

**Prebon Marshall Yamane (UK) Limited**

**Report and Accounts**

**Year ended 31 March 2004**

**Registered Number: 1908771**



LD3  
COMPANIES HOUSE

\*LRGUX14G\*

0352  
13/01/05

**Prebon Marshall Yamane (UK) Limited**  
Report and Accounts  
Year ended 31 March 2004

<b>Page</b>	<b>Contents</b>
2	Directors
3 - 4	Chief Executive's Report
5 - 6	Directors' Report
7	Auditors' Report
8	Profit and Loss Account
9	Balance Sheet
10 - 18	Notes to the Accounts

**Prebon Marshall Yamane (UK) Limited**

Report and Accounts  
Year ended 31 March 2004

**Directors**

A M Hughes  
P M Keenan  
G R Mayhill  
C D Reed  
A N Verrier

**Secretary**

J M Dearlove

**Registered Office**

Hill House  
Heron Square  
Richmond  
Surrey  
TW9 1EP

**Auditors**

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

## Chief Executive's Report

It gives me great pleasure to report a very successful year to 31 March 2004 for the Company, which achieved record revenues for the period.

With annual revenues of £101.7m, the Company achieved a significant 14.8% or £13.1m growth in revenues over the last fiscal year compared to an overall 5.7% growth in the previous year.

The Company now operates more than 50 broking desks, most of which are performing in-line with or exceeding expectations. All broking divisions contributed to this successful performance. Moreover, a number of strategic initiatives enabled the Company to leverage existing market conditions and achieve impressive growth rates and market share gains across a range of key products.

The Forwards Division as a whole achieved record results and grew revenues by more than 30% and increased marginal profits by 26%. Desks contributing to this success included Asian Non Deliverable Forwards ('NDF'), Forward Asia, Forward Euro and Forward Sterling. The NDF desk consolidated its strong market position by deploying a successful recruitment strategy and capitalising on the core strength of the Asian NDF desk. The Arbitrage desk achieved record revenues for the last six months of the year.

Fixed Income and Securities revenues were up 11% for the year. Significant performances in Asset Backed Securities and Credit resulted in revenue growth in excess of 100% coupled with a strong market share. In European Repos and Gilt Repos, we held market share and grew revenues by 11% in an increasingly competitive environment. The Company also continued to establish itself as a strong broker in Equity Derivatives.

The overall performance of the Derivatives division, which represents 23% of the Company's revenues was in line with market growth. The Euro, GBP, and USD desks all either maintained or increased their market shares over the last six months of the financial year and the Company is now widely regarded as the premier broker in Overnight Index Swaps and Short Swaps. The European Medium ('MSW') and Short Swaps desks recorded revenue growth of 47.4% and 33.6% respectively while the Interest Rate Options desk recorded a 17.5% growth. We continue to focus on improving market liquidity through critical hiring to fill voids in certain areas of European MSW and Sterling Off Balance Sheet.

The Non-Banking Division maintained its strong performance by achieving a 16% growth in revenues with improved margins. The division continued to provide valuable brokerage services for its unique client base.

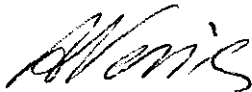
Energy revenues for the year were up by 51% as the group consolidated its European Energy operations in London. Despite slow market conditions in the second half of the year, the Company maintained its market share in Gas Prompt, UK Power and European Power. The new Mogas desk has also helped to increase our revenue stream. More recently, we have put new teams in place and have made strategic hires to broke Brent Swaps, and Liquid Petroleum Gas.

The Company's operating profit of £4.0m (before Prebon Technology Group ('PTG') development cost of £2.0m) reflected an improvement in margins despite significant investments in new desks and products to build future revenues. Examples of new investments include Tri-party Repo, Mogas, High Yield Bonds, Petrochemicals, Base Metals and in particular our high profile entry to the Credit Derivatives market. We are encouraged by the performance of these new teams and expect to show good growth from these initiatives.

**Chief Executive's Report *continued***

During the year, the Company expensed £2.0m of PTG development cost. Development initiatives enabled the company to address the needs of its clients by building an infrastructure to provide them with Straight Through Processing ('STP') solutions. Continued technology investment is paying dividends by enabling the Company to substantially increase its product range and transaction volume, whilst reducing the number of support staff over the same period.

The Company continues to remain one of the leading inter-dealer brokers in the market place. Our focus continues to be on growth, innovation and providing our clients with the best broking services. We are now in a strong market position and well placed to face the challenges of the new financial year.



Tony Verrier  
Chief Executive Officer

## **Directors' Report**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2004.

### **Principal Activities**

The principal activity of the Company is that of a broker in the wholesale money, foreign exchange, securities and energy markets, providing services to banks, other financial institutions, local authorities and corporate clients. The majority of the business is transacted in the UK.

### **Likely Future Developments**

It is expected that the activities and operation of the Company will continue as set out in the Chief Executive's Report.

### **Results and dividends**

The profit on ordinary activities after taxation for the year was £805,000 (2003: loss £629,000).

The directors do not recommend payment of a dividend (2003: £nil).

### **Employment policy**

The Company gives full and fair consideration to applications for employment of disabled persons and gives those disabled persons in employment opportunities for training, career development and promotion consistent with their capabilities.

The Company consults with employees by means of regular meetings at manager level and above, and the opportunity for individuals directly to communicate with senior staff and directors is also available.

### **Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

**Directors' Report *continued***

**Directors and their interests**

The directors of the Company during the year were as follows:

A M Hughes

P M Keenan

G R Mayhill

S D Plunkett - resigned 19 June 2003

C D Reed

A N Verrier

No director had any interest in the issued share capital of the Company.

A M Hughes and P M Keenan were also directors of the ultimate holding company, FPG Holdings Limited, and details of their interests in that company are disclosed in its financial statements.

There were no contracts of significance to which the Company, its fellow subsidiary undertakings or its holding company, was a party and in which a director had a material interest, whether directly or indirectly, as at the end of the year or at any time during the year.

**Auditors**

The Company has elected pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually and PricewaterhouseCoopers LLP, having indicated their willingness to do so, will therefore continue in office as auditors.

By Order of the Board



J M Dearlove  
*Secretary*

25 June 2004

**Independent auditors' report to the members of  
Prebon Marshall Yamane (UK) Limited**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving our opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the financial statements. The other information comprises the directors' report, and the chief executive's report.

**Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
25 June 2004

**Prebon Marshall Yamane (UK) Limited**

Year ended 31 March 2004

**Profit And Loss Account**

	Note	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Turnover	3	101,737	88,581
Administrative expenses	5	<u>(99,690)</u>	<u>(88,959)</u>
Operating profit/(loss)		2,047	(378)
Interest receivable	8	<u>34</u>	<u>9</u>
Profit/(loss) on ordinary activities before taxation	4,5	2,081	(369)
Taxation	9	<u>(1,276)</u>	<u>(260)</u>
Profit/(loss) on ordinary activities after taxation transferred to/(from) reserves	15	<u>805</u>	<u>(629)</u>

There were no recognised gains or losses in the financial year other than those shown above.

The results above are in respect of continuing operations.


The notes on pages 10 to 18 form an integral part of these accounts.

**Prebon Marshall Yamane (UK) Limited**

As at 31 March 2004

<b>Balance Sheet</b>		<b>31 March 2004 £'000</b>	<b>31 March 2003 £'000</b>
	<b>Note</b>		
<b>Intangible assets</b>			
Goodwill	10	351	674
<b>Current assets</b>			
Debtors	11	20,331	16,062
Cash at bank and in hand		<u>1,000</u>	<u>814</u>
		<u>21,331</u>	<u>16,876</u>
<b>Creditors (amounts falling due within one year)</b>	12	<u>(4,471)</u>	<u>(1,139)</u>
<b>Net current assets</b>		<u>16,860</u>	<u>15,737</u>
<b>Total assets less current assets</b>		17,211	16,411
<b>Provisions for liabilities and charges</b>	13	<u>(45)</u>	<u>(50)</u>
<b>Net assets</b>		<u>17,166</u>	<u>16,361</u>
<b>Capital and reserves</b>			
Called up share capital	14	27,500	27,500
Share premium account	15	21	21
Profit and loss account	15	<u>(10,355)</u>	<u>(11,160)</u>
<b>Total equity shareholders' funds</b>	16	<u>17,166</u>	<u>16,361</u>

Approved by the board on 25 June 2004  
and signed on their behalf by:



A N Verrier – Director

The notes on pages 10 to 18 form part of these financial statements

**Notes to the Financial Statements**

**1 Accounting policies**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Turnover**

Turnover from money broking activities represents brokerage commission net of discounts and return brokerage. The Company follows market practice and takes credit for brokerage commission at the time the deal is negotiated.

**Foreign currency**

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

**Goodwill**

Purchased goodwill, being the difference between the purchase consideration and the fair value of net assets acquired, is amortised over the period during which the Directors expect the values of the underlying businesses acquired to exceed the value of the underlying assets, in accordance with FRS10, *Goodwill and Intangible Assets*.

**Deferred taxation**

Deferred tax is recognised as an asset or a liability if transactions have occurred at the balance sheet date that give rise to a right to pay less taxation in the future or an obligation to pay more taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities which are recognised are not discounted.

**Pensions**

Contributions to the defined contribution pension schemes are charged against profits in the period in which they arise.

Contributions to the defined benefit scheme are charged against profits so as to spread the cost of pensions over employees' estimated working lives with the Company.

In November 2000, Financial Reporting Standard 17 'Retirement Benefits' was issued and will be fully implemented by the Company in 2005/6. The transitional disclosure requirements of this standard have been adopted in these financial statements. There is no impact on the reported figures.

**Debt provisioning**

Provisions are made to specific debts when it is considered that potential recovery of all or part of the debt is in doubt. An assessment of the recovery made is based upon aging of the debt.

**2 Cash flow statement and related parties**

As the Company is a wholly owned subsidiary undertaking of a parent company registered in England and Wales which prepares a consolidated cash flow statement, it is not required to present a cash flow statement in these accounts as allowed under the provisions of FRS1 (Revised), *Cash flow statements*.

The Company has taken advantage of the exemption granted to wholly owned and controlled subsidiary undertakings by FRS8, *Related Party Disclosures*, not to disclose related party transactions with members of the Group or associates of other group members.

Notes to the Financial Statements *continued***3 Segmental Reporting**

All the Company's turnover and profit before taxation arose from money broking activities. The accounts do not include an analysis of turnover, profit before tax and net assets by geographical market as, in the directors' opinion, this would be seriously prejudicial to the commercial interests of the Company.

**4 Profit/(loss) on ordinary activities before taxation**

Profit/(loss) on ordinary activities before taxation is stated after charging:-

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Amortisation of goodwill	323	297
Exchange loss on foreign currency debtors	297	4
Auditors' remuneration - audit	50	50
- non audit	257	-

A service charge is payable by the Company to a fellow group company, Prebon Administration Limited, for the year ended 31 March 2004 for operating expenses relating to the Company's business.

**5 Exceptional item**

During the year a settlement was reached with HM Customs and Excise regarding a claim by the Company for VAT reimbursement. The income included within administrative expenses in the profit and loss account is as follows:

	£'000
Repayment of principal	991
Interest	1,584
Professional fees	(257)
	<u>2,318</u>

**6 Staff costs**

The Company employs a number of staff who are seconded full-time to a fellow subsidiary undertaking. The analysis below excludes the costs and numbers of these employees.

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Wages and salaries	59,429	50,493
Social Security costs	4,159	3,575
Other pension costs	116	7
	<u>63,704</u>	<u>54,075</u>
	<b>Number</b>	<b>Number</b>
Average number of employees	<u>370</u>	<u>355</u>

Notes to the Financial Statements *continued*

## 7 Directors Emoluments

	Year ended 31 March 2004	Year ended 31 March 2003
Directors' remuneration in respect of services as directors was as follows:		
	£'000	£'000
Emoluments, salary and bonuses	1,071	1,128
Pension contributions to money purchase schemes	8	23
	<u>1,079</u>	<u>1,151</u>

Retirement benefits are accruing to two directors (2003: two directors) under a money purchase scheme.

None of the directors held any options in the shares of the company.

	£'000	£'000
Highest paid director:		
Emoluments, salary and bonuses	665	716
Pension contributions to money purchase schemes	5	5

## 8 Interest receivable

	Year ended 31 March 2004	Year ended 31 March 2003
	£'000	£'000
Other interest receivable	<u>34</u>	<u>9</u>

## 9 Taxation

	Year ended 31 March 2004	Year ended 31 March 2003
	£'000	£'000
Current tax:		
UK corporation tax on profit/(loss) of the period	1,281	581
Adjustments in respect of previous periods	-	(371)
Total current tax	<u>1,281</u>	<u>210</u>
Deferred tax:		
Origination of timing differences	<u>(5)</u>	<u>50</u>
Tax on profit/(loss) on ordinary activities	<u>1,276</u>	<u>260</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 31 March 2004	Year ended 31 March 2003
	£'000	£'000
Profit/(loss) on ordinary activities before tax	2,081	(369)
Profit/(loss) on ordinary activities multiplied by standard rate in the UK	624	(110)
Effects of:		
Deferred tax movement	-	(132)
Expenses not deductible for tax purposes	659	823
Timing differences	(2)	-
Adjustments in respect of previous periods	-	(371)
Current tax charge for the period	<u>1,281</u>	<u>210</u>

Notes to the Financial Statements *continued*

## 10 Intangible assets

	£'000
<b>Cost</b>	
At 31 March 2003 and 31 March 2004	<u>971</u>
<b>Amortisation</b>	
At 31 March 2003	297
Charge for the year	<u>323</u>
At 31 March 2004	<u>620</u>
<b>Net book value at 31 March 2004</b>	<u>351</u>
Net book value at 31 March 2003	<u>674</u>

Intangible assets represent goodwill arising on acquisitions. During the year ended 31 March 2003 the Company purchased the East European Swaps desk of Cedef Assets Limited, creating goodwill of £971,000. This goodwill is being written off over three years.

## 11 Debtors

	31 March 2004 £'000	31 March 2003 £'000
Trade debtors	14,804	12,258
Amounts due from fellow subsidiary undertakings	2,776	3,637
Prepayments and accrued income	<u>2,751</u>	<u>167</u>
	<u>20,331</u>	<u>16,062</u>

## 12 Creditors (amounts falling due within one year)

	31 March 2004 £'000	31 March 2003 £'000
Trade creditors	58	150
Amounts owed to fellow subsidiary undertakings	<u>4,413</u>	<u>989</u>
	<u>4,471</u>	<u>1,139</u>

## 13 Provisions for liabilities and charges

	31 March 2004 £'000	31 March 2003 £'000
<b>Provision for deferred tax</b>		
Timing difference in respect of pension prepayment	<u>45</u>	<u>50</u>
	<u>45</u>	<u>50</u>
Provision at start of period	50	
Deferred tax credit in the profit and loss account for period (note 9)	<u>(5)</u>	
Provision at end of period	<u>45</u>	

Notes to the Financial Statements *continued*

## 14 Called up share capital

	31 March 2004 £'000	31 March 2003 £'000
Authorised: 300,000,000 (2003: 300,000,000) ordinary shares of 10p each	<u>30,000</u>	<u>30,000</u>
Issued and fully paid: 275,000,000 (2003: 275,000,000) ordinary shares of 10p each	<u>27,500</u>	<u>27,500</u>

## 15 Reserves

	£'000 Share premium account	£'000 Profit and loss account
At 1 April 2003	21	(11,160)
Retained profit for the year	-	805
At 31 March 2004	<u>21</u>	<u>(10,355)</u>

## 16 Reconciliation of movements in equity shareholders' funds

	31 March 2004 £'000	31 March 2003 £'000
Opening equity shareholders' funds	16,361	15,990
Profit/(loss) on ordinary activities after taxation	805	(629)
Shares issued in period	<u>-</u>	<u>1,000</u>
	805	371
Closing equity shareholders' funds	<u>17,166</u>	<u>16,361</u>

## 17 Pensions

The Company operates a funded pension scheme providing benefits based on final pensionable pay, and a number of defined contribution pension schemes. The assets of all schemes are held separately from those of the Company.

Contributions to the defined contribution pension schemes are charged to the profit and loss account as they fall due. During the year contributions by the Company to the defined contribution schemes amounted to £107,615 (2003: £155,474).

## Notes to the Financial Statements continued

## 17 Pensions (continued)

Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' estimated working lives with the Company. The contributions are determined by a qualified actuary on the basis of regular actuarial valuations using the attained age method. The most recent formal valuation was as at 1 January 2001 and this valuation has also been used for SSAP 24 purposes. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 7% per annum prior to retirement and 5% per annum after retirement, that salary increases would average 5% per annum and that pensions would increase at the rates required by legislation. In particular, Guaranteed Minimum Pension accrued after 5 April 1998 is assumed to increase at 3% per annum and pension accrued after 5 April 1997 is also assumed to increase at 3% per annum.

The most recent actuarial valuation of the defined benefit scheme showed that the market value of the scheme's assets was £4.4 million and that the actuarial value of those assets represented 105% of the benefits that had accrued to members, after allowing for expected future increases in Pensionable Salaries.

On a discontinuance valuation, the assets were sufficient at the date of the last formal valuation to cover discontinuance liabilities as measured by payments of cash equivalent transfer values.

The pension cost of the defined benefit scheme over the year to 31 March 2004 amounted to £8,880 (2003: £12,555). Contributions by the Company to the defined benefit scheme amounted to £16,445 (2003: £19,019). The excess of the contributions paid over the pension cost results in a prepayment of £174,771 as at 31 March 2004 (31 March 2003: £167,206). This prepayment has been recognised as an asset and included within debtors.

The additional disclosures required in respect of the defined benefit scheme under FRS 17 are set out below.

An actuarial calculation of the pension scheme was carried out at 31 March 2004 by HSBC, consulting actuaries. The major assumptions used by the actuary were:

	At 31 March 2004	At 31 March 2003	At 31 March 2002
Rate of increase in salaries	4.0% pa	4.0% pa	4.5% pa
Rate of increase of pensions in payment;			
Pre 88 GMP	Nil	Nil	Nil
Post 88 GMP	2.75% pa	2.75% pa	3% pa
Pre 97 Excess	Nil	Nil	Nil
Post 97	2.75% pa	2.75% pa	3% pa
Rate of revaluation of deferred pensions	2.75% pa	2.75% pa	3% pa
Discount rate	5.5% pa	5.5% pa	6% pa
Inflation assumption	2.75% pa	2.75% pa	3% pa

Notes to the Financial Statements *continued*

## 17 Pensions (continued)

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2004 (per annum)	Value at 31 March 2004 £'000	Long-term rate of return expected at 31 March 2003 (per annum)	Value at 31 March 2003 £'000	Long-term rate of Return expected at 31 March 2002 (per annum)	Value at 31 March 2002 £'000
Equities	7%	3,452	7%	2,454	7.5%	3,392
Corporate and Overseas Bonds	5.5%	220	5.5%	320	6%	468
Government Bonds	4.75%	304	4.5%	370	6%	298
Other	4%	56	4%	137	4%	113
Total market value of assets		4,032		3,281		4,271
Present value of scheme liabilities		6,293		5,933		5,011
(Liability) in the scheme		(2,261)		(2,652)		(740)
Related deferred tax asset		Nil		Nil		Nil
Net pension (liability)		(2,261)		(2,652)		(740)

The current agreement as regards contribution rates is described in the Schedule of Contributions dated 22 August 2001. The agreed Company contribution rate is 14.3% of Pensionable Salaries per annum together with the expenses of running the Scheme and the costs of death-in-service benefits.

The effects of the FRS 17 pension liability on the net assets and reserves of the Company are as set out below:

	At 31 March 2004 £'000	At 31 March 2003 £'000
<b>Net assets</b>		
Net assets	17,166	16,361
Reversal of SSAP 24 prepayment and related deferred tax liability	(130)	(117)
Pensions liability under FRS 17	(2,261)	(2,652)
<b>Net assets including net pension liability under FRS 17</b>	<b>14,775</b>	<b>13,592</b>
<b>Reserves</b>		
Profit and loss reserve	(10,355)	(11,160)
Reversal of SSAP 24 prepayment and related deferred tax liability	(130)	(117)
Pension reserve under FRS 17	(2,261)	(2,652)
<b>Profit and loss reserve including net pension reserve under FRS 17</b>	<b>(12,746)</b>	<b>(13,929)</b>

Notes to the Financial Statements *continued***17 Pensions (continued)**

The following amounts would have been recognised in the financial statements in the period ended 31 March 2004 under the requirements of FRS17:

	Year ended 31 March 2004	Year ended 31 March 2003
	£'000	£'000
<b>Components of pension cost for the period:</b>		
Current service cost	35	38
Past service cost	-	-
<b>Total charge to operating profit/(loss)</b>	<b>35</b>	<b>38</b>
<b>Analysis of the amount credited to other finance income:</b>		
Expected return on pension scheme assets	211	303
Interest on pension scheme liabilities	(326)	(300)
<b>Net return</b>	<b>(115)</b>	<b>3</b>
<b>Analysis of amount recognised in the Statement of Total Recognised Gain and losses:</b>		
Actual return less expected return on pension scheme assets	561	(1,250)
Experience gains and losses arising on the scheme liabilities	(49)	44
Changes in assumptions underlying the present value of the scheme liabilities	-	(702)
<b>Actuarial gain/(loss) recognised in the STRGL</b>	<b>512</b>	<b>(1,908)</b>
<b>Movement in (deficit) during the year:</b>		
(Deficit) at start of the year	(2,652)	(740)
Employer's current service cost	(35)	(38)
Employer's contributions	29	31
Other finance income	(115)	3
Actuarial gain/(loss)	512	(1,908)
Movement in deferred tax asset	-	-
<b>Deficit at end of the year</b>	<b>(2,261)</b>	<b>(2,652)</b>
A history of experience gains and losses to 31 March 2004 is as follows:		
<b>Difference between the expected and actual return on scheme assets:</b>		
Amount	561	(1,250)
Percentage of scheme assets	14%	38%
<b>Experience gains on scheme liabilities:</b>		
Amount	(49)	44
Percentage of the present value of scheme liabilities	1%	1%
<b>Total amount recognised in the Statement of Total Recognised Gains and Losses:</b>		
Amount	512	(1,908)
Percentage of the present value of scheme liabilities	8%	32%

**Notes to the Financial Statements *continued***

**18 Related party transactions**

The Company and Prebon Technology Group (comprised of Prebon Technology Group Limited and its subsidiaries) are under common ownership with one common director.

During the year Prebon Technology Group, a related party, provided IT and communications support services to the Company at a cost of £8,134,000 (2003: £7,619,000).

**19 Ultimate holding company**

At 31 March 2004 and throughout the year then ended, the ultimate holding company was FPG Holdings Limited ("FPGH"), a company registered in England and Wales. FPGH is the parent undertaking of the largest group of companies and Prebon Group Limited is the parent undertaking of the smallest group of companies for which group financial statements are drawn up and of which the Company is a member. Copies of these financial statements can be obtained from the Company Secretary, Prebon Group Limited, Hill House, Heron Square, Richmond, Surrey TW9 1EP.