

TULLETT PREBON (SECURITIES) LIMITED

Report and Financial Statements
31 December 2010

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TULLETT PREBON (SECURITIES) LIMITED

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 2010

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £25,585,000 (2009 £31,573,000) and will be transferred to reserves

The directors paid dividends in 2010 amounting to £28,000,000 (2009 £26,000,000) comprising of £10,000,000 paid 12 March 2010 and £18,000,000 paid 20 August 2010. The directors do not recommend payment of a final dividend

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of Tullett Prebon plc, operating as part of the Group's European inter-dealer broker ("IDB") business.

The Company is a corporate member of The International Capital Markets Association, Eurex, Euronext Paris, Euronext Liffe, Euronext Amsterdam, European Climate Exchange and the European Energy Exchange. It is authorised and regulated by the Financial Services Authority

The Company's principal activity during the year continued to be that of an IDB. 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

The Company continues to hire new brokers to enhance its capabilities in certain product areas and to seek out new areas to develop its product offering in the wholesale financial markets

As shown in the Company's profit and loss account on page 6, the Company's revenue has decreased by 7.4% over the prior year to £159,426,000. The Company's operating profit for the year ended 31 December 2010 was £36,824,000, a £8,221,000 decrease over 2009. This equates to an operating margin of 23.1% for the business compared with the 26.2% achieved in 2009

The balance sheet on page 8 of the financial statements shows that the Company's net assets have decreased to £40,957,000 (2009 £43,568,000) primarily as a result of decreased retained earnings due to dividends paid in excess of profit generated in the year. Cash generation from operations remains strong. The net current assets have decreased marginally to £45,040,000 (2009 £47,606,000) and are sufficient to meet all existing liabilities as they fall due

The Company's Frankfurt branch continued in operation throughout 2010

The Tullett Prebon plc Group manages its European IDB operations on a regional basis. For this reason, the Company's directors believe that further key performance indicators at a company level are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European IDB region, which includes the Company, is discussed in the Group's Annual Report which does not form part of this report. The Pillar 3 disclosures for the Company are contained within the disclosures provided in the Group financial statements of Tullett Prebon plc

GOING CONCERN

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

Further details regarding the adoption of the going concern basis can be found in note 1, accounting policies, in the financial statements on page 9

PRINCIPAL RISKS AND UNCERTAINTIES

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

TULLETT PREBON (SECURITIES) LIMITED

DIRECTORS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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

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

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people activities, systems or external events.

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

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

Management in front office and support functions have the day to day responsibility for ensuring that the Company operates in accordance with the 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.

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 11.

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

DIRECTORS

The following directors held office during the year

J M Binns	A C Hadley
J Birkholz	R W Osborne
S M Clark	A A Polydor
S L Drake (resigned 17 November 2010)	N J J Potter
S C Duckworth	R B Stevens
P S Dunkley	A Thouvenot
J F Ely	A J D Wink

TULLETT PREBON (SECURITIES) LIMITED

DIRECTORS' REPORT

DIRECTORS' INDEMNITIES

The Company's ultimate parent, Tullett Prebon plc, has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

POLICY OF PAYMENT TO SUPPLIERS

The Company follows the Group's policy that all transactions are settled in accordance with relevant terms and conditions of business agreed with the supplier, provided all such terms and conditions have been complied with

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 s418 of the Companies Act 2006

Pursuant to s386 of the Companies Act 1985, an elective resolution was passed on 16 March 2005 dispensing with the requirement to appoint auditors annually. This election was in force immediately before 1 October 2007. Therefore Deloitte LLP are deemed to continue as auditors.

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



N L Challen
Company Secretary

Date 7 March 2011

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

Registered No
2670499

TULLETT PREBON (SECURITIES) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TULLETT PREBON (SECURITIES) LIMITED

We have audited the financial statements of Tullett Prebon (Securities) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

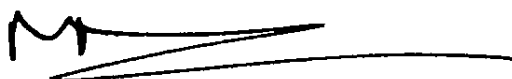
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Manbhinder Rana (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

Date **7 March 2011**

TULLETT PREBON (SECURITIES) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
TURNOVER	2	159,426	172,085
Staff costs	4	(91,263)	(97,658)
Other administration expenses		(31,473)	(29,679)
Total administration expenses		(122,736)	(127,337)
Other operating income	6	134	297
OPERATING PROFIT	3	36,824	45,045
Interest receivable and similar income	7	107	309
Interest payable and similar charges	8	(38)	(124)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		36,893	45,230
Tax charge on profit on ordinary activities	9	(11,308)	(13,657)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	17	25,585	31,573

Profit for the current and preceding year relates solely to continuing operations

TULLETT PREBON (SECURITIES) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2010

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Profit for the financial year	25,585	31,573
Foreign exchange translation differences on foreign currency net investment in branches	(196)	(141)
Total recognised gains for the year	<u>25,389</u>	<u>31,432</u>

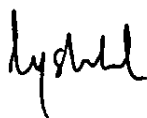
TULLETT PREBON (SECURITIES) LIMITED

BALANCE SHEET as at 31 December 2010

	Notes	2010 £000	2009 £000
FIXED ASSETS			
Intangible assets	10	63	97
Tangible assets	11	54	65
		<u>117</u>	<u>162</u>
CURRENT ASSETS			
Debtors due within one year	12	1,200,671	1,506,454
Cash at bank and in hand	13	44,327	45,280
		<u>1,244,998</u>	<u>1,551,734</u>
CREDITORS: amounts falling due within one year	14	(1,199,958)	(1,504,128)
NET CURRENT ASSETS		<u>45,040</u>	<u>47,606</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>45,157</u>	<u>47,768</u>
CREDITORS amounts falling due after more than one year			
Subordinated loans	15	(4,200)	(4,200)
NET ASSETS		<u><u>40,957</u></u>	<u><u>43,568</u></u>
CAPITAL AND RESERVES			
Called-up share capital	16	11,605	11,605
Share premium account	17	1,895	1,895
Profit and loss account	17	27,457	30,068
SHAREHOLDERS' FUNDS	17	<u><u>40,957</u></u>	<u><u>43,568</u></u>

The financial statements of Tullett Prebon (Securities) Limited (registered number 2670499) were approved by the Board of Directors and authorised for issue on 27th March 2011

Signed on its behalf by



A J D Wink
Director

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2010

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)

Going Concern

After consideration of the Company's business review and the risks and uncertainties as set out on page 1 - 2 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

Goodwill

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

Tangible fixed assets

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

Plant and machinery, fixtures and fittings	4 years
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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.

Turnover

Turnover comprises:

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

Matched Principal brokerage, turnover being the net of the buy and sell proceeds from counterparties who have simultaneously committed to buy and sell the financial instrument. Turnover is recognised on trade date.

Trade date accounting

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

Employee contract signing incentives

Contract signing incentives are amortised over the lesser of the contract or recoverable period. Such assets are subject to annual review.

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.

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2010

1. ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are classified as equity.

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Related party transactions

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

Segmental reporting

The Company has taken advantage of reporting exemptions in accordance with SSAP 25 Segmental Reporting, since it is a subsidiary of a group which provides segmental information in compliance with this accounting standard.

Share-based payments

FRS 20 Share-based Payment has been applied to all grants of equity instruments after 7 November 2002 that had not vested as of 1 January 2006 in accordance with the provisions of that standard.

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 the grant. The fair value determined at the grant date of the equity-settled share-based payments are 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 is determined using a Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Financial Instruments

The Company's ultimate UK parent undertaking, Tullett Prebon plc, presents information in accordance with Financial reporting standard ("FRS") 29 Financial instruments Disclosures. Accordingly, the Company is exempt from the disclosure requirements of FRS 29.

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2010

2. TURNOVER

Turnover is analysed by geographic area as follows

	2010 £000	2009 £000
Europe	<u>159,426</u>	<u>172,085</u>

3. OPERATING PROFIT

This is stated after charging

	2010 £000	2009 £000
Depreciation of owned fixed assets (Note 11)	54	37
Goodwill amortisation (Note 10)	34	35
Auditors' remuneration for audit of the Company's statutory accounts	<u>83</u>	<u>83</u>

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

4. STAFF COSTS

	2010 £000	2009 £000
Wages and salaries	81,314	87,022
Social security costs	9,802	10,177
Other pensions costs	147	459
	<u>91,263</u>	<u>97,658</u>

The Company's operations are carried out by employees of Tullett Prebon Group Limited. Staff costs represent amounts charged to the Company as a direct allocation of expenses by Tullett Prebon Group Limited. During the year, the average monthly number of employees identified as being directly involved in the operation of the Company was 197 (2009: 159).

A Group pension scheme is operated for the employees of Tullett Prebon Group Limited. The scheme previously provided benefits based on final pensionable pay, but effective 1 November 1991 the scheme was converted to a defined contribution scheme. Employees in service at the date of the change receive benefits on the better of the two bases.

Full details of the defined benefit scheme including the main financial assumptions, are disclosed in accordance with FRS 17 Retirement Benefits, in the financial statements of Tullett Prebon Group Limited.

The pension charge for the year was £147,000 (2009: £459,000) which represents a direct allocation of expenses by Tullett Prebon Group Limited.

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2010**5. DIRECTORS' EMOLUMENTS**

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Emoluments (including pension contributions)	<u>9,099</u>	<u>10,995</u>
Company contributions paid to pension schemes	<u>47</u>	<u>22</u>

At 31 December 2010 retirement benefits were accruing to 13 directors (2009 8) under a defined contribution scheme

The number of directors who exercised options in Tullett Prebon plc were nil (2009 nil).

The amount in respect of the highest paid director is as follows

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Emoluments (excluding pension contributions)	<u>3,530</u>	<u>2,963</u>
Company contributions paid to pension schemes	<u>18</u>	<u>7</u>

6. OTHER OPERATING INCOME

Other operating income relates to income from brokerage services provided to Group companies in North America

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
On bank deposits	65	250
Group interest receivable	42	59
	<u>107</u>	<u>309</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Group interest payable	36	40
Bank loans and overdrafts	2	84
	<u>38</u>	<u>124</u>

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2010

9. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2010 £000	2009 £000
Current tax		
UK corporation tax charge on profit for the year	11,377	13,387
Double taxation relief	(329)	(1,186)
	<u>11,048</u>	<u>12,201</u>
Foreign Tax	352	1,446
Adjustment to tax in respect of prior years	(92)	10
	<u>11,308</u>	<u>13,657</u>
Tax charge on profit on ordinary activities		

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	2010 £000	2009 £000
Profit on ordinary activities before tax	<u>36,893</u>	<u>45,230</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	10,330	12,664
Expenses not deductible for tax purposes	1,009	814
Foreign tax paid	23	261
Other timing differences movements	28	(92)
Adjustment to tax in respect of previous periods	(92)	10
Non tax deductible Goodwill	10	-
	<u>11,308</u>	<u>13,657</u>
Current tax charge for the year		

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2010

10 INTANGIBLE ASSETS

Intangible assets relate to goodwill (the fair value of assets acquired less the cost of acquisition) from the acquisition of businesses from Tullett Liberty GmbH, another Group company, on 1 November 2002. Goodwill is being amortised over its estimated useful life of 10 years.

	<i>Goodwill</i> <i>£000</i>
Cost	
At 1 January 2010 and 31 st Dec 2010	344
Amortisation	
At 1 January 2010	247
Charge for the year	34
At 31 December 2010	281
Net book value	
At 31 December 2010	63
At 31 December 2009	97

11. TANGIBLE FIXED ASSETS

	<i>Plant and machinery, fixtures and fittings</i> <i>£000</i>
Cost (restated)	
At 1 January 2010	461
Additions	45
Exchange adjustments	(17)
At 31 December 2010	489
Depreciation (restated)	
At 1 January 2010	396
Charge for the year	54
Exchange adjustments	(15)
At 31 December 2010	435
Net book value	
At 31 December 2010	54
At 31 December 2009	65

Cost and Depreciation at 1 January 2010 has been restated to adjust for prior year exchange movements

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2010

12. DEBTORS

	2010 £000	2009 £000
Amounts falling due within one year		
Trade debtors	7,792	8,002
Amounts payable by settlement offices	1,190,835	1,490,109
Amounts owed by group undertakings	1,339	1,183
Other debtors	630	2,349
Prepayments and accrued income	75	4,811
	<u>1,200,671</u>	<u>1,506,454</u>

Included in amounts payable by settlement offices is an amount of £1,164,719,000 (2009 £1,442,025,000) in respect of transactions not yet due for settlement. This amount represents sale of securities where settlement will take place on a delivery versus payment basis. The form of these transactions is that the Company takes temporary control until the transactions are settled.

Included in amounts payable by settlement offices are failed to deliver balances of £26,116,000 (2009 £48,084,000). In its role as inter-dealer broker, the Company is interposed between buyers and sellers of securities. The failure of clients to deliver securities to the Company and the corresponding failure of the Company to redeliver such securities on the settlement date results in failed transactions.

13. CASH AT BANK AND IN HAND

Of the £44,327,000 (2009 £45,280,000) cash at bank, £19,906,000 (2009 £19,906,000) is maintained on deposit to secure an offsettable overdraft facility. At 31 December 2010 client money held, representing balances owed to customers, was £1,597,000 (2009 £2,053,000).

14. CREDITORS: amounts falling due within one year

	2010 £000	2009 £000 (Restated)
Trade creditors	284	194
Other creditors	2,598	4,574
Amounts owed to settlement offices	1,190,941	1,490,354
Amounts owed to group undertakings	6	1,100
Corporation tax	4,633	6,571
Other taxation and social security	336	506
Accruals and deferred income	1,160	829
	<u>1,199,958</u>	<u>1,504,128</u>

Included in amounts payable to settlement offices is an amount of £1,164,837,000 (2009 £1,442,437,000) in respect of transactions not yet due for settlement and failed to receive balances of £26,104,000 (2009 £48,072,000).

Amounts included in 2009 have been restated to bring them in line with the updated classification used for 2010 amounts.

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2010

15. SUBORDINATED LOANS

A loan of £4,200,000 (2009 £4,200,000) from Tullett Liberty Brokerage Ltd is repayable at a date not less than five years from the lender giving notice in writing to the Company and the Financial Services Authority. Interest is being charged at the National Westminster Bank Plc base rate.

The loan is subordinated to all other creditors.

16. CALLED-UP SHARE CAPITAL

	2010 £000	2009 £000
Allotted, called up and fully paid 11,605,500 ordinary shares of £1 each	11,605	11,605

The authorised share capital as per the Company's Articles of Association was removed by a shareholder resolution on 18th June 2010, in accordance with the Companies Act 2006.

17. RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital £000	Share premium account £000	Profit and loss account £000	Total equity shareholders' funds £000
At 1 January 2009	11,605	1,895	24,636	38,136
Profit for the year	-	-	31,573	31,573
Dividend paid in the year	-	-	(26,000)	(26,000)
Foreign exchange translation differences on foreign currency net investment in branches	-	-	(141)	(141)
At 1 January 2010	11,605	1,895	30,068	43,568
Profit for the year	-	-	25,585	25,585
Dividend paid in the year	-	-	(28,000)	(28,000)
Foreign exchange translation differences on foreign currency net investment in branches	-	-	(196)	(196)
At 31 December 2010	11,605	1,895	27,457	40,957

TULLETT PREBON (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2010

18. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking changed from Tullett Liberty (Number 2) Limited (in member's voluntary liquidation) to Tullett Liberty Brokerage Limited on 22 April 2010 and then to Tullett Prebon Investment Holdings Limited on 18th June 2010

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

The parent undertaking of the smallest group which includes the Company for which group accounts are prepared is Tullett Prebon Group Holdings plc

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

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