

FULTON PREBON GROUP LIMITED

Report and Financial Statements
31 December 2007

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FULTON PREBON GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 2007

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4)(a) of the Companies Act 1985

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £4,189,000 (2006 £805,000) and will be transferred from reserves

The directors do not recommend payment of a dividend (2006 nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of Tullett Prebon plc and acts as an investment holding company for a number of international money, securities and commodities broking subsidiaries

There have not been any significant changes in the Company's principal activities in the year under review and the directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks which the Company faces in its day to day operations can broadly be categorised as credit, operational and reputation risk

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

ENVIRONMENTAL POLICY

The nature of the Company's activities is such that it has a minimal direct effect on the environment. However, management have agreed to adopt Group policies to safeguard the environment to meet statutory requirements or where such policies are commercially sensible

DIRECTORS

The following directors held office during the year

P R Mainwaring

D A Holmes (resigned 31 July 2007)

A K Evans (appointed 31 July 2007)

B C B Ward (appointed 1 November 2007)

R B Stevens was appointed a director of the Company on 1 April 2008

FULTON PREBON GROUP LIMITED

DIRECTORS' REPORT

AUDITORS

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 auditors are 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 auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Pursuant to s386 of the Companies Act 1985, an elective resolution was passed on 31 July 1992 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche LLP are deemed to continue as auditors.

Signed on behalf of the Board of Directors



M T de Freitas
Company Secretary

Date 22/05/08

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

Registered No
2637272

FULTON PREBON GROUP LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULTON PREBON GROUP LIMITED

We have audited the financial statements of Fulton Prebon Group Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

Date *22 May 2008*

FULTON PREBON GROUP LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Other administration expenses		(12)	-
Other operating income	3	527	2,693
OPERATING PROFIT	2	515	2,693
Interest receivable and similar income	4	6,097	6,132
Interest payable and similar charges	5	(12,493)	(10,095)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,881)	(1,270)
Tax credit on loss on ordinary activities	6	1,692	465
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(4,189)	(805)

Profit for the current and preceding year result solely from continuing operations

The company had no recognised gains or losses other than the losses for the current and preceding year. Accordingly, no separate statement of total recognised gains and losses is presented.

FULTON PREBON GROUP LIMITED

BALANCE SHEET as at 31 December 2007

	Notes	2007 £000	2006 £000
FIXED ASSETS			
Investments	7	857	275
		<u>857</u>	<u>275</u>
CURRENT ASSETS			
Debtors due within one year	8	40,302	39,373
due after one year	8	53,105	60,538
		<u>93,407</u>	<u>99,911</u>
CREDITORS amounts falling due within one year	10	(57,967)	(29,459)
NET CURRENT ASSETS		<u>35,440</u>	<u>70,452</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>36,297</u>	<u>70,727</u>
CREDITORS amounts falling due after more than one year	11	(89,049)	(119,290)
NET LIABILITIES		<u>(52,752)</u>	<u>(48,563)</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account	13	(52,752)	(48,563)
EQUITY SHAREHOLDERS' DEFICIT		<u>(52,752)</u>	<u>(48,563)</u>

The financial statements were approved by the Board of Directors on **22** May 2008

Signed on behalf of the Board of Directors



A K Evans
Director

FULTON PREBON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2007

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Group accounts

The Company is exempt from the obligation to prepare and deliver group accounts. It is a wholly-owned subsidiary of Tullett Prebon plc, a company registered in England and Wales.

Fixed asset investments

Fixed asset investments, including investments in subsidiaries, are shown at cost less provision for impairment.

Cash flow statement

The Company is exempt from reporting a cash flow statement in accordance with FRS 1 Cash Flow Statements (Revised 1996), as the Company is a wholly-owned subsidiary of Tullett Prebon plc, which is registered in England and Wales and which prepares group financial statements which are publicly available.

Foreign currencies

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

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

Taxation

Corporation tax payable is provided on taxable profits at the rate applicable at the balance sheet date.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those that are included in the financial statements. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Related party transactions

The Company has taken advantage of reporting exemptions in accordance with FRS 8 Related Party Transactions, since it is a subsidiary of a group where greater than 90% of the voting rights are controlled within the group and the group's parent financial statements are publicly available.

FULTON PREBON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2007

2. OPERATING PROFIT

The operating loss is stated after charging

	2007 £000	2006 £000
Foreign exchange gain	527	2,649

A material proportion of the Company's expenditure, including auditors' remuneration of £5,000 (2006 £4,000) in respect of audit work is incurred by Tullett Prebon Administration Limited

The Company had no employees during the year (2006 nil)

The Directors did not receive any remuneration for their services to the Company on 2007 (2006 £nil)

3. OTHER OPERATING INCOME

	2007 £000	2006 £000
Foreign exchange gains	527	2,649
Other	-	44
	527	2,693

Other income in 2006 is the proceeds from liquidation of Prebon Yamane (Czech Republic) S R O

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £000	2006 £000
Group interest receivable	6,086	6,132
Other interest receivable	11	-
	6,097	6,132

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £000	2006 £000
Group interest payable	12,493	10,095

FULTON PREBON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2007

6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2007 £000	2006 £000
Current tax		
UK Corporation tax credit	(1,761)	(401)
Adjustment to tax in respect of previous periods	(100)	14
Foreign tax	69	22
	<u>(1,792)</u>	<u>(365)</u>
Deferred tax		
Origination of timing differences	100	(100)
Tax credit on loss on ordinary activities	<u>(1,692)</u>	<u>(465)</u>

Factors affecting the current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	2007 £000	2006 £000
Loss on ordinary activities before tax	<u>(5,881)</u>	<u>(1,270)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in UK	(1,764)	(381)
Expenses disallowed for tax purposes	4	-
Overseas income taxed at a lower rate	68	15
Non-taxable gain	-	(13)
Adjustment to tax in respect of previous periods	(100)	14
Tax credit on ordinary activities for the year	<u>(1,792)</u>	<u>(365)</u>

7. FIXED ASSET INVESTMENTS

	<i>Subsidiary undertakings £000</i>
Cost and net book value	
At 31 December 2006	275
Additions	582
At 31 December 2007	<u>857</u>

During the year, as part of a larger restructuring exercise, the Company acquired 582,038 £1 preference shares in Prebon Yamane International Limited from Yamane Prebon Co Ltd in exchange for which Prebon Yamane International Limited transferred its holding of 2000 shares in Prebon Co Ltd to Central Tanshi Co , Ltd

<i>Company</i>	<i>Business</i>	<i>Country of incorporation</i>	<i>% held</i>
Prebon Investments Limited	Holding company	England	100%
Prebon Yamane International Limited	Holding company	England	100%

FULTON PREBON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2007

8 DEBTORS

	2007	2006
	£000	£000
Amounts owed by group undertakings payable in less than one year	38,441	39,251
payable in more than one year	53,105	60,538
Tax receivable	1,861	22
Deferred tax asset (note 9)	-	100
	<u>93,407</u>	<u>99,911</u>

9. DEFERRED TAX ASSET

	2007	2006
	£000	£000
Deferred tax asset comprises		
Other timing differences	100	100
Deferred tax asset	<u>100</u>	<u>100</u>

Movements during the year

At 1 January	100	-
(Charged)/credited to profit and loss account	(100)	100
At 31 December	<u>-</u>	<u>100</u>

10 CREDITORS. amounts falling due within one year

	2007	2006
	£000	£000
Amount owed to group undertakings	<u>57,967</u>	<u>29,459</u>

11 CREDITORS: amounts falling due after more than one year

	2007	2006
	£000	£000
Amount owed to group undertaking	<u>89,049</u>	<u>119,290</u>

FULTON PREBON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2007

12. SHARE CAPITAL

	2007	2006
	£	£
Authorised		
1,000 ordinary shares of 10p each	100	100
143 deferred ordinary shares of 10p each	14	14
176 convertible shares of 10p each	18	18
	<u>132</u>	<u>132</u>
	£	£
Allotted, called up and fully paid		
1,000 ordinary shares of 10p each	100	100
143 deferred ordinary shares of 10p each	14	14
176 convertible shares of 10p each	18	18
	<u>132</u>	<u>132</u>

The Company's share classes have the following rights attaching

Upon a return of capital on liquidation or otherwise, the holder of each class shall receive an amount equal to the face value of the shares held by them. Any remaining assets shall be distributed amongst the ordinary shareholders.

Holders of convertible shares shall be entitled to receive a dividend of 1p per convertible share on every £1,000 of dividends paid with respect to the ordinary shares. The convertible shares do not carry the right to vote at a General Meeting. All conversion rights have now passed.

Holders of deferred shares are not entitled to receive a dividend. Each deferred share confers the right to exercise one vote at a General Meeting of the Company.

The Company may redeem the deferred ordinary and convertible shares.

FULTON PREBON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2007

13. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>Share Capital £000</i>	<i>Profit and loss account £000</i>	<i>Total equity shareholders' funds £000</i>
At 1 January 2006	-	(47,758)	(47,758)
Loss for the year	-	(805)	(805)
At 1 January 2007	-	(48,563)	(48,563)
Loss for the year	-	(4,189)	(4,189)
At 31 December 2007	-	(52,752)	(52,752)

14. FINANCIAL SUPPORT

The directors of Tullett Prebon Group Limited have confirmed their intention to ensure that sufficient financial resources are available to the Company to enable it to satisfy its liabilities as they fall due for at least a year from the date of approval of these financial statements

15. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Prebon Group Limited

The Company's ultimate parent undertaking and controlling party is Tullett Prebon plc

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

Copies of Tullett Prebon plc Group financial statements are available from the registered office Tower 42, Level 37, 25 Old Broad Street, London EC2N 1HQ (correspondence address Level 3, 155 Bishopsgate, London EC2M 3TQ)