

Registered number: 06262157

TULLETT PREBON (NO. 3) LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2017



TULLETT PREBON (NO. 3) LIMITED

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TULLETT PREBON (NO. 3) LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

Tullett Prebon (No. 3) Limited (the 'Company'), is a wholly owned subsidiary within the TP ICAP plc group (the 'Group'). The Company's principal activity is to provide long term finance to Group undertakings. The Directors are not aware, at the date of this report, of any changes in the Company's activities in the next year.

The Company's results for the year are set out in the profit and loss account on page 7 and related notes and its financial position is set out in the balance sheet on page 8 and related notes.

The Company's profit before tax was £9,222,000 (2016: £8,532,000) which relates to interest receivable and similar income.

The Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group is set out in the Group's Annual Report which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks which the Company faces in its operations can broadly be categorised as credit, operational, liquidity and strategic and business risk.

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. This includes the risk of default of the banking counterparties at which the Company has placed its cash balances.

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 are monitored by the Group Treasury and Risk Committee. In the event of a liquidity issue arising, the Company has recourse to Group funds.

Strategic and business risk is the risk that the Company's ability to do business might be damaged as a result of its failure to adapt to change market dynamics, customer requirements or the way OTC markets and their participants are regulated.

TP ICAP plc group ('the Group') is preparing for the departure of the UK from the EU in March 2019. There are material implications for the group and the wider financial markets of Brexit and significant differences between the so called 'soft' or 'hard' Brexit outcomes. In the future, it is likely that more client relationships will be managed from within the Eurozone, where the group already has a network of offices in Paris, Frankfurt, Madrid and in other locations. The Group has a working group which is designing and implementing the changes required in order to be in a position to provide uninterrupted service to our clients after March 2019. These might encompass, inter alia, changes to the operating model, the corporate structure, the technology provision, the governance and processes and workflow.

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

FUTURE DEVELOPMENTS

The Directors expect the general level of activity to remain consistent in the forthcoming year.

The Directors have evaluated subsequent events through to the date the financial statements were available to be issued.

Details of dividends paid subsequent to the balance sheet date are included in the Director's Report on page 2.

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


D H Williams

Director 6 July 2018

TULLETT PREBON (NO. 3) LIMITED

DIRECTOR'S REPORT

The Directors present their Annual Report and audited financial statements for the year ended 31 December 2017.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 1.

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 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 10.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of risks including credit risk, operational risk, liquidity risk and reputational risk. Details of risks are included in the Strategic Report on page 1.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to \$7,447,000 (2016: \$8,532,000) and will be transferred to reserves.

The Company paid dividends in 2017 amounting to \$8,878,000 (2016: \$8,006,000).

On 22 May 2018, Tullett Prebon (No.3) Limited paid a dividend of US\$ 9,462,000 to Tullett Prebon Investment Holdings Limited.

DIRECTORS

The Directors, who served throughout the year and up to the date of signing were as follows:

G Martin

D H Williams

POLITICAL CONTRIBUTIONS

There were no political donations made by the Company during the year (2016: £nil).

AUDITOR

Each of the persons who is a director at the date of approval of this 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/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006.

TULLETT PREBON (NO. 3) LIMITED

DIRECTOR'S REPORT

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12 in relation to disclosures in respect of share based payments, presentation of a cash flow statement and remuneration of key management personnel. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Tullett Prebon Investment Holdings Limited, as the immediate parent of the entity.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D H Williams', with a large, stylized initial 'D' and a horizontal line underneath.

D H Williams
Director
6 July 2018

Tower 42
Level 37
25 Old Broad Street
London
EC2N 1HQ
Registered No:
06262157

TULLETT PREBON (NO. 3) 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgements 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 auditor's report to the members of Tullett Prebon (No. 3) Limited

Report on the audit of 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 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tullett Prebon (No. 3) Limited which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in shareholder's funds;
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Tullett Prebon (No. 3) Limited

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Ben Jackson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6 July 2018

TULLETT PREBON (NO. 3) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2017

	Note	2017 \$000	2016 \$000
Net finance income	3	9,222	8,532
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,222	8,532
Tax charge on profit on ordinary activities	5	(1,775)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>7,447</u>	<u>8,532</u>

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

The Company had no recognised gains or losses other than the result from the current year and the preceding year.

There were no items of comprehensive income in the current or prior year other than the result for the year and, accordingly, no statement of comprehensive income is presented.

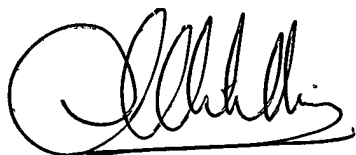
TULLETT PREBON (NO. 3) LIMITED

BALANCE SHEET

as at 31 December 2017

	Note	2017 \$000	2016 \$000
CURRENT ASSETS			
Debtors: due within one year	6	5,575	5,231
due after one year	6	<u>150,000</u>	<u>150,000</u>
Total assets		<u>155,575</u>	<u>155,231</u>
CURRENT LIABILITIES			
Corporation tax payable		(1,775)	-
NET ASSETS		<u>153,800</u>	<u>155,231</u>
CAPITAL AND RESERVES			
Called-up share capital	7	35,002	35,002
Profit and loss account		<u>118,798</u>	<u>120,229</u>
SHAREHOLDER'S FUNDS		<u>153,800</u>	<u>155,231</u>

The financial statements of Tullett Prebon (No.3) Limited (registered number 6262157) were approved by the Board of Directors and authorised for issue on 6 July 2018. They were signed on its behalf by:



D H Williams
Director

TULLETT PREBON (NO. 3) LIMITED**STATEMENT OF CHANGES IN SHAREHOLDER'S FUNDS**
for the year ended 31 December 2017

	Called-up share capital \$000	Profit and loss account \$000	Total shareholder's funds \$000
At 31 December 2015	35,002	119,703	154,705
Total comprehensive profit for the financial year	-	8,532	8,532
Dividends paid on equity shares	-	(8,006)	(8,006)
At 31 December 2016	35,002	120,229	155,231
Total comprehensive profit for the financial year	-	7,447	7,447
Dividends paid on equity shares	-	(8,878)	(8,878)
At 31 December 2017	35,002	118,798	153,800

TULLETT PREBON (NO. 3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a. General information and basis of accounting

Tullett Prebon (No.3) Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council.

The functional currency of Tullett Prebon (No.3) Limited is considered to be United States Dollars because that is the currency of the primary economic environment in which the Company operates.

Tullett Prebon (No.3) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Tullett Prebon (No.3) Limited is consolidated in the financial statements of its ultimate parent, TP ICAP plc, (formerly Tullett Prebon plc), copies of which may be obtained at: Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ. Exemptions have been taken in relation to disclosures in respect of share based payments, presentation of a cash flow statement and remuneration key management personnel.

b. Going concern

The Directors, having regard to the Company's financial position and the resources available to it from the Company's direct and indirect subsidiary undertakings, consider 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.

After consideration of the Company's business review and the risks and uncertainties as set out in the Strategic Report, and having considered the Company's forecasts including the Company's liquidity and capital, 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.

c. Related party transactions

The Company has taken advantage of reporting exemptions in accordance with FRS 102: Section 33 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.

d. Taxation

Current tax 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.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

e. 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 USD at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account.

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 recorded in the statement of total recognised gains and losses and transferred to the Company's profit and loss account in equity.

TULLETT PREBON (NO. 3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Accounting policies (continued)

f. Financial instruments

The Company has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU). Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial instruments are derecognised when all of the derecognition criteria in 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 profit and loss account'. Financial liabilities are classified on initial recognition as either at 'fair value through profit or loss' or as other financial liabilities'.

Other financial liabilities and financial assets

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 a yield basis.

Financial assets, other than those at fair value through the profit and loss account, 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 initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Impairment is recognised in the profit and loss account.

g. Interest income and similar income

Interest income is recognised using the effective interest method.

h. Dividends

Dividend income from investments is recognised when the Company's rights to receive payment have been established.

2. Key accounting judgements and sources of estimation of certainty

The Company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities.

As at 31 December 2017 there were no such estimates or assumptions that had a significant effect on the amounts recognised in the financial statements.

None of these items gave rise to a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

TULLETT PREBON (NO. 3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

3. Net finance income

	2017 \$000	2016 \$000
Interest receivable and similar income	9,222	8,532

Interest receivable and similar income

	2017 \$000	2016 \$000
Group interest receivable	9,222	8,532

4. Profit on ordinary activities before taxation

A portion of the Company's expenditure, including auditor's remuneration of £4,244 (2016: £4,120) for the audit of the Company's statutory accounts, is borne by Tullett Prebon Group Limited.

The Company had no employees during the year (2016: nil).

The Directors did not receive any remuneration for their services to the Company (2016: £nil).

5. Tax charge on profit on ordinary activities

The tax charge comprises:

	2017 \$000	2016 \$000
Current tax on profit on ordinary activities		
UK corporation tax charge on profit for the year	1,775	-
Total tax charge on profit on ordinary activities	1,775	-

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is less than the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%).

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2017 \$000	2016 \$000
Profit on ordinary activities before tax	9,222	8,532
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	1,775	1,706
Group relief received for no payment	-	(1,706)
Total tax charge for year	1,775	-

In the UK, legislation to reduce the corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020 has been enacted.

TULLETT PREBON (NO. 3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

6. Debtors

	2017	2016
	\$000	\$000
Amounts owed by Group undertakings: due within one year	5,575	5,231
: due after one year	150,000	150,000
	<u>155,575</u>	<u>155,231</u>

7. Called-up share capital and reserves

	2017	2016
	\$000	\$000
Allotted, called-up and fully-paid 350,020 ordinary shares of \$100 each (2016: 350,020)	<u>35,002</u>	<u>35,002</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

8. Post balance sheet events

On 22 May 2018, Tullett Prebon (No.3) Limited paid a dividend of US\$ 9,462,000 to Tullett Prebon Investment Holdings Limited

9. Controlling party

The Company's immediate parent is Tullett Prebon Investment Holdings Limited.

The Company's ultimate parent undertaking and controlling party is TP ICAP plc.

The parent undertaking of the smallest and the largest group which includes the Company for which group financial statements are prepared is TP ICAP plc.

Copies of TP ICAP plc financial statements are available from the registered office: Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ.