standard settlement period or where settlement had failed, we confirmed trades to post year-end confirmations to determine the validity of the year-end settlement debtors and creditors and accuracy of the associated revenue.
Name Passing revenue	
As detailed in the summary of significant accounting policies on page 64, Name Passing revenue is earned for the service of matching buyers and sellers of financial instruments. The counterparties to a transaction settle directly with each other and are invoiced for the service provided by the Group. It accounts for approximately 75% of Broking revenue. As invoices for services provided are not issued until the end of the month, the cash collection period is typically longer than for Matched Principal revenue. As a result, the risk of misstatement of revenue increases where the invoice becomes past due and where post year-end trade adjustments or credit notes arise.	We tested the design, implementation and operating effectiveness of relevant controls relating to Name Passing invoicing and cash collection. We confirmed a sample of trades to cash received throughout the year. We agreed a further sample of Name Passing transactions, which were outstanding at year-end, to cash received post year-end. We tested the aged debtor analysis through re-performance and, focusing on higher risk aged items, we confirmed that revenue recognised on the transaction was supportable by obtaining evidence to corroborate the validity of the underlying trade and reviewing communications with counterparties. We tested a sample of post year-end trade adjustments and credit notes to evaluate whether these items were accurate and valid.
Impairment of goodwill and other intangibles	
As detailed in the summary of significant accounting policies on pages 63 and 64, and Note 13 on page 78, goodwill and other intangible assets are reviewed for impairment at least annually. Determining whether the goodwill of £347.5m, other intangible assets of £22.1m and other intangible assets arising on consolidation of £9.9m are impaired requires an estimation of the recoverable amount of the Group's cash-generating units ('CGUs'), using the higher of the value in use or fair value less costs to sell. The value in use takes into account expected future cash flows, the selection of suitable discount rates and forecast future growth rates and is therefore inherently subjective. The value in use of all CGUs is sensitive to changes in underlying assumptions. The value in use method was used to assess the recoverable amount of each CGU. No impairment was recorded in the year for any of the CGUs.	We challenged the identification of the Group's CGUs, by checking whether the CGUs reflected the lowest aggregation of assets that generate largely independent cash flows. We performed detailed analysis and challenge of management's assumptions used in the annual impairment review, in particular forecast future growth rates, the cash flow projections and discount rates used by management in their impairment tests of the CGUs. We challenged cash flow forecasts and growth rates by evaluating recent performance, trend analysis and comparing growth rates to those achieved historically and to external market data where available. Our internal valuations specialists independently derived discount rates which we compared to the rates used by management and we benchmarked discount and growth rates to available external peer group data. As the impairment test for the EMEA CGU was sensitive to changes in the growth rate assumption, we assessed the breakeven point at which an impairment would occur and considered whether this was a reasonably possible change which required additional disclosure. We evaluated the process by which cash flow forecasts were produced and confirmed whether those used in the annual impairment review were consistent with Board approved budgets and were subject to timely oversight and challenge by the Directors.

Risks	How the scope of our audit responded
Taxation provisions	
As detailed in the summary of significant accounting policies on pages 67 and 68, the Group has taken account of tax issues that are subject to ongoing discussions with the relevant tax authorities in determining its current tax liability of £17.3m. An assessment of the likely outcome is required in determining the carrying value of tax liabilities.	Using our tax specialists, we assessed relevant developments in respect of the Group's outstanding tax issues in each jurisdiction. We have reviewed correspondence with the relevant tax authorities, challenged the judgements made by management and independently considered the likely outcomes and technical tax treatments to assess the appropriateness of the provisions made. We have used both our own tax specialists' knowledge of recent tax cases, and where available, external supporting data, to consider potential tax exposures for the Group where there is no current provision and to assess management's assumptions in determining provisions.

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 £4.9m, which is based on approximately 5% of underlying profit before tax of £93.7m and is below 1% of equity. Prior year materiality was £4.3m, which was based on 5% of underlying profit before tax and was below 1% of equity.

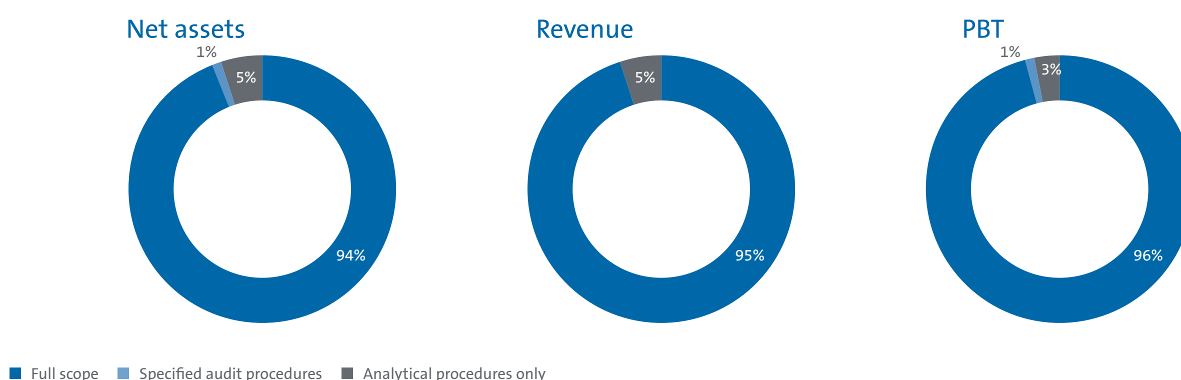
Underlying profit before tax has been determined by excluding exceptional and acquisition related items, which are detailed on page 73. These items have been excluded from our determination of materiality as they do not reflect the ongoing trading performance of the business.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.1m (2014: £0.1m), 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 of 24 subsidiaries in 11 locations (2014: 23 subsidiaries in 11 locations). The increase in subsidiaries relates to the inclusion of PVM Oil Futures Ltd, as a result of a full year of its results being included in the Group's consolidated results for the first time. All of these subsidiaries were subject to a full audit or an audit of specified account balances where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations.

These 24 subsidiaries represent the principal business units within each of the three operating segments. The subsidiaries for which we performed a full scope audit account for 94% (2014: 93%) of the Group's net assets, 95% (2014: 96%) of the Group's revenue and 96% (2014: 93%) of the Group's profit before tax. The subsidiaries were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audits of each of the subsidiaries were performed using lower levels of materiality based on their size relative to the Group. The materiality for each subsidiary was capped at £2.95m (2014: £2.90m).



The Senior Statutory Auditor has responsibility for overseeing all aspects of the audit work of the component auditors. The Senior Statutory Auditor is also the lead audit partner for the EMEA component. In discharging this responsibility, he visited the US and Singapore twice during the audit to meet local management and to oversee the audits of the components based in the Americas and Asia Pacific. The Group audit team maintains a dialogue with component auditors throughout all phases of the audit and receives written reports from component auditors setting out the results of their audit procedures.

We tested the Group's consolidation process and carried out analytical procedures to confirm that there were no significant risks of material misstatement in the aggregated financial information of the remaining subsidiaries not subject to audit or audit of specified account balances.

Opinion on other matters

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. We have nothing to report arising from these matters.

Corporate Governance Statement

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

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). 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 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.

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

Consolidated Income Statement

for the year ended 31 December 2015

	Notes	Underlying £m	Exceptional and acquisition related items £m	Total £m
2015				
Revenue	4	**796.0**	**–**	**796.0**
Administrative expenses	6	**(693.9)**	**(53.3)**	**(747.2)**
Other operating income	5	**5.8**	**67.3**	**73.1**
Operating profit		**107.9**	**14.0**	**121.9**
Finance income	8	**4.1**	**–**	**4.1**
Finance costs	9	**(18.3)**	**(2.0)**	**(20.3)**
Profit before tax		**93.7**	**12.0**	**105.7**
Taxation	10	**(17.5)**	**(7.5)**	**(25.0)**
Profit of consolidated companies		**76.2**	**4.5**	**80.7**
Share of results of associates		**2.6**	**–**	**2.6**
Profit for the year	6	**78.8**	**4.5**	**83.3**
Attributable to:				
Equity holders of the parent		**78.4**	**4.5**	**82.9**
Minority interests		**0.4**	**–**	**0.4**
		78.8	**4.5**	**83.3**
Earnings per share				
– Basic	11	**32.2p**		**34.0p**
– Diluted	11	**31.5p**		**33.3p**
2014				
Revenue	4	703.5	–	703.5
Administrative expenses	6	(607.9)	(69.1)	(677.0)
Other operating income	5	5.1	16.0	21.1
Operating profit		100.7	(53.1)	47.6
Finance income	8	3.6	–	3.6
Finance costs	9	(17.7)	–	(17.7)
Profit before tax		86.6	(53.1)	33.5
Taxation	10	(16.9)	6.5	(10.4)
Profit of consolidated companies		69.7	(46.6)	23.1
Share of results of associates		1.9	–	1.9
Profit for the year	6	71.6	(46.6)	25.0
Attributable to:				
Equity holders of the parent		71.2	(46.6)	24.6
Minority interests		0.4	–	0.4
		71.6	(46.6)	25.0
Earnings per share				
– Basic	11	32.3p		11.2p
– Diluted	11	32.3p		11.2p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Notes	2015 £m	2014 £m
Profit for the year		**83.3**	25.0
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit pension scheme	34	**24.5**	10.0
Taxation charge relating to items not reclassified	10	**(8.6)**	(3.5)
		15.9	6.5
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments		**0.1**	(0.5)
Effect of changes in exchange rates on translation of foreign operations		**8.8**	7.7
Taxation charge relating to items that may be reclassified	10	**(0.5)**	(0.2)
		8.4	7.0
Other comprehensive income for the year		**24.3**	13.5
Total comprehensive income for the year		**107.6**	38.5
Attributable to:			
Equity holders of the parent		**107.1**	37.8
Minority interests		**0.5**	0.7
		107.6	38.5

Consolidated Balance Sheet
as at 31 December 2015

	Notes	2015 £m	2014 £m
Non-current assets			
Intangible assets arising on consolidation	13	**357.4**	336.6
Other intangible assets	14	**22.1**	20.1
Property, plant and equipment	15	**27.4**	29.4
Interest in associates	16	**6.0**	5.0
Investments	17	**8.5**	5.2
Deferred tax assets	19	**2.4**	2.3
Defined benefit pension scheme	34	**88.2**	62.1
		512.0	460.7
Current assets			
Trade and other receivables	20	**2,639.2**	3,261.9
Financial assets	18	**20.3**	10.7
Cash and cash equivalents	31	**358.9**	287.1
		3,018.4	3,559.7
Total assets		**3,530.4**	4,020.4
Current liabilities			
Trade and other payables	21	**(2,666.7)**	(3,269.2)
Interest bearing loans and borrowings	22	**(140.9)**	–
Current tax liabilities		**(17.3)**	(12.3)
Short term provisions	23	**(21.3)**	(6.6)
		(2,846.2)	(3,288.1)
Net current assets		**172.2**	271.6
Non-current liabilities			
Interest bearing loans and borrowings	22	**(79.3)**	(219.7)
Deferred tax liabilities	19	**(33.2)**	(24.1)
Long term provisions	23	**(7.8)**	(9.7)
Other long term payables	24	**(22.2)**	(15.3)
		(142.5)	(268.8)
Total liabilities		**(2,988.7)**	(3,556.9)
Net assets		**541.7**	463.5
Equity			
Share capital	26	**60.9**	60.9
Share premium	27(a)	**17.1**	17.1
Merger reserve	27(a)	**178.5**	178.5
Other reserves	27(b)	**(1,165.1)**	(1,173.4)
Retained earnings	27(c)	**1,448.6**	1,378.8
Equity attributable to equity holders of the parent	27(c)	**540.0**	461.9
Minority interests	27(c)	**1.7**	1.6
Total equity		**541.7**	463.5

The Consolidated Financial Statements of Tullett Prebon plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 1 March 2016 and are signed on its behalf by

John Phizackerley
Chief Executive

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Equity attributable to equity holders of the parent										
	Share capital £m	Share premium account £m	Merger reserve £m	Reverse acquisition reserve £m	Re-valuation reserve £m	Hedging and translation £m	Own shares £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
2015											
Balance at 1 January 2015	**60.9**	**17.1**	**178.5**	**(1,182.3)**	**1.4**	**7.6**	**(0.1)**	**1,378.8**	**461.9**	**1.6**	**463.5**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**82.9**	**82.9**	**0.4**	**83.3**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**8.3**	**–**	**15.9**	**24.2**	**0.1**	**24.3**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**8.3**	**–**	**98.8**	**107.1**	**0.5**	**107.6**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(41.0)**	**(41.0)**	**(0.4)**	**(41.4)**
Credit arising on share-based payment awards	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12.0**	**12.0**	**–**	**12.0**
Balance at 31 December 2015	**60.9**	**17.1**	**178.5**	**(1,182.3)**	**1.4**	**15.9**	**(0.1)**	**1,448.6**	**540.0**	**1.7**	**541.7**
2014											
Balance at 1 January 2014	54.4	17.1	121.5	(1,182.3)	1.9	0.4	(0.1)	1,383.4	396.3	2.1	398.4
Profit for the year	–	–	–	–	–	–	–	24.6	24.6	0.4	25.0
Other comprehensive income for the year	–	–	–	–	(0.5)	7.2	–	6.5	13.2	0.3	13.5
Total comprehensive income for the year	–	–	–	–	(0.5)	7.2	–	31.1	37.8	0.7	38.5
Dividends paid	–	–	–	–	–	–	–	(36.7)	(36.7)	(0.2)	(36.9)
Issue of ordinary shares	6.5	–	58.4	–	–	–	–	–	64.9	–	64.9
Share issue costs	–	–	(1.4)	–	–	–	–	–	(1.4)	–	(1.4)
Decrease in minority interests	–	–	–	–	–	–	–	(0.2)	(0.2)	(1.0)	(1.2)
Credit arising on share-based payment awards	–	–	–	–	–	–	–	1.2	1.2	–	1.2
Balance at 31 December 2014	60.9	17.1	178.5	(1,182.3)	1.4	7.6	(0.1)	1,378.8	461.9	1.6	463.5

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	Notes	2015 £m	2014 £m
Net cash from operating activities	30	**144.0**	52.8
Investing activities			
(Purchase)/sale of financial assets		**(10.7)**	20.6
Purchase of investments		**(0.4)**	–
Interest received		**1.8**	1.5
Dividends from associates		**1.5**	1.0
Expenditure on intangible fixed assets		**(9.3)**	(5.3)
Purchase of property, plant and equipment		**(4.6)**	(5.7)
Investment in subsidiaries		**(11.6)**	(5.5)
Cash acquired with acquisitions		**1.7**	17.5
Cash sold with subsidiaries		**(0.3)**	–
Net cash used in investment activities		**(31.9)**	24.1
Financing activities			
Dividends paid	12	**(41.0)**	(36.7)
Dividends paid to minority interests		**(0.4)**	(0.2)
Equity issue costs		**–**	(1.4)
Repayment of debt		**–**	(8.5)
Debt issue and bank facility arrangement costs		**(4.3)**	–
Net cash used in financing activities		**(45.7)**	(46.8)
Net increase in cash and cash equivalents		**66.4**	30.1
Cash and cash equivalents at the beginning of the year		**287.1**	251.6
Effect of foreign exchange rate changes		**5.4**	5.4
Cash and cash equivalents at the end of the year	31	**358.9**	287.1

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

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 108. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 36 to 38 and in the Strategic Report on pages 6 to 26.

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 37 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.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are 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 inputs are unobservable inputs for the asset or liability.

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. Under IFRS 10 'Consolidated Financial Statements', control is achieved where the Company exercises power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect the returns from the entity.

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 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:

- Amendments to IAS 19 'Employee Benefits' regarding employee contributions to defined benefit plans;
- Annual Improvements to IFRSs (2010–2012 Cycle); and
- Annual Improvements to IFRSs (2011–2013 Cycle).

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:

- Amendments to IAS 1 'Presentation of financial statements' regarding disclosures;
- Annual Improvements to IFRSs (2012–2014 Cycle);
- Amendments to IAS 16 and IAS 38 clarification of acceptable methods of depreciation and amortisation; and
- Amendments to IFRS 11 regarding the accounting for acquisition of interests in Joint Operations.

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';
- IFRS 15 'Revenue from Contracts with Customers';
- IFRS 16 'Leases'; and
- Amendments to IAS 12 'Income Taxes' regarding the recognition of deferred tax assets for unrealised losses.

2. Basis of preparation continued

(c) Adoption of new and revised Standards continued

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. The adoption of IFRS 15 may have an impact on revenue recognition and related disclosures and the adoption of IFRS 16 may impact lease recognition and related disclosures. 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 brokerage including commissions, 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. Revenue for the service of matching buyers and sellers of financial instruments is stated net of sales taxes, rebates and discounts and is recognised in full on trade date;

(ii) Matched Principal brokerage revenue, being the net proceeds from a commitment to simultaneously buy and sell financial instruments with counterparties, 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. Revenue for the service of matching buyers and sellers of financial instruments is stated net of sales taxes, rebates and discounts and is recognised in full on trade date; 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.

(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 venture arrangements

A joint venture arrangement 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 the equity method of accounting. Investments in joint ventures 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 joint venture, less any impairment in the value of individual investments. Losses of the joint venture in excess of the Group's interest in those joint ventures are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments under the terms of the joint venture.

(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
Acquisition intangibles:	
Brand/Trade marks	– up to 5 years
Customer relationships	– 2 to 10 years
Other intangibles	– over the period of the contract

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.

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' ('FVTPL'). Financial liabilities are classified on initial recognition as either 'at fair value through the income statement' ('FVTPL') or as 'other financial liabilities'.

Available-for-sale

Certain of the Group's investments 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

Derivative financial instruments, such as foreign currency contracts and interest rate swaps, are entered into by the Group in order to manage its exposure to interest rate and foreign currency fluctuations or as simultaneous back-to-back transactions with counterparties. 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.

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

Derivatives designated as hedges are 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) Derivative financial instrument balances arising from business activities

The Group undertakes matched principal broking involving simultaneous back-to-back derivative transactions with counterparties. These transactions are classified as financial instruments at fair value through the income statement ('FVTPL') and 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.

(o) 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.

(p) 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.

(q) Client money

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

(r) 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.

(s) 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.

(t) Taxation

The tax expense represents the sum of current tax payable arising in the year, movements in deferred tax and movements in tax provisions.

The current tax payable arising in the year 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.

3. Summary of significant accounting policies continued

(t) Taxation continued

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.

(u) 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.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) 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.

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

	2015 £m	2014 £m
Revenue		
Europe and the Middle East	**455.3**	405.6
Americas	**234.5**	201.6
Asia Pacific	**106.2**	96.3
	796.0	703.5
Operating profit		
Europe and the Middle East	**81.2**	80.1
Americas	**14.9**	10.5
Asia Pacific	**11.8**	10.1
Underlying operating profit	**107.9**	100.7
Exceptional and acquisition related items (Note 6)	**14.0**	(53.1)
Reported operating profit	**121.9**	47.6
Finance income	**4.1**	3.6
Finance costs	**(20.3)**	(17.7)
Profit before tax	**105.7**	33.5
Taxation	**(25.0)**	(10.4)
Profit of consolidated companies	**80.7**	23.1
Share of results of associates	**2.6**	1.9
Profit for the year	**83.3**	25.0

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 £399.7m (2014: £345.0m) and the total revenue from other countries was £396.3m (2014: £358.5m).

Other segmental information

	2015 £m	2014 £m
Capital additions		
Europe and the Middle East – UK	**10.4**	5.9
Europe and the Middle East – Other	**0.8**	0.6
Americas	**2.0**	3.7
Asia Pacific	**0.7**	0.8
	13.9	11.0

	2015 £m	2014 £m
Depreciation and amortisation		
Europe and the Middle East – UK	**9.1**	8.3
Europe and the Middle East – Other	**0.8**	0.6
Americas	**4.4**	3.8
Asia Pacific	**0.7**	0.9
	15.0	13.6

	2015 £m	2014 £m
Goodwill impairment		
Americas – Brazil impairment (Note 13)	**–**	6.8
	–	6.8

	2015 £m	2014 £m
Share-based compensation		
Europe and the Middle East – UK (including £10.2m relating to acquisitions (2014: £0.9m))	**11.1**	1.3
Europe and the Middle East – Other	**–**	–
Americas (including £0.1m relating to acquisitions (2014: £nil))	**0.6**	(0.1)
Asia Pacific (including £0.2m relating to acquisitions (2014: £nil))	**0.3**	–
	12.0	1.2

4. Segmental analysis continued

Other segmental information continued

	2015 £m	2014 £m
Segment assets		
Europe and the Middle East – UK	**1,436.8**	1,741.7
Europe and the Middle East – Other	**26.7**	24.2
Americas	**1,987.9**	2,184.4
Asia Pacific	**79.0**	70.1
	3,530.4	4,020.4

	2015 £m	2014 £m
Segment liabilities		
Europe and the Middle East – UK	**1,059.2**	1,408.8
Europe and the Middle East – Other	**21.6**	19.8
Americas	**1,867.0**	2,089.8
Asia Pacific	**40.9**	38.5
	2,988.7	3,556.9

Segment assets and liabilities exclude all inter-segment balances.

Analysis by product group

	2015 £m	2014 £m
Revenue		
Treasury Products	**185.0**	190.5
Interest Rate Derivatives	**135.3**	140.6
Fixed Income	**171.2**	186.5
Equities	**46.3**	39.5
Energy	**204.3**	100.0
Information Sales and Risk Management Services	**53.9**	46.4
	796.0	703.5

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 for the year has been arrived at after charging:

	2015 £m	2014 £m
Depreciation of property, plant and equipment (Note 15)	**7.7**	6.5
Amortisation of intangible assets (Note 14)	**7.3**	7.1
Amortisation of acquisition related intangible assets (Note 13)	**1.2**	–
Staff costs (Note 7)	**546.4**	491.6
Auditor's remuneration for audit services (see below)	**2.3**	2.2

Exceptional and acquisition related items comprise:

	2015 £m	2014 £m
Net credit relating to major legal actions	**64.4**	3.1
Charge relating to cost improvement programmes	**(25.7)**	(46.7)
	38.7	(43.6)
Acquisition costs relating to IGBB	**(12.1)**	–
Other acquisition costs	**(0.5)**	(1.8)
Acquisition related share-based payment charge	**(10.5)**	(0.9)
Amortisation of intangible assets arising on consolidation	**(1.2)**	–
Goodwill impairment	**–**	(6.8)
Loss on disposal of subsidiary undertakings	**(0.6)**	–
Adjustment to acquisition consideration	**0.2**	–
	14.0	(53.1)
Finance costs (Note 9)	**(2.0)**	–
	12.0	(53.1)
Taxation (charge)/credit on exceptional and acquisition related items	**(7.5)**	6.5
	4.5	(46.6)

6. Profit for the year continued

The analysis of auditor's remuneration is as follows:

	2015 £000	2014 £000
Audit of the Group's annual accounts	**393**	433
Audit of the Company's subsidiaries and associates pursuant to legislation[1]	**1,882**	1,735
Total audit fees	**2,275**	2,168
Audit-related assurance services	**237**	289
Taxation compliance services	**103**	115
Other taxation advisory services	**28**	11
Corporate finance services[2]	**1,703**	283
Other services	**21**	95
Total non-audit fees	**2,092**	793
Audit fees payable to the Company's auditor and its associates in respect of associated pension schemes	**13**	13

Note:
(1) 2014 includes £252,000 relating to the pre-acquisition audits of PVM Oil Associates Limited and its subsidiaries.
(2) Corporate finance services relate primarily to the proposed acquisition of IGBB, £1,220,000 relating to due diligence services and £463,000 as reporting accountant.

7. Staff costs

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

	2015 No.	2014 No.
Europe and the Middle East	**1,261**	1,179
Americas	**848**	796
Asia Pacific	**585**	561
	2,694	2,536

The aggregate employment costs of staff and Directors were:

	2015 £m	2014 £m
Wages, salaries, bonuses and incentive payments	**486.7**	447.3
Social security costs	**40.6**	36.2
Defined contribution pension costs (Note 34(b))	**7.1**	6.9
Acquisition related share-based payment expense	**10.5**	0.9
Other share-based compensation expense	**1.5**	0.3
	546.4	491.6

8. Finance income

	2015 £m	2014 £m
Interest receivable and similar income	**1.8**	1.4
Deemed interest arising on the defined benefit pension scheme surplus	**2.3**	2.2
	4.1	3.6

9. Finance costs

	Underlying £m	Acquisition related £m	2015 Total £m	2014 Total £m
Interest and fees payable on bank facilities	**1.6**	**0.6**	**2.2**	1.5
Interest payable on Sterling Notes August 2014	**–**	**–**	**–**	0.4
Interest payable on Sterling Notes July 2016	**9.9**	**–**	**9.9**	9.9
Interest payable on Sterling Notes June 2019	**4.2**	**–**	**4.2**	4.2
Other interest payable	**0.4**	**–**	**0.4**	0.5
Amortisation of debt issue and bank facility costs	**1.8**	**1.1**	**2.9**	1.1
Total borrowing costs	**17.9**	**1.7**	**19.6**	17.6
Amortisation of discount on deferred consideration	**0.4**	**0.3**	**0.7**	0.1
	18.3	**2.0**	**20.3**	17.7

10. Taxation

	2015 £m	2014 £m
Current tax		
UK corporation tax	**22.7**	8.9
Overseas tax	**4.2**	4.4
Prior year UK corporation tax	**(0.4)**	(0.9)
Prior year overseas tax	**(1.6)**	(3.5)
	24.9	8.9
Deferred tax (Note 19)		
Current year	**0.2**	0.8
Prior year	**(0.1)**	0.7
	0.1	1.5
Tax charge for the year	**25.0**	10.4

10. Taxation continued

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

	2015 £m	2014 £m
Profit before tax	105.7	33.5
Tax based on the UK corporation tax rate of 20.25% (2014: 21.5%)	21.4	7.2
Tax effect of non-deductible goodwill impairment	–	1.5
Tax effect of expenses that are not deductible	5.0	4.4
Tax effect of non-taxable income	(0.4)	(0.2)
Unrecognised timing differences	(1.7)	1.8
Prior year adjustments	(2.1)	(3.7)
Impact of overseas tax rates/other	2.8	(0.6)
Tax charge for the year	25.0	10.4

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
2015			
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	8.6	–	8.6
– Change in fair value of available-for-sale assets	0.1	–	0.1
Tax charge on items taken directly to other comprehensive income and equity	9.1	–	9.1
2014			
Current tax charge 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	3.5	–	3.5
Tax charge on items taken directly to other comprehensive income and equity	3.7	–	3.7

11. Earnings per share

	2015	2014
Basic – underlying	**32.2p**	32.3p
Diluted – underlying	**31.5p**	32.3p
Basic earnings per share	**34.0p**	11.2p
Diluted earnings per share	**33.3p**	11.2p

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

	2015 No.(m)	2014 No.(m)
Basic weighted average shares	**243.6**	220.4
Contingently issuable shares	**5.1**	0.2
Diluted weighted average shares	**248.7**	220.6

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

	2015 £m	2014 £m
Earnings for the year	**83.3**	25.0
Minority interests	**(0.4)**	(0.4)
Earnings	**82.9**	24.6
Exceptional and acquisition related items (Note 6)	**(12.0)**	53.1
Tax on exceptional and acquisition related items	**7.5**	(6.5)
Underlying earnings	**78.4**	71.2

12. Dividends

	2015 £m	2014 £m
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2015 of 5.6p per share	**13.6**	–
Final dividend for the year ended 31 December 2014 of 11.25p per share	**27.4**	–
Interim dividend for the year ended 31 December 2014 of 5.6p per share	**–**	12.2
Final dividend for the year ended 31 December 2013 of 11.25p per share	**–**	24.5
	41.0	36.7

In respect of the current year, the Directors propose that the final dividend of 11.25p per share amounting to £27.4m will be paid on 19 May 2016 to all shareholders on the Register of Members on 29 April 2016. 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. Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
At 1 January 2015	**327.1**	**9.5**	**336.6**
Recognised on acquisitions	**14.5**	**1.1**	**15.6**
Amortisation of acquisition related intangibles	**–**	**(1.2)**	**(1.2)**
Effect of movements in exchange rates	**5.9**	**0.5**	**6.4**
At 31 December 2015	**347.5**	**9.9**	**357.4**
At 1 January 2014	275.6	–	275.6
Recognised on acquisitions	55.8	9.5	65.3
Impairment	(6.8)	–	(6.8)
Effect of movements in exchange rates	2.5	–	2.5
At 31 December 2014	327.1	9.5	336.6

Other intangible assets arising on consolidation include the value of business brands and customer relationships recognised on acquisitions.

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

	2015 £m	2014 £m
CGU		
Europe and the Middle East	**195.1**	195.1
North America	**75.9**	57.5
Brazil	**2.3**	3.3
Asia Pacific	**19.3**	19.3
PVM Oil Associates	**54.9**	51.9
	347.5	327.1

Determining whether goodwill is impaired requires an estimation of the recoverable amount of each CGU. The recoverable amount of each CGU is the higher of its value in use ('VIU') or its net realisable value ('NRV').

The key assumptions for the VIU 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 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. Discount rates used are based on the Group's WACC and are a function of the Group's cost of equity, derived using a Capital Asset Pricing Model ('CAPM'), and the Group's cost of debt. The cost of equity estimate depended on inputs in the CAPM reflecting a number of variables including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These inputs are based on external assessment of economic variables together with management's judgement.

As at 31 December 2015 VIU has been used to estimate recoverable amounts for all CGUs and for all CGUs, the estimate of the recoverable amount was higher than the carrying value. The VIU calculations used annual growth rates of 2% for Europe and the Middle East (2014: 2%), 2.5% for North America (2014: 2.5%), 2% for Brazil (2014: n/a), 3% for Asia Pacific (2014: 3%) and 2% for PVM (2014: 2%). Terminal values for each CGU assumed no further growth reflecting longer term forecasting constraints. Resultant cash flows for Europe and the Middle East, Asia Pacific and PVM have been discounted at a pre-tax discount rate of 10.5% (2014: 10.5%), and for North America and Brazil have been discounted at 12.5% (2014: 12.5%) reflecting the higher level of uncertainty in the forecasts of those CGUs' future cash flows.

These calculations have been subject to stress tests reflecting reasonably possible changes in key assumptions. All VIU calculations are tolerant to reasonably changes in the discount rate and are most sensitive to lower growth rate assumptions which reduce expected cash flows. With zero growth all CGUs' recoverable amounts were still higher than their carrying value. At this level the recoverable amount for Europe and the Middle East exceeded its carrying value by £196m, which reduces to nil if growth rates fall to negative 4%. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

In 2014, the estimated recoverable amount for the Brazil CGU was based on its NRV resulting in an impairment of £6.8m to the goodwill attributed to that CGU.

14. Other intangible assets

	Purchased software £m	Developed software £m	Total £m
Cost			
At 1 January 2015	**7.4**	**41.8**	**49.2**
Additions	**1.9**	**7.4**	**9.3**
Amounts derecognised	**(0.6)**	**(0.3)**	**(0.9)**
Effect of movements in exchange rates	**0.5**	**0.6**	**1.1**
At 31 December 2015	**9.2**	**49.5**	**58.7**
Accumulated amortisation			
At 1 January 2015	**(5.5)**	**(23.6)**	**(29.1)**
Charge for the year	**(1.1)**	**(6.2)**	**(7.3)**
Amounts derecognised	**0.6**	**0.2**	**0.8**
Effect of movements in exchange rates	**(0.2)**	**(0.8)**	**(1.0)**
At 31 December 2015	**(6.2)**	**(30.4)**	**(36.6)**
Carrying amount			
At 31 December 2015	**3.0**	**19.1**	**22.1**
Cost			
At 1 January 2014	11.6	36.4	48.0
Additions	0.7	4.6	5.3
Amounts derecognised	(5.2)	–	(5.2)
Effect of movements in exchange rates	0.3	0.8	1.1
At 31 December 2014	7.4	41.8	49.2
Accumulated amortisation			
At 1 January 2014	(9.6)	(16.6)	(26.2)
Charge for the year	(1.0)	(6.1)	(7.1)
Amounts derecognised	5.2	–	5.2
Effect of movements in exchange rates	(0.1)	(0.9)	(1.0)
At 31 December 2014	(5.5)	(23.6)	(29.1)
Carrying amount			
At 31 December 2014	1.9	18.2	20.1

15. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Furniture, fixtures, equipment and motor vehicles £m	Total £m
Cost			
At 1 January 2015	**25.4**	**53.9**	**79.3**
Additions	**2.3**	**2.3**	**4.6**
Acquired with acquisitions	**0.5**	**0.2**	**0.7**
Disposals	**(0.4)**	**(1.2)**	**(1.6)**
Effect of movements in exchange rates	**0.5**	**0.8**	**1.3**
At 31 December 2015	**28.3**	**56.0**	**84.3**
Accumulated depreciation			
At 1 January 2015	**(13.2)**	**(36.7)**	**(49.9)**
Charge for the year	**(1.9)**	**(5.8)**	**(7.7)**
Disposals	**0.1**	**1.3**	**1.4**
Effect of movements in exchange rates	**(0.2)**	**(0.5)**	**(0.7)**
At 31 December 2015	**(15.2)**	**(41.7)**	**(56.9)**
Carrying amount			
At 31 December 2015	**13.1**	**14.3**	**27.4**
Cost			
At 1 January 2014	29.5	51.6	81.1
Additions	1.3	4.4	5.7
Acquired with acquisitions	–	1.0	1.0
Disposals	(5.9)	(3.9)	(9.8)
Effect of movements in exchange rates	0.5	0.8	1.3
At 31 December 2014	25.4	53.9	79.3
Accumulated depreciation			
At 1 January 2014	(17.3)	(35.0)	(52.3)
Charge for the year	(1.5)	(5.0)	(6.5)
Disposals	5.9	3.9	9.8
Effect of movements in exchange rates	(0.3)	(0.6)	(0.9)
At 31 December 2014	(13.2)	(36.7)	(49.9)
Carrying amount			
At 31 December 2014	12.2	17.2	29.4

No assets are held under finance leases.

16. Interest in associates

	2015 £m	2014 £m
Carrying amount of investment in associates	6.0	5.0
Aggregated amounts relating to associates:		
Total assets	29.5	22.3
Total liabilities	(12.0)	(8.1)
Net assets	17.5	14.2
Revenue	32.1	22.0
Profit for the year	7.8	5.4
Other comprehensive income attributable to the owners	–	–
Group's share of profit for the year	2.6	1.9
Group's share of other comprehensive income	–	–
Dividends received from associates during the year	1.5	1.0

Interests in associates are measured using the equity method. A list of investments in associates, including the name, country of incorporation and proportion of ownership interest, is given in Note 37.

17. Investments

	2015 £m	2014 £m
Available-for-sale assets carried at fair value		
– unlisted	5.0	4.2
– listed	0.7	1.0
Loans and receivables	2.8	–
	8.5	5.2

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

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 (Level 1 valuation).

18. Financial assets

	2015 £m	2014 £m
Short term government securities	13.7	8.3
Term deposits	6.6	2.4
	20.3	10.7

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

19. Deferred tax

	2015 £m	2014 £m
Deferred tax assets	**2.4**	2.3
Deferred tax liabilities	**(33.2)**	(24.1)
	(30.8)	(21.8)

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

	2015 £m	2014 £m
At 1 January	**(21.8)**	(15.0)
Charge to income for the year	**(0.1)**	(1.5)
Charge to other comprehensive income for the year	**(8.7)**	(3.5)
Recognised with acquisitions	**–**	(1.7)
Effect of movements in exchange rates	**(0.2)**	(0.1)
At 31 December	**(30.8)**	(21.8)

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
2015						
Share-based payment awards	**0.2**	**0.3**	**–**	**–**	**–**	**0.5**
Defined benefit pension scheme	**(21.7)**	**(0.6)**	**(8.6)**	**–**	**–**	**(30.9)**
Tax losses	**0.4**	**(0.4)**	**–**	**–**	**–**	**–**
Other timing differences	**(0.7)**	**0.6**	**(0.1)**	**–**	**(0.2)**	**(0.4)**
	(21.8)	**(0.1)**	**(8.7)**	**–**	**(0.2)**	**(30.8)**
2014						
Share-based payment awards	0.3	(0.1)	–	–	–	0.2
Defined benefit pension scheme	(17.7)	(0.5)	(3.5)	–	–	(21.7)
Tax losses	–	–	–	0.4	–	0.4
Other timing differences	2.4	(0.9)	–	(2.1)	(0.1)	(0.7)
	(15.0)	(1.5)	(3.5)	(1.7)	(0.1)	(21.8)

At the balance sheet date, the Group has a net unrecognised deferred tax asset of £24.8m (2014: £21.3m) including unrecognised deferred tax in respect of tax losses of £16.8m (2014: £14.3m) which are potentially available for offset against future profits.

A deferred tax asset of £0.4m in respect of tax losses was recognised in 2014 as it was considered probable that future taxable profits would be available.

No deferred tax has been recognised on temporary differences associated with unremitted earnings of subsidiaries, other than £0.3m (2014: £0.1m) recognised by PVM, 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 £0.8m (2014: £0.9m) in respect of withholding tax on unremitted earnings.

20. Trade and other receivables

	2015 £m	2014 £m
Trade receivables	**94.2**	87.8
Settlement balances	**2,434.1**	3,134.1
Financial assets at FVTPL	**73.2**	–
Financial assets	**2,601.5**	3,221.9
Other debtors	**7.3**	10.3
Prepayments and accrued income	**28.8**	27.9
Corporation tax	**0.9**	1.3
Owed by associates and related parties	**0.7**	0.5
	2,639.2	3,261.9

The Directors consider that the carrying amount of trade and other receivables which are not held at fair value through profit or loss, approximate to their fair values.

The table below shows the ageing of trade receivables:

	2015 £m	2014 £m
Less than 30 days (not yet due)	**66.5**	59.4
Between 30 and 60 days	**14.9**	13.9
Between 60 and 90 days	**5.6**	6.9
Greater than 90 days	**7.2**	7.6
Total past due	**27.7**	28.4
Trade receivables	**94.2**	87.8

Trade receivables are shown net of a provision of £1.5m (2014: £1.8m) against certain trade receivables due after 90 days.

The table below shows the ageing of settlement balances:

	2015 £m	2014 £m
Amounts not yet due	**2,300.9**	3,082.5
Less than 30 days	**133.1**	45.2
Between 30 and 60 days	**0.1**	4.6
Between 60 and 90 days	**–**	1.6
Greater than 90 days	**–**	0.2
Total past due	**133.2**	51.6
Settlement balances	**2,434.1**	3,134.1

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'.

Financial assets at FVTPL arise on simultaneous back-to-back derivative transactions with counterparties. The above analysis reflects only the asset side of such transactions. Corresponding liability amounts are shown in Note 21 'Trade and other payables'.

21. Trade and other payables

	2015 £m	2014 £m
Trade payables	**4.4**	5.4
Settlement balances	**2,433.8**	3,132.3
Financial liabilities at FVTPL	**73.2**	–
Financial liabilities	**2,511.4**	3,137.7
Tax and social security	**17.0**	18.2
Other creditors	**2.0**	3.1
Accruals and deferred income	**136.3**	110.2
	2,666.7	3,269.2

The Directors consider that the carrying amount of trade and other payables which are not held at fair value through profit or loss, approximate to their fair values.

22. Interest bearing loans and borrowings

	Less than one year £m	Greater than one year £m	Total £m
2015			
Sterling Notes July 2016	**140.9**	**–**	**140.9**
Sterling Notes June 2019	**–**	**79.3**	**79.3**
	140.9	**79.3**	**220.2**
2014			
Sterling Notes July 2016	–	140.6	140.6
Sterling Notes June 2019	–	79.1	79.1
	–	219.7	219.7

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(e).

Sterling Notes: Due July 2016

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

At 31 December 2015 their fair value (Level 1) was £144.0m (2014: £149.0m).

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 2015 their fair value (Level 1) was £81.7m (2014: £82.4m).

Bank credit facility

During the year the Group renegotiated its committed revolving credit facility. The £150m facility maturing in April 2016 was replaced with a £250m facility maturing in April 2018. Neither facility was drawn during the year. Facility fees of £2.5m are payable annually on the new facility.

23. Provisions

	Property £m	Restructuring £m	Legal and other £m	Total £m
2015				
At 1 January 2015	**5.9**	**8.9**	**1.5**	**16.3**
(Credit)/charge to income statement	**(0.2)**	**21.4**	**0.6**	**21.8**
Utilisation of provision	**(0.3)**	**(9.4)**	**(0.1)**	**(9.8)**
Effect of movements in exchange rates	**0.2**	**0.5**	**0.1**	**0.8**
At 31 December 2015	**5.6**	**21.4**	**2.1**	**29.1**
2014				
At 1 January 2014	2.4	1.7	2.0	6.1
Charge to income statement	3.8	21.4	0.1	25.3
Utilisation of provision	(0.4)	(14.6)	(1.0)	(16.0)
Recognised on acquisitions	–	–	0.3	0.3
Effect of movements in exchange rates	0.1	0.4	0.1	0.6
At 31 December 2014	5.9	8.9	1.5	16.3

	2015 £m	2014 £m
Included in current liabilities	**21.3**	6.6
Included in non-current liabilities	**7.8**	9.7
	29.1	16.3

Property provisions outstanding as at 31 December 2015 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 eleven years (2014: one to twelve 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 2015 relate to termination and other employee related costs, the majority of which are expected to be discharged during 2016.

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.

24. Other long term payables

	2015 £m	2014 £m
Accruals and deferred income	**8.4**	9.0
Deferred consideration (Note 29)	**13.8**	6.3
	22.2	15.3

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 19 to 24.

(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	Financial assets at FVTPL £m	Total £m
2015				
Investments	**5.7**	**2.8**	**–**	**8.5**
Financial assets	**13.7**	**6.6**	**–**	**20.3**
Cash and cash equivalents	**–**	**358.9**	**–**	**358.9**
Trade receivables	**–**	**94.2**	**–**	**94.2**
Settlement balances	**–**	**2,434.1**	**–**	**2,434.1**
Financial assets at FVTPL	**–**	**–**	**73.2**	**73.2**
	19.4	**2,896.6**	**73.2**	**2,989.2**
2014				
Investments	5.2	–	–	5.2
Financial assets	8.3	2.4	–	10.7
Cash and cash equivalents	–	287.1	–	287.1
Trade receivables	–	87.8	–	87.8
Settlement balances	–	3,134.1	–	3,134.1
	13.5	3,511.4	–	3,524.9

Financial liabilities

Financial liabilities are all held at amortised cost.

	Amortised cost £m	Financial liabilities at FVTPL £m	Total £m
2015			
Sterling Notes July 2016	**140.9**	**–**	**140.9**
Sterling Notes June 2019	**79.3**	**–**	**79.3**
Trade payables	**4.4**	**–**	**4.4**
Settlement balances	**2,433.8**	**–**	**2,433.8**
Financial liabilities at FVTPL	**–**	**73.2**	**73.2**
	2,658.4	**73.2**	**2,731.6**
2014			
Sterling Notes July 2016	140.6	–	140.6
Sterling Notes June 2019	79.1	–	79.1
Trade payables	5.4	–	5.4
Settlement balances	3,132.3	–	3,132.3
	3,357.4	–	3,357.4

(c) Offsetting financial assets and financial liabilities

Financial instruments at fair value through the income statement represent simultaneous back-to-back derivative transactions with counterparties and are reported as separate financial assets and financial liabilities in the statement of financial position. The transactions are subject to ISDA (International Swaps and Derivatives Association) Master Netting Agreements which provide a legally enforceable right of offset on the occurrence of a specified event of default, or other events not expected to happen in the normal course of business, but are not otherwise enforceable.

Financial instruments subject to offsetting, enforceable master netting arrangements and similar arrangements	Financial assets £m	Financial liabilities £m
2015		
Financial instruments at FVTPL	**73.2**	(73.2)
Related amounts not offset in the statement of financial position	**(73.2)**	73.2
Net position	**–**	–
2014		
Net position	–	–

As at 31 December 2015 net notional values were £nil (2014: n/a).

25. Financial instruments continued

(d) 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 external ratings.

	Cash and cash equivalents and financial assets		Trade receivables		Settlement balances	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
AAA to AA+	**23.9**	6.3	**4.5**	0.2	**151.0**	33.7
AA to A-	**253.7**	281.1	**42.5**	57.8	**1,009.0**	2,174.3
BBB+ to BBB-	**96.7**	9.8	**22.3**	12.1	**795.3**	671.5
BB+ to B-	**0.2**	–	**4.1**	1.8	**49.1**	24.5
Unrated	**4.7**	0.6	**22.3**	17.7	**429.7**	230.1
Total	**379.2**	297.8	**95.7**	89.6	**2,434.1**	3,134.1
Provision for doubtful debts	**–**	–	**(1.5)**	(1.8)	**–**	–
	379.2	297.8	**94.2**	87.8	**2,434.1**	3,134.1

In addition to the above, £2.2m (2014: £1.5m) of investments are rated AA to AA+, £0.7m are rated BBB- to BBB+ (2014: £1.0m) and £5.6m (2014: £2.7m) are unrated. At 31 December there was a £nil net position on financial instruments at FVTPL (Note 25(c)).

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.

(e) 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**
2015					
Settlement balances	**2,433.8**	**–**	**–**	**–**	**2,433.8**
Financial liabilities at FVTPL	**23.3**	**49.9**	**–**	**–**	**73.2**
Trade payables	**4.4**	**–**	**–**	**–**	**4.4**
Sterling Notes July 2016	**–**	**151.1**	**–**	**–**	**151.1**
Sterling Notes June 2019	**–**	**4.2**	**90.5**	**–**	**94.7**
	2,461.5	**205.2**	**90.5**	**–**	**2,757.2**
2014					
Settlement balances	3,132.3	–	–	–	3,132.3
Trade payables	5.4	–	–	–	5.4
Sterling Notes July 2016	–	9.9	151.1	–	161.0
Sterling Notes June 2019	–	4.2	96.8	–	101.0
	3,137.7	14.1	247.9	–	3,399.7

(f) 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:

	2015		2014	
	USD £m	EUR £m	USD £m	EUR £m
Change in profit for the year	(0.6)	(0.5)	(0.8)	(0.6)

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

(g) 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 and money market instruments. 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:

	2015		2014	
	+100pts £m	-100pts £m	+100pts £m	-100pts £m
Income/(expense) arising on:				
– floating rate assets	3.5	(1.7)	2.7	(1.3)
– floating rate liabilities	–	–	–	–
Net income/(expense) for the year	3.5	(1.7)	2.7	(1.3)

(h) 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).

25. Financial instruments continued

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

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
2015				
Investments				
– unlisted	**–**	**–**	**5.0**	**5.0**
– listed	**0.7**	**–**	**–**	**0.7**
Loans and receivables	**–**	**–**	**2.8**	**2.8**
Financial assets				
– short term government securities	**13.7**	**–**	**–**	**13.7**
– financial assets at FVTPL	**–**	**73.2**	**–**	**73.2**
Financial liabilities				
– financial liabilities at FVTPL	**–**	**(73.2)**	**–**	**(73.2)**
	14.4	**–**	**7.8**	**22.2**
2014				
Investments				
– unlisted	–	–	4.2	4.2
– listed	1.0	–	–	1.0
Financial assets				
– short term government securities	8.3	–	–	8.3
	9.3	–	4.2	13.5

In deriving the fair value of financial instruments at FVTPL valuation models were used which incorporated observable market data. There were no significant inputs used in the models that were unobservable.

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

Reconciliation of Level 3 fair value measurements of financial assets:

	2015 £m	2014 £m
Balance as at 1 January	**4.2**	4.6
Unrealised gain/(loss) in other comprehensive income	**0.4**	(0.4)
Additions	**3.2**	–
Balance as at 31 December	**7.8**	4.2

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

The revaluation gain of £0.4m (2014: loss of £0.4m) 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

	2015 No.	2014 No.
Allotted, issued and fully paid		
Ordinary shares of 25p	**243,516,227**	243,516,227

	2015 £m	2014 £m
Allotted, issued and fully paid		
Ordinary shares of 25p	**60.9**	60.9

27. Reconciliation of shareholders' funds

(a) Share capital, Share premium account, Merger reserve

	Share capital £m	Share premium account £m	Merger reserve £m	Total £m
2015				
As at 1 January and 31 December 2015	**60.9**	**17.1**	**178.5**	**256.5**
2014				
As at 1 January 2014	54.4	17.1	121.5	193.0
Issue of ordinary shares	6.5	–	58.4	64.9
Share issue costs	–	–	(1.4)	(1.4)
As at 31 December 2014	60.9	17.1	178.5	256.5

Share capital/Merger reserve

On 26 November 2014 the Group issued 25,776,523 ordinary shares with a fair value of £64.9m to acquire the issued share capital of PVM Oil Associates Limited. The £58.4m difference between the nominal value of the shares issued and their fair value has been credited to the merger reserve. The costs associated with this share issue have been charged against the reserve. As at 1 January 2014 the merger 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 capital.

(b) Other reserves

	Reverse acquisition reserve £m	Revaluation reserve £m	Hedging and translation £m	Own shares £m	Other reserves £m
2015					
As at 1 January 2015	**(1,182.3)**	**1.4**	**7.6**	**(0.1)**	**(1,173.4)**
Revaluation of investments	**–**	**0.1**	**–**	**–**	**0.1**
Exchange differences on translation of foreign operations	**–**	**–**	**8.7**	**–**	**8.7**
Taxation charge on components of other comprehensive income	**–**	**(0.1)**	**(0.4)**	**–**	**(0.5)**
Total comprehensive income	**–**	**–**	**8.3**	**–**	**8.3**
As at 31 December 2015	**(1,182.3)**	**1.4**	**15.9**	**(0.1)**	**(1,165.1)**
2014					
As at 1 January 2014	(1,182.3)	1.9	0.4	(0.1)	(1,180.1)
Revaluation of investments	–	(0.5)	–	–	(0.5)
Exchange differences on translation of foreign operations	–	–	7.4	–	7.4
Taxation charge on components of other comprehensive income	–	–	(0.2)	–	(0.2)
Total comprehensive income	–	(0.5)	7.2	–	6.7
As at 31 December 2014	(1,182.3)	1.4	7.6	(0.1)	(1,173.4)

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.

27. Reconciliation of shareholders' funds continued

(b) Other reserves continued

Revaluation reserve

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

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 2015, the Tullett Prebon plc Employee Benefit Trust 2007 held 202,029 ordinary shares (2014: 202,029 ordinary shares) with a fair value of £0.8m (2014: £0.6m).

(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
2015						
As at 1 January 2015	**256.5**	**(1,173.4)**	**1,378.8**	**461.9**	**1.6**	**463.5**
Profit for the year	**–**	**–**	**82.9**	**82.9**	**0.4**	**83.3**
Revaluation of investments	**–**	**0.1**	**–**	**0.1**	**–**	**0.1**
Exchange differences on translation of foreign operations	**–**	**8.7**	**–**	**8.7**	**0.1**	**8.8**
Remeasurement of the net defined benefit pension scheme asset	**–**	**–**	**24.5**	**24.5**	**–**	**24.5**
Taxation charge on components of other comprehensive income	**–**	**(0.5)**	**(8.6)**	**(9.1)**	**–**	**(9.1)**
Total comprehensive income	**–**	**8.3**	**98.8**	**107.1**	**0.5**	**107.6**
Dividends paid	**–**	**–**	**(41.0)**	**(41.0)**	**(0.4)**	**(41.4)**
Credit arising on share-based payment awards	**–**	**–**	**12.0**	**12.0**	**–**	**12.0**
As at 31 December 2015	**256.5**	**(1,165.1)**	**1,448.6**	**540.0**	**1.7**	**541.7**

	Total from Note 27(a) £m	Total from Note 27(b) £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
2014						
As at 1 January 2014	193.0	(1,180.1)	1,383.4	396.3	2.1	398.4
Profit for the year	–	–	24.6	24.6	0.4	25.0
Revaluation of investments	–	(0.5)	–	(0.5)	–	(0.5)
Exchange differences on translation of foreign operations	–	7.4	–	7.4	0.3	7.7
Remeasurement of the net defined benefit pension scheme asset	–	–	10.0	10.0	–	10.0
Taxation charge on components of other comprehensive income	–	(0.2)	(3.5)	(3.7)	–	(3.7)
Total comprehensive income	–	6.7	31.1	37.8	0.7	38.5
Dividends paid	–	–	(36.7)	(36.7)	(0.2)	(36.9)
Issue of ordinary shares	64.9	–	–	64.9	–	64.9
Share issue costs	(1.4)	–	–	(1.4)	–	(1.4)
Decrease in minority interests	–	–	(0.2)	(0.2)	(1.0)	(1.2)
Credit arising on share-based payment awards	–	–	1.2	1.2	–	1.2
As at 31 December 2014	256.5	(1,173.4)	1,378.8	461.9	1.6	463.5

28. Share-based payments

Share option awards

As at 31 December 2015 the Group had one active equity-based long term incentive plan, the Tullett Prebon Long Term Incentive Plan, for the granting of non-transferable option 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 options at 31 December 2015 and their estimated fair values when granted are set out below:

	Awards outstanding 2015	Estimated fair value at grant date
Awards		
Long term incentive award (2009)	302,148	199p

The following table shows the number of share options outstanding during 2015 and 2014:

	2015 No.	2014 No.
Outstanding at start of the year	**302,148**	1,061,558
Lapsed during the year	**–**	(759,410)
Outstanding at end of year	**302,148**	302,148
Exercisable at end of year	**302,148**	302,148

The weighted average exercise price is £nil (2014: £nil).

As at 31 December 2015 the weighted average contractual life of outstanding share-based options was 3.5 years (2014: 4.5 years).

Share-based Deferred Bonus Plan

A Deferred Bonus Plan has been introduced for Senior Managers impacting the 2015 bonus year. Under this Plan, employees identified as Senior Managers had 20% of their discretionary 2015 bonus award deferred into Equity. As part of the introduction of the Deferred Bonus Plan, a Special Award was also granted to these employees. The number of deferred shares reflecting the monetary value of these awards will be determined in March 2016 at the then market price.

The awards are subject to the completion of service conditions and the fulfilment of other conduct requirements. Deferred shares under the 2015 award will vest in the period to March 2019 and those under the Special Award will vest in the period to March 2018. Awards will be settled by the Tullett Prebon plc Employee Benefit Trust 2007 from shares purchased by it in the open market.

The fair value of the deferred shares equates to the monetary value of the awards at grant date and includes the value of expected dividends that will accrue to the beneficiaries. At the year-end closing share price of 372.1p the estimated total number of deferred shares under both awards would be 1,679,375.

Acquisition related share-based payments

As part of the acquisition of PVM, certain former shareholders are eligible to receive additional payments after three years' service provided they remain as employees and PVM achieves revenue performance targets over that period. The Group has the sole right to issue equity or cash to satisfy these additional payments, which although deferred consideration in substance, are conditional on future employment, and the fair value of the payments as at the date of acquisition, which was estimated to be US$48.0m (£30.6m), is being recognised as a share-based expense, through the income statement and equity, over the three year service term. The share-based expense recognised in future periods will be adjusted to reflect actual service and revenue performance.

	2015 £m	2014 £m
Charge arising from share-based option awards	**–**	0.3
Charge arising from share-based deferred bonus plans	**1.5**	–
Charge arising from acquisition related share-based payments	**10.5**	0.9
	12.0	1.2

29. Acquisitions

(a) Subsidiaries acquired during the year

MOAB Oil, Inc.

On 28 July 2015, the Group announced the acquisition of 100% of the share capital of MOAB Oil, Inc. ('MOAB'). Initial cash consideration of £7.9m was paid on completion together with £3.7m for the working capital of the business, including its cash. Deferred contingent consideration is payable from the first anniversary of completion through to the fifth anniversary. The amount of deferred contingent consideration is dependent upon the performance of the business over the five year period and has an initial fair value of £8.4m. Intangible assets arising on the consolidation of MOAB amounted to £15.6m of which £14.5m relates to goodwill. Acquisition costs of £0.5m have been included in administrative expenses.

This transaction has been accounted for under the acquisition method of accounting.

	Fair value £m
Net assets acquired	
Property, plant and equipment	**0.7**
Trade and other receivables	**3.4**
Cash and cash equivalents	**1.7**
Trade and other payables	**(1.4)**
	4.4
Intangible assets arising on consolidation	
– other intangible assets	**1.1**
– goodwill	**14.5**
Fair value of total consideration	**20.0**
Satisfied by:	
– initial cash consideration	**7.9**
– working capital cash payment	**3.7**
– deferred consideration	**8.4**
	20.0

Intangible assets arising on consolidation relate to the MOAB brand, £0.2m, the value of customer relationships, £0.9m, with the balance of £14.5m recognised as goodwill, representing the value of the established workforce and the business's reputation. The goodwill arising is deductible for tax purposes in the US.

	£m
Goodwill arising on acquisition	**14.5**
Effect of movements in exchange rates	**0.9**
Goodwill at 31 December 2015	**15.4**

The revenue, underlying operating profit and underlying earnings for the period since the date of the acquisition were £6.1m, £1.7m and £1.0m respectively. Had MOAB been acquired on 1 January 2015 revenue would have been £8.1m higher, underlying operating profit £1.4m higher and underlying earnings £0.7m higher.

(b) 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 profit or loss.

	2015 £m	2014 £m
At 1 January	6.4	1.7
Acquisitions during the year	8.4	6.3
Remeasurement charge/(credit) taken to operating profit	0.4	(1.0)
Unwind of discount	0.3	0.1
Cash paid	–	(0.7)
Effect of movements in exchange rates	0.9	–
At 31 December	16.4	6.4
Amounts falling due within one year	2.6	0.1
Amounts falling due after one year	13.8	6.3
At 31 December	16.4	6.4

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

	2015 £m	2014 £m
Operating profit	**121.9**	47.6
Adjustments for:		
– Share-based compensation expense	1.5	0.3
– Pension scheme's administration costs	0.7	0.6
– Depreciation of property, plant and equipment	7.7	6.5
– Amortisation of intangible assets	7.3	7.1
– Acquisition related share-based payment charge	10.5	0.9
– Amortisation of intangible assets arising on consolidation	1.2	–
– Goodwill impairment	–	6.8
– Loss on disposal of property, plant and equipment	0.2	–
– Loss on derecognition of intangible assets	0.1	–
– Loss on disposal of subsidiary undertakings	0.2	–
– Remeasurement of deferred consideration	0.4	–
Increase in provisions for liabilities and charges	11.5	9.7
Decrease in non-current liabilities	(0.8)	(1.6)
Operating cash flows before movement in working capital	**162.4**	77.9
Decrease in trade and other receivables	0.1	25.9
Decrease/(increase) in net settlement and trading balances	1.3	(1.1)
Increase/(decrease) in trade and other payables	16.5	(17.3)
Cash generated from operations	**180.3**	85.4
Income taxes paid	(19.5)	(15.9)
Interest paid	(16.8)	(16.7)
Net cash from operating activities	**144.0**	52.8

31. Analysis of net funds

	At 1 January £m	Cash flow £m	Non-cash items £m	Exchange rate movements £m	At 31 December £m
2015					
Cash	**223.3**	**67.7**	**–**	**5.7**	**296.7**
Cash equivalents	**62.1**	**(1.6)**	**–**	**(0.3)**	**60.2**
Client settlement money	**1.7**	**0.3**	**–**	**–**	**2.0**
Cash and cash equivalents	**287.1**	**66.4**	**–**	**5.4**	**358.9**
Financial assets	**10.7**	**10.7**	**–**	**(1.1)**	**20.3**
Total funds	**297.8**	**77.1**	**–**	**4.3**	**379.2**
Notes due within one year	**–**	**–**	**(140.9)**	**–**	**(140.9)**
Notes due after one year	**(219.7)**	**–**	**140.4**	**–**	**(79.3)**
	(219.7)	**–**	**(0.5)**	**–**	**(220.2)**
Total net funds	**78.1**	**77.1**	**(0.5)**	**4.3**	**159.0**
2014					
Cash	212.6	5.5	–	5.2	223.3
Cash equivalents	37.4	24.5	–	0.2	62.1
Client settlement money	1.6	0.1	–	–	1.7
Cash and cash equivalents	251.6	30.1	–	5.4	287.1
Financial assets	31.2	(20.6)	–	0.1	10.7
Total funds	282.8	9.5	–	5.5	297.8
Notes due within one year	(8.5)	8.5	–	–	–
Notes due after one year	(219.1)	–	(0.6)	–	(219.7)
	(227.6)	8.5	(0.6)	–	(219.7)
Total net funds	55.2	18.0	(0.6)	5.5	78.1

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 2015 cash and cash equivalents amounted to £358.9m (2014: £287.1m). 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.

32. Contingent liabilities

The Company is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, with no commercial rationale or economic purpose, on which brokerage is paid, and trades on which brokerage may have been improperly charged. As part of its investigation, the FCA is considering the extent to which during the relevant period (i) the Company's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of the Company's managers were aware of, and/or managed appropriately the risks associated with, the trades. The FCA is also reviewing the circumstances surrounding a failure in 2011 to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is ongoing, any potential liability arising from it cannot currently be quantified.

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

	2015 £m	2014 £m
Minimum operating lease payments recognised in the income statement	**14.7**	16.7

At 31 December 2015 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015		2014	
	Buildings £m	Other £m	Buildings £m	Other £m
Within one year	**13.8**	**0.8**	14.1	1.1
Within two to five years	**41.3**	**0.3**	41.3	0.5
Over five years	**37.8**	**–**	44.5	–
	92.9	**1.1**	99.9	1.6

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:

	2015 £m	2014 £m
Fair value of Scheme assets	**289.8**	255.7
Present value of Scheme liabilities	**(201.6)**	(193.6)
Defined benefit pension Scheme surplus	**88.2**	62.1
Deferred tax liability (Note 19)	**(30.9)**	(21.7)

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

	2015 %	2014 %
Key assumptions		
Discount rate	**3.70**	3.70
Expected rate of salary increases	**4.65**	4.55
Rate of increase in LPI pensions in payment(1)	**2.30**	2.20
Inflation assumption	**2.30**	2.20

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 31.4 years (2014: 31.2 years) after retirement if they are male and for a further 32.8 years (2014: 32.6 years) after retirement if they are female. Current pensioners are assumed to have a generally shorter life expectancy based on their current age.

34. Retirement benefits continued

(a) Defined benefit schemes continued

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 2015		289.8	(201.6)	88.2
Following a 0.25% decrease in the discount rate	Change	0%	(4.6%)	(10.5%)
	New value	289.8	(210.9)	78.9
Following a 0.25% increase in the inflation assumption	Change	0%	(1.8%)	(4.1%)
	New value	289.8	(205.2)	84.6
Life expectancy increases by 3 years	Change	0%	(6.6%)	(15.1%)
	New value	289.8	(214.9)	74.9

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.

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

	2015 £m	2014 £m
Deemed interest arising on the defined benefit pension scheme surplus	**2.3**	2.2

Deemed interest arising on the defined benefit pension scheme surplus has been included within finance income (Note 8). Scheme expenses for the year of £0.7m (2014: £0.6m) have been included in administrative expenses.

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

	2015 £m	2014 £m
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**29.8**	25.2
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**–**	0.4
Actuarial losses arising on the revaluation of insurance policies	**–**	(0.4)
Actuarial losses arising from changes in financial assumptions	**(0.8)**	(16.8)
Actuarial losses arising from changes in demographic assumptions	**(6.7)**	–
Actuarial gains arising from experience adjustments	**2.2**	1.6
Remeasurement of the defined benefit pension scheme	**24.5**	10.0

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

	2015 £m	2014 £m
At 1 January	**(193.6)**	(175.6)
Deemed interest cost	**(7.1)**	(7.6)
Actuarial losses on the revaluation of insurance policies	**–**	(0.4)
Actuarial losses arising from changes in financial assumptions	**(0.8)**	(16.8)
Actuarial losses arising from changes in demographic assumptions	**(6.7)**	–
Actuarial gains arising from experience adjustments	**2.2**	1.6
Benefits paid/transfers out	**4.4**	5.2
At 31 December	**(201.6)**	(193.6)

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

	2015 £m	2014 £m
At 1 January	**255.7**	226.1
Deemed interest income	**9.4**	9.8
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**29.8**	25.2
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**–**	0.4
Benefits paid/transfers out	**(4.4)**	(5.2)
Administrative expense	**(0.7)**	(0.6)
At 31 December	**289.8**	255.7

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

	2015 £m	2014 £m
Cash and cash equivalents	**3.9**	6.4
Equity instruments		
– Consumer products	**222.8**	197.4
– Industrials	**21.1**	20.0
– Business services	**36.3**	26.6
	280.2	244.0
Insurance policies	**4.4**	4.5
Other receivables	**1.3**	0.8
At 31 December	**289.8**	255.7

All equity instruments have quoted prices in active markets (Level 1). 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 Scheme during 2016 is £nil.

34. Retirement benefits continued

(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 £7.1m (2014: £6.9m), of which £2.0m (2014: £2.0m) related to overseas schemes.

As at 31 December 2015, there was £0.6m outstanding in respect of the current reporting period that had not been paid over to the schemes (2014: £0.6m).

35. Client money

Client money held was £2.0m (2014: £1.7m). This represents balances held by the Group received as an indirect consequence of certain transactions undertaken with counterparties.

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 amounts owed to and from related parties and associates at 31 December 2015, which also represents the value of transactions during the year, are set out below:

	Amounts owed by related parties		Amounts owed to related parties	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Associates	**0.7**	0.5	**–**	–
Related parties	**–**	–	**–**	–

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 39 to 52.

	2015 £m	2014 £m
Short term benefits	**3.8**	2.5
Share-based payment expense	**–**	0.4
Social security costs	**0.5**	0.3
	4.3	3.2

37. Group subsidiaries and undertakings

At 31 December 2015, the following companies were the Group's subsidiary undertakings and associates.

Principal subsidiary undertakings	Country of incorporation and operation	Principal activities	Issued ordinary shares, all voting
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%
PVM Oil Associates Limited	Bermuda Operating in England & Wales	Broking	100%
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 & Wales	Holding company	100%
TP Holdings Limited	England & Wales	Holding company	100%
Tullett Prebon Group Limited	England & Wales	Service company	100%
Tullett Prebon Investment Holdings Limited	England & Wales	Holding company	100%
Tullett Prebon (Europe) Limited	England & Wales	Broking	100%
Tullett Prebon (Securities) Limited	England & Wales	Broking	100%
Tullett Prebon (Equities) Limited	England & Wales	Broking	100%
PVM Oil Futures Limited	England & Wales	Broking	100%
Tullett Prebon Information Limited	Guernsey Operating in England & Wales	Information sales	100%
Tullett Prebon (Hong Kong) Limited	Hong Kong	Broking	100%
PT. Inti Tullett Prebon Indonesia	Indonesia	Broking	57.52%
Tullett Prebon ETP (Japan) Limited (formerly Tullett Prebon FXO (Japan) Limited)	Japan	Broking	100%
Tullett Prebon (Japan) Limited	Japan	Broking	100%
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%
PVM Oil Associates Pte. Ltd.	Singapore	Broking	100%
PVM Oil Futures Pte. Ltd.	Singapore	Broking	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%
PVM Oil Associates Inc.	USA	Broking	100%
PVM Oil Futures Inc.	USA	Broking	100%
Tullett Prebon Information Inc.	USA	Information sales	100%

Note:
(1) The Group's interest in the trading results is 90%.

37. Group subsidiaries and undertakings continued

Other subsidiary undertakings	Country of incorporation and operation	Principal activities	Issued ordinary shares, all voting
Fulton Prebon Holdings N.V.	Aruba	Dormant	100%
PVM Data Services GmbH	Austria	Information sales	100%
OTC Valuations Limited	Canada	Dormant	100%
Prebon Technology Services (Canada) Limited	Canada	Dormant	100%
PVM Oil Associates Canada Limited	Canada	Dormant	100%
M.W. Marshall (UK) Limited	England & Wales	Dormant	100%
Prebon Limited	England & Wales	Holding company	100%
Prebon Group Limited	England & Wales	Holding company	100%
Prebon Yamane International Limited	England & Wales	Service company	100%
PVM Oil Consultants Limited	England & Wales	Dormant	100%
Swardgreen Limited	England & Wales	Dormant	99.92%
Tullett Liberty (European Holdings) Limited	England & Wales	Dormant	100%
Tullett Liberty (Futures Holdings) Limited	England & Wales	Dormant	100%
Tullett Liberty (Power) Limited	England & Wales	Dormant	100%
Tullett Liberty (Securities Holdings) Limited	England & Wales	Dormant	100%
Tullett Liberty Brokerage Services (UK) Limited	England & Wales	Dormant	100%
Tullett Prebon (No.3) Limited	England & Wales	Financing	100%
Tullett Prebon (No.1)	England & Wales	Financing	100%
Tullett Prebon (Oil) Limited	England & Wales	Dormant	100%
Tullett Prebon (UK) Limited	England & Wales	Dormant	100%
Tullett Prebon Administration Limited	England & Wales	Dormant	100%
Tullett Prebon Information Limited	England & Wales	Dormant	100%
Tullett Prebon Latin America Holdings Limited	England & Wales	Holding company	100%
Tullett Liberty GmbH	Germany	Dormant	100%
Tullett Securities GmbH Deutschland	Germany	Dormant	100%
M.W. Marshall (Hong Kong) Limited	Hong Kong	Dormant	100%
Marshalls (London) Investment Limited	Hong Kong	Dormant	100%
Tullett Prebon Asia Group Limited	Hong Kong	Dormant	100%
M.W. Marshall (Overseas) Limited	Jersey	Holding company	100%
Prebon Marshall Yamane (C.I.) Ltd	Jersey	Dormant	100%
Gains International Infocom Holdings B.V.	Netherlands Operating in England & Wales	Dormant	100%
Prebon Holdings B.V.	Netherlands	Holding company	100%
Tullett Liberty B.V.	Netherlands Operating in England & Wales	Holding company	100%
Prebon (Singapore) Holdings Ltd	Singapore	Dormant	100%
Birdie Holdings I, LLC	USA	Dormant	100%
C&W Corporate Securities, LLC	USA	Dormant	100%
Chapdelaine Corporate Securities & Co.	USA	Dormant	100%

Other subsidiary undertakings	Country of incorporation and operation	Principal activities	Issued ordinary shares, all voting
Chapdelaine Tullett Prebon LLC	USA	Dormant	100%
M.W. Marshall Inc.	USA	Dormant	100%
MOAB Oil, Inc.	USA	Dormant	100%
Prebon Financial Products Inc.	USA	Dormant	100%
PVM Energy LLC	USA	Dormant	100%
Tullett Liberty Brokerage Inc.	USA	Dormant	100%

All the above subsidiary undertakings are owned indirectly, with the exception of Tullett Prebon Group Holdings plc and PVM Oil Associates Limited, which are owned directly. They all have a 31 December year end with the exception of Tullett Prebon (Japan) Limited which has a 31 March year end.

As at 31 December 2015, £1.7m (2014: £1.6m) is due to minority interests relating to those subsidiaries that are not wholly owned. Movement in minority interests is set out in Note 27(c). No individual minority interest is material to the Group. There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities relating to these subsidiaries.

Associates	Country of incorporation and operation	Principal activities	Issued ordinary shares, all voting
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%
Energy Curves LLC	USA	Broking	25%

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.

Company Balance sheet
as at 31 December 2015

	Notes	2015 £m	2014 £m
Fixed assets			
Investment in subsidiary undertakings	4	**1,077.2**	1,040.8
Current assets			
Cash and cash equivalents		**74.9**	30.9
Prepayments and accrued income		**3.1**	0.7
		78.0	31.6
Creditors: amounts falling due within one year			
Trade and other payables	5	**(18.4)**	(5.4)
Current tax liabilities		**(1.8)**	–
		(20.2)	(5.4)
Net current assets		**57.8**	26.2
Total assets less current liabilities		**1,135.0**	1,067.0
Creditors: amounts falling due after one year			
Interest bearing loans and borrowings	7	**(79.3)**	(79.1)
Other long term payables	6	**(6.4)**	(5.8)
		(85.7)	(84.9)
Net assets		**1,049.3**	982.1
Capital and reserves	8		
Share capital		**60.9**	60.9
Share premium		**17.1**	17.1
Merger reserve		**57.0**	57.0
Own shares		**(0.1)**	(0.1)
Profit and loss account		**914.4**	847.2
Total equity		**1,049.3**	982.1

The Financial Statements of Tullett Prebon plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 1 March 2016 and are signed on its behalf by

John Phizackerley
Chief Executive

Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Profit and loss account £m	Total equity £m
2015						
Balance at 1 January 2015	**60.9**	**17.1**	**57.0**	**(0.1)**	**847.2**	**982.1**
Profit for the year	**–**	**–**	**–**	**–**	**96.2**	**96.2**
Dividends paid	**–**	**–**	**–**	**–**	**(41.0)**	**(41.0)**
Credit arising on share-based awards	**–**	**–**	**–**	**–**	**12.0**	**12.0**
Balance at 31 December 2015	**60.9**	**17.1**	**57.0**	**(0.1)**	**914.4**	**1,049.3**
2014						
Balance at 1 January 2014	54.4	17.1	–	(0.1)	811.1	882.5
Profit for the year	–	–	–	–	71.6	71.6
Dividends paid	–	–	–	–	(36.7)	(36.7)
Credit arising on share-based awards	–	–	–	–	1.2	1.2
Issue of ordinary shares	6.5	–	58.4	–	–	64.9
Share issue costs	–	–	(1.4)	–	–	(1.4)
Balance at 31 December 2014	60.9	17.1	57.0	(0.1)	847.2	982.1

Notes to the Financial Statements
for the year ended 31 December 2015

1. Basis of preparation
Following the publication of FRS 100 'Application of Financial Reporting Requirements' by the Financial Reporting Council, the Company has changed its accounting framework for its entity financial statements for the year ended 31 December 2015. The Directors considered, and no shareholders objected, that it was in the best interest of the Company to adopt FRS 101 'Reduced Disclosure Framework'. No disclosures previously made in the Company's financial statements are omitted on the adoption of FRS 101.

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 37 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.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

2. Significant accounting policies
The principal accounting policies adopted are the same as those set out in Note 3 to the Consolidated Financial Statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

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'.

The Company is the sponsor of the Tullett Prebon plc Employee Benefit Trust 2007 and applies the 'look-through' approach to the Trust's assets, liabilities and results which are included as part of the Company.

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. The Company reported a profit for the financial year ended 31 December 2015 of £96.2m (2014: £71.6m).

The auditor's remuneration for audit and other services is disclosed in Note 6 to the consolidated financial statements.

4. Investments in subsidiary undertakings

	2015 £m	2014 £m
Cost		
At 1 January	**1,040.8**	957.6
Capital contribution arising on share-based awards	**12.0**	1.2
Increase in investment in subsidiary undertaking	**24.4**	11.3
Acquisition of subsidiary	**–**	70.7
At 31 December	**1,077.2**	1,040.8

The acquisition in 2014 was of PVM Oil Associates Limited ('PVM'). The Company issued 25.8m shares with a fair value of £64.9m to acquire 100% of the share capital of PVM. Further deferred consideration with an estimated fair value of £5.8m, payable in shares or cash at the Company's discretion, is payable in 2017.

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in Note 37 to the Consolidated Financial Statements.

5. Trade and other payables

	2015 £m	2014 £m
Amounts falling due within one year		
Accruals and deferred income	**5.1**	2.6
Amounts due to Group undertakings	**13.3**	2.8
	18.4	5.4

6. Other long term payables

	2015 £m	2014 £m
Amounts falling due after one year		
Deferred consideration	**6.4**	5.8
	6.4	5.8

7. Interest bearing loans and deposits

Sterling Notes: Due June 2019

In 2012 the Company issued 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 2015, the carrying value of Sterling Notes due 2019, together with unamortised transaction costs, amounted to £79.3m (2014: £79.1m) and their fair value was £81.7m (2014: £82.4m).

8. Share capital and reserves

	2015 No.	2014 No.
Allotted, issued and fully paid		
Ordinary shares of 25p	**243,516,227**	243,516,227

	2015 £m	2014 £m
Allotted, issued and fully paid		
Ordinary shares of 25p	**60.9**	60.9

25,776,523 ordinary shares were issued on 26 November 2014 with a fair value of £64.9m in connection with the acquisition of PVM Oil Associates Limited.

Descriptions of the merger reserve and own shares, together with the movements in those reserves, are disclosed in Note 27 to the Consolidated Financial Statements.

As at 31 December 2015 the Company's distributable reserves amounted to £914.4m (2014: £847.2m).

Shareholder Information

Financial calendar for 2016

28 April
Ex-dividend Date

29 April
Dividend Record Date

12 May (2.00pm)
Annual General Meeting

19 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.

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Registrar
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The Registry
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* Calls cost 12p per minute plus your phone company's access charge. From overseas +44 20 8639 3399 calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00am – 5.30pm, Monday to Friday excluding public holidays in England and Wales.

To access and maintain your shareholding online: www.capitashareportal.com

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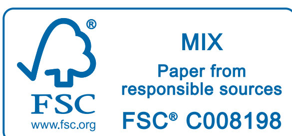
Tullett Prebon plc is a company incorporated and registered in England and Wales with number 5807599



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