MAREX SPECTRON

Marex Spectron International Limited

Annual Report and Financial Statements

Year ended 31 December 2019

Registration Number 03938219

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COMPANY INFORMATION

Country of Incorporation	England and Wales
Legal Form	Private limited company
Directors	N G W Grace J K D Elliott R J Reid P R Tonucci
Company Secretary	S Linsley
Registered Office	155 Bishopsgate, London, EC2M 3TQ
Auditors	Deloitte LLP Hill House, 1 Little New Street Square, London, EC4A 3TR, United Kingdom
Bankers	NatWest plc 63-65 Piccadilly, London, W1J 0AJ

Review of financial performance

Overview

	2019 $ million	2018 $ million	2019 v 2018 Increase/Decrease $ million	2019 v 2018 Increase/Decrease %
Revenue	115.2	112.2	3.0	3%
Expenses	(109.7)	(108.6)	(1.1)	1%
Operating profit	**5.5**	**3.6**	**1.9**	**53%**

Marex Spectron International Limited (the 'Company') revenue in 2019 was $115.2 million, an increase of $3.0 million compared with 2018, whilst expenses were $109.7 million, an increase of $1.1 million.

The continued success of the Energy franchise has been driven by considerable revenue growth in new departments such as Liquified Natural Gas and Physical freight against a background of consistent performance in the more established desks.

Key performance indicators

Key performance indicators are not set, monitored or managed at company-level, as the directors of the Company's immediate parent, Marex Spectron Group Limited, manage the operations of Marex Spectron Group Limited and its subsidiaries (collectively 'Marex Spectron' or the 'Group') on a Group-wide basis. Accordingly, the directors believe that analysis of key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the Company's business.

Business and geographic review

31 December 2019	North America $ million	Europe $ million	Total $ million
Price discovery	35.1	80.1	115.2
Revenue	**35.1**	**80.1**	**115.2**

31 December 2018	North America $ million	Europe $ million	Total $ million
Price discovery	34.3	77.9	112.2
Revenue	**34.3**	**77.9**	**112.2**

The Company operates in the Commodities segment across two geographical regions, Europe and North America, where the primary focus in both these regions is the Energy business. Some of the business has moved to Marex Spectron Europe Limited ("MSEL") to mitigate any issues potentially caused by the departure of the United Kingdom from the European Union.

The European region generated revenues of $80.1 million (2018: $77.9 million) for the year; $2.2 million higher than the previous year. This result was attributable to the development of recent initiatives and the growth of already established desks.

Business and geographic review (continued)

The 2019 numbers were largely driven by our Fuel Oil, Natural Gas, Canadian Crude, Naphtha, LPG, Biofuel, Environment Products, Physical Tanker, Options and Power desks. It was also helped by several catalysts that increased energy market volatility, including oil market supply disruptions and the onset of new shipping regulation, IMO 2020, which was introduced on 1 January 2020 to reduce sulphur emissions.

Throughout the year we continued to expand our physical energy presence, not only in headcount, but also with the bolt-on acquisition in December of Marquee Oil Broking, a specialist provider of physical fuel oil broking services. This acquisition, and the additional changes through the year, has enhanced and strengthened our top-tier physical Gasoline, Fuel, Canadian Crude and Shipping franchises.

Regulatory capital

The Company has maintained its strong capital base throughout the year as well as at the balance sheet date.

Financial Conduct Authority

As at 31 December 2019, the Company had a total minimum capital requirement ('Pillar 1') of $12.3 million (2018: $12.3 million) and capital resources of $15.3 million (2018: $27.6 million) equating to an excess of $3.0 million (2018: $15.3 million) and a solvency ratio of 124% (2018: 224%). The reduced excess in 2019 was due to the $15.0 million dividend paid in 2019.

National Futures Association

As at 31 December 2019, the Company had a total capital requirement of $45,000 (2018: $45,000) and adjusted net capital of $6.3 million (2018: $9.5 million) equating to an excess of $6.2 million (2018: $9.4 million).

Overview of risk management

The Company views risk management as a key consideration in delivering its strategic business aims and objectives, whilst ensuring the Company's long-term sustainability and effective corporate governance. The Company's business strategy and risk appetite are linked and form the driver for decision-making across the Company to ensure risk taking remains within the defined boundaries to support business strategy, effective management of capital and efficient use of liquidity. The Company views risk management as a key factor in delivering its strategic business aims and objectives whilst ensuring its long-term sustainability and effective corporate governance.

Risk management is not managed at the company level, and instead places reliance on the overall risk management function of the Marex Spectron Group Limited ("Group").

To ensure effective risk management practices permeate throughout the business there is a comprehensive risk management governance structure in place, articulating the control mechanisms to identify, measure, assess, monitor, control & report on underlying risks. This governance structure is articulated within the Marex Spectron Enterprise-Wide Risk Management ('EWRM') Framework which is enabled by people, processes and systems and sets the foundations and organisational structure for implementing and reviewing risk management practices and activities across the Group.

The Group EWRM Framework is an overarching document that applies to the Company. Excellence in risk management is at the core of Marex Spectron's business operations. The Group has stringent risk management procedures and a well-established risk management processes. Marex Spectron views risk management as a key factor in delivering its strategic business aims and objectives whilst ensuring its long-term sustainability and effective corporate governance. Business strategy, risk strategy and risk appetite are all aligned to ensure that decision making across the Group reflects the correct approach to risk. By taking into account the risks posed across each of the business lines, the effective management of capital and liquidity within Marex Spectron is optimised.

The Group EWRM Framework is reviewed annually by Risk Management, or more frequently where material changes occur, and approved by the Group Board every three years. The framework is cascaded to relevant senior management and businesses to ensure business and risk strategies are formulated and reported consistently.

Components of the Group EWRM Framework

Risk Culture

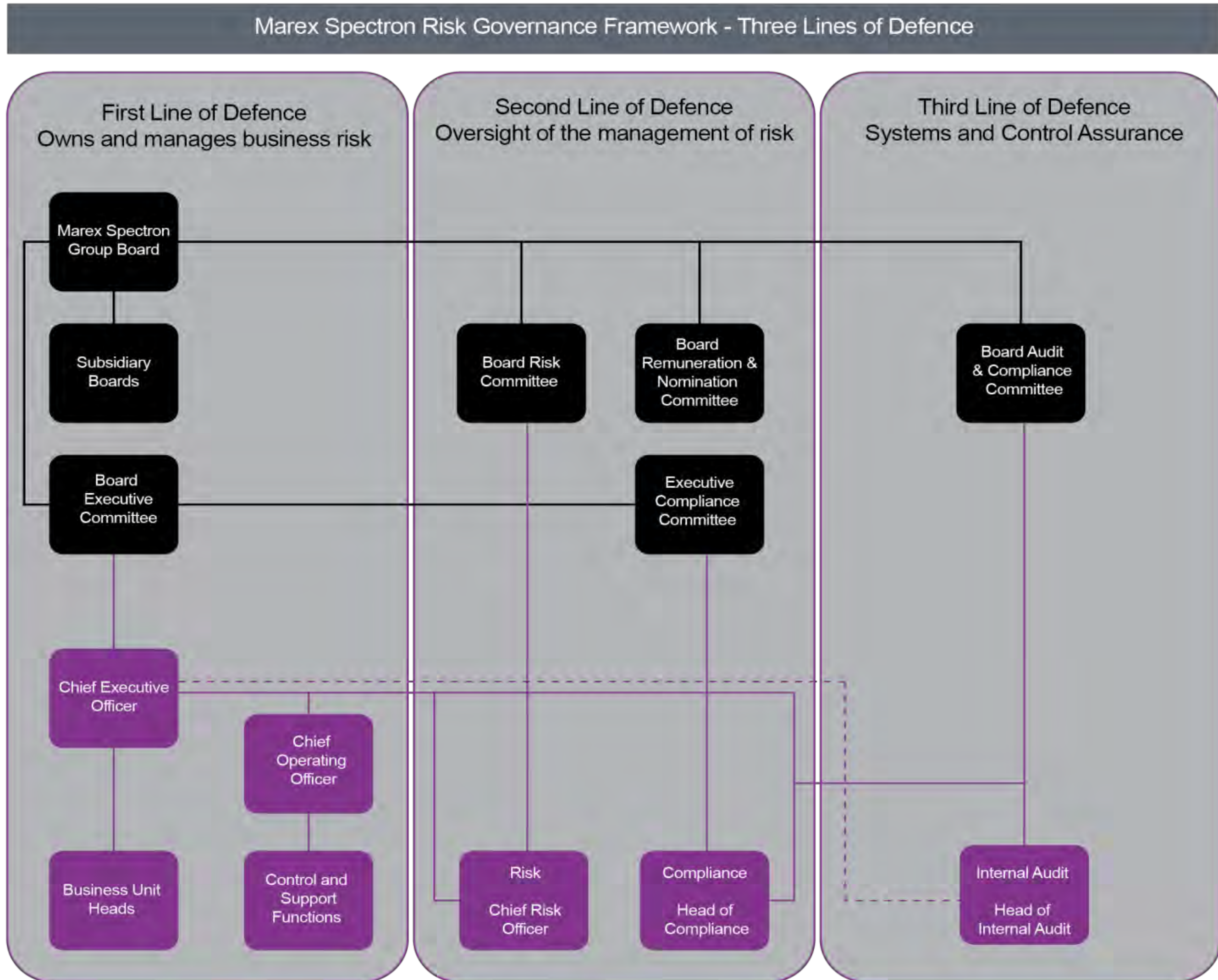
Risk culture describes the values and behaviours present throughout the organisation which shape risk decisions made by each employee. The risk culture is consistent with the Marex Spectron's ethics and values, strategic and risk objectives.

The Group identifies, assesses and controls risk to which it is exposed to ensure the identified business strategy and objectives are met. Risk is inherent with the Marex Spectron's operations and is actively monitored. Risk is categorised according to the Group's Risk Categorisation Model ('RCM'), with accompanying mitigation, where possible, to ensure adherence to the stated risk appetite. Additional attention is paid to risks identified as key risks that may pose the biggest threat to the Group and its subsidiaries, its customers and its reputation. Measured risk taking and effective risk management are fundamental to the core values and culture as a Group. The Group aims to build upon and enhance its reputation with customers, market counterparties and regulators.

Responsibility for risk management resides at all levels within the Group, from the Board and the Executive Committee down through the organisation to each business manager, employee and risk specialist. Responsibility for effective review and challenge of risk policies reside with senior managers, risk oversight committees, internal audit, independent Company risk function, the Board and the Risk Committee.

Risk Governance

Marex Spectron has adopted the 'Three Lines of Defence' model in conjunction with a strong risk culture, good communication and understanding. The approved risk governance model includes the Board, the Executive Committee and the Risk Committees that form the management of risk governance within the Group. Within the risk infrastructure, key risk governance personnel are aware of their key roles.



First Line of Defence

The first line of defence for day-to-day risk management is with the business units and support functions. They are responsible for understanding and adhering to the risk and control environment. Front line employees must consider the risk / reward trade off in the short and long term and must ensure compliance with all risk policies and limits. The first line is responsible for the ongoing assessment, monitoring and reporting of risk exposures and events.

Second Line of Defence

The second line of defence is the internal control function which includes the Risk Management and Compliance Functions. These teams provide independent risk oversight and challenge to the first line, and supervision of the operation of the risk control framework. Responsibilities also include the formulation and maintenance of risk frameworks, policies and risk reporting.

Third Line of Defence

The third line of defence is the Company's Internal Audit Function, who provide independent assurance of the first and second lines. Internal Audit carries out an annual programme of risk-based audits covering all aspects of first- and second-line risk management and risk control activities.

The roles and responsibilities of core functions within the Group are summarised, below:

Board of Directors:

Sets the overarching risk culture of the Group.

- They set risk appetite, approve and periodically reviews and updates the risk strategies, risk management and control framework, key risk limits and high-level risk policies;
- They monitor the overall risk profile of the business and ensures that the Group maintains adequate financial resources to meet its regulatory and business requirements; and
- They approve and ensure the systems of internal control are functioning effectively, using a defined suite of monitoring management information reports. It receives regular feedback, updates and assurance from the Audit & Compliance and Risk Committees.

Board Executive Committee:

The Board Executive Committee advises and assists the Chief Executive Officer ('CEO') with discharging specific Risk Management responsibilities.

- They review and challenge the overall risk profile and capital position of the business and ensures appropriate actions are taken to ensure risks are managed within the parameters set by the Board;
- Agrees and reviews the strategic and other key risks of the business and monitors the action plans or controls in place to manage these;
- Carries out a review of the impact of new products and business plans on the overall risk profile and capital position of the business; and
- It monitors, reviews and agrees the composition and allocation of capital within the business.

Chief Executive Officer ('CEO')

- Has overall responsibility for the identification and evaluation of risk and for designing, implementing and maintaining suitable internal systems of control;
- Recommends the Risk Appetite, risk strategies, EWRM Framework, key financial risk limits and high-level policies to the Board; and
- Management of risks within the parameters approved by the Marex Spectron Group Board and changes to internal systems of control as recommended / required by Internal Audit and the Audit Committee are appropriately implemented.

Risk Committee

The Risk Committee is responsible for oversight and the provision of advice to the Board on the Group's current risk exposures and future risk strategies (including the strategy for capital and liquidity management), the embedding and maintenance throughout the entity of a supportive culture in relation to the management of risk and the establishment of prescriptive rules and procedures in relation to risk.

- It ensures risks are identified, assessed and reported;
- It approves the Group's risk appetite;
- It approves Group frameworks, policies and limits to guide the business;
- It informs the Board on risk related matters on a regular basis; and
- It approves the Group's key risks as per the RCM.

The Risk Committee is responsible for the oversight of risk when approving and monitoring appropriate limits on risk exposures and concentrations across the business. The focus is on core risks to which the Group is exposed.

Chief Risk Officer (‘CRO’)

The CRO is the senior executive accountable for enabling the efficient and effective governance of significant risks and related opportunities to our business and its various segments. He is an attendee of the Board Executive Committee and guides the committee and Board on the formulation of risk appetite, strategies, policies, delegated authorities and limit structures for the management of risks.

The CRO has a reporting line to the non-executive Chairman of the Risk Committee and to the CEO.

Audit & Compliance Committee (‘ACC’)

The ACC reviews, on behalf of the Board, the systems of internal control, including the processes and procedures for:

- Monitoring the operational effectiveness of policies and internal systems of control;
- Identifying and assessing risks and controlling their impact;
- Preventing or detecting fraud; and
- Ensuring compliance with regulatory and legal requirements.

Risk Appetite

The Group-wide business strategy is aligned with the Group’s risk appetite to guide the Group’s business activity and associated risk taking. This ensures structures exist to identify and analyse emerging risks for issues that could become material risks in the future.

Risk appetite is the level of risk the Board is willing to take now and over the future planning horizon, given the financial resources of the firm to pursue the stated business and risk strategies. The risk appetite recognises a range of possible outcomes as business plans are implemented. It is set and implemented against the business and risk strategies from the ‘top down’, cascading from high level objectives set by the Board, down through the Group into the formulation of detailed risk measures by specific departments, trading desks, traders and where appropriate to individual risk exposures.

The Group’s risk appetite is governed by its Risk Appetite Framework which includes measures that assess risks to ensure the successful delivery of the business and risk strategies. These measures are grounded against key balance sheet and profit and loss figures, as well as other specific measures and qualitative assessments. The framework is responsive to changes in Group business strategy and plans, which ensures that the Risk Appetite is aligned with changes in the Group’s overall strategic goals.

Risk appetite is embedded within the Group’s strategy and planning, business decision making, risk management governance and risk management policy. Metrics are monitored and compared to approved risk appetite limits, triggers and capacity for each risk category, which are then presented to the Board ensuring that they are aware of the risks across the Group.

Overview of risk management (continued)

Risk Management Tools

Risk management tools and methodologies form part of the Group's risk management toolkit and assist in fulfilling the risk mandate in understanding the risks its exposed to, the method to control such risks and the steps to mitigate risks and how to communicate those risks.

The Group has defined its risks using a common risk language, the risk categorisation model ('RCM'), to provide a framework to consider the range of risks the Group faces, and to communicate these in a common risk language. This model forms an integral part of the EWRM Framework and serves as an effective linkage to risk appetite:

RCM:

Risk Type	Description
Credit Risk	Potential loss incurred where a counterparty fails to perform its contractual obligations in a timely manner. The Company control credit risk using a robust framework for the creation, use and monitoring of credit risk models. Additionally, Risk Management support business decision-making and proactive identification of new risks.
Market Risk	The price level or volatility of the markets in which the Company operates can adversely affect its ability to meet its business objectives and earnings. The Company's overall exposure to market risk is mitigated by its operation as an intermediary on most transactions. As an intermediary, the Company aims to minimise its market risk by matching buyers and sellers. However, from time-to-time, the Company will take the risk of a given trade onto its own books within pre-defined parameters and risk limits which are monitored and controlled by the Risk Department.
Operational Risk	Operational risk is the risk of losses resulting from inadequate or failed internal processes, people, and systems or from external events. It is inherent in all the products, activities, processes and systems. Therefore, managing operational risk is considered all the responsibility of all Group employees. The Board recognises the business imperative to identify, assess, manage, mitigate and report operational risk. The firm adopts a 'Three Lines of Defence' model, where each line of defence has specific roles and responsibilities in the implementation of the Operational Risk Framework ('ORF'). The Risk Function has the responsibility to design, maintain and implement the ORF. The Framework enables the directors to define the operational risk profile of the firm via the performance of periodic risk Assessments, the collection of loss data through internal risk event reporting systems and the monitoring of the set of key risk indicators, ensuring the risk profile stays within the firm's risk appetite.
Liquidity Risk	Represents the risk that the Company, although solvent, has insufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.
Compliance / Legal Risk	Represents the risk to the Company arising from violations of, or non-conformance with, laws, rules and regulations. There is an established Legal and Compliance department to monitor and deal with such risks.
Strategic/ Business Risk	Represents the risk from changes in the business model, including the risk that the Company may not be able to carry out its business plan and desired strategy. It also includes risks arising from the Company's remuneration policy.
Capital Management	The primary objective of the Company's capital management is to ensure that it maintains strong capital ratios in order to support its business growth as well as to maximise shareholder value.

Multiple methods and tools are utilised to identify existing and emerging risks within the market, the businesses and individual instruments traded.

Risk Reporting

An important part of the risk management remit is regular and appropriate reporting and communication of risk. In line with the governance structure in place, periodic reporting and risk analysis is presented to the relevant governing bodies as well as the relevant risk takers, including the Board; Risk Committee; the Executive Board; and daily senior management. The escalation procedures for raising significant issues with managers and supervisors are clear and well embedded across the Company.

Overview of risk management (continued)

General Risks

Volatility

The price level or volatility of the markets in which the Company operates can adversely affect its ability to meet its business objectives and earnings. The Company's overall exposure to market risk is mitigated by its operation as an intermediary on most transactions. As an intermediary, the Company aims to minimise its market risk by matching buyers and sellers. However, from time to time, the Company will take the risk of a given trade onto its own books within pre-defined parameters and risk limits which are monitored and controlled by the Risk Department.

Pricing pressure

Pricing pressure is a potential risk to any business. We mitigate this risk by aiming to provide best in class services to our clients, as well as by enhancing our offering to ensure we are providing more than just price discovery.

Liquidity risk

The Company only conducts business on an agency basis and therefore it does not consider primary liquidity risk to be a material risk to the conduct of its business. The Company is not involved in taking matched or unmatched principal positions and therefore it is not subject to the primary liquidity risk of realising unmatched principal positions.
The performance of the Company can be affected by the liquidity of the markets in which it operates; however this secondary liquidity risk is to a large extent beyond our control.

Credit risk

Credit risk is the risk that third parties who owe the Company money, securities or other assets fail to perform on their contractual obligations. This situation may arise due to their lack of liquidity, bankruptcy, operational failure as well as for other reasons. In addition, a failure or concerns regarding default of a large financial institution could lead to liquidity problems, losses or subsequent defaults by other institutions which could, subsequently, adversely affect the Company.

Specific Risks

Cyber

Information security, data confidentiality, integrity and availability of information are of critical importance to our continued effectiveness. Technology risk is inherent not only to the Company's information technology assets, but also in people and processes inherent with them. In common with other businesses, the Company is continuing to track the cyber threat "universe" and is aware of risks from cyber-attacks seeking to undermine businesses, governments and utilities. This extends to third parties, which also pose a source threat leading to an increase in security of such relationships. The Company maintains active links with peer associations and government agencies to keep abreast of developments as well as, having timely access to cyber threat intelligence.

Geopolitical

There are many uncertainties in the geo-political and societal environment due to the impact of political activities, which include Brexit, wider economic climate, which is currently significantly impacted by the Coronavirus Covid–19, digital disruption and societal change.

Brexit

We continue to closely monitor the UK EU Brexit negotiation risks, which could result in poor business growth and client outcomes. The business believes it is appropriately positioned to operate in any post Brexit environment.

Pandemic

We share the global community concern over Coronavirus Covid – 19, which in addition to the potential loss of life, could severely impact economies. We are taking appropriate action as a business to continue to provide employees with a safe and healthy work environment, whilst continuing to serve our clients effectively. We are closely monitoring developments with respect to the spread and containment. Business Continuity Plans have been thoroughly reviewed for a pandemic scenario across all businesses and offices. We are facilitating working from home arrangements for staff to ensure that we are ready to implement in the event of local office closure, or the

Overview of risk management (continued)

Specific Risks (continued)

requirement for individuals to self-isolate. This aims to ensure efficient deployment of systems, unbroken service and minimal disruption to staff, clients and counterparties.

Regulation

Regulation continues to add cost to the firm both for compliance as well as capital; of particular significance is the gradual phasing in of the capital conservation buffer which has increased the amount of regulatory capital we are required to hold against our standard business activities. Additionally, there is the potential for the counter cyclical buffer to increase in a country/countries that our clients are based.

Movement to screens

There is a risk that more volume moves from voice to screens in the most liquid products. To mitigate this, we continually evolve our business entering new markets, shifting focus to less liquid elements of the curve and investing in technology.

Strategic and business risk

This risk is defined as the impact of a change or a failure to change the Company's business model which impacts its ability to meet its strategic or financial objectives. It might arise from the pursuit of an unsuccessful business plan, from making slow or poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.

The Company's Board and Executive Committee regularly review the Company's regulatory and business environment, the performance and capital requirements of its business lines, the level of investment in new and existing activities and its remuneration policy. The Company performs ongoing surveillance of market trends, the regulatory landscape and customer demand. This is supported by risk scenario contingency planning and the assessment of emerging risks.

Section 172(1) Companies Act 2006

For the year ended 31 December 2019, in order to satisfy the reporting requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Company forms part of the larger Group which has applied the Wates Corporate Governance Principles for Large Private Companies as a framework against which all of the section 172 reporting requirements can be covered. This section demonstrates how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duty to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

a) *the likely consequence of any decision in the long term;*

Strategy, risk and financial and operational resilience of the Company is managed at a Group level. The Group strategic review formulated by the Board Executive Committee which was approved in January 2019 includes the Company and how the Company fits into the wider strategic plan. The Group Board delegated its authority to the Risk Committee for oversight and management of key risks and maintaining the Group's risk profile within the risk appetite set by the Group Board. The Company forms part of the enhanced Enterprise Wide Risk Management Framework operated by the Group reflecting the regulatory feedback and changes in the business. The Company also forms part of the annual internal assessment of capital and liquidity adequacy which allows the Board to monitor the activities of the Group and its results against the targeted financial resilience and liquidity.

b) *the interests of the Company's employees;*

We invest in our people and help them develop their careers. Our people are the basis of our competitive advantage, so we look to grow our own and make our business the place that ambitious, hardworking, and talented people choose to build their careers. We are committed to offering equality of opportunity to all, regardless of gender. We frequently engage with our employees through formal and informal channels. These include face-to-face dialogue between employees and line managers, regular 'Town Halls' and staff breakfasts with the CEO, the Chief Operating Officer hosts staff lunches, culture and conduct workshops were attended by over staff.

c) *the need to foster the company's business relationships with suppliers, customers and others;*

Section 172(1) Companies Act 2006 (continued)

Suppliers

We have long-term relationships with a broad range of suppliers around the world. We are committed to high standards and require our suppliers to meet the Marex Spectron Supplier Code of Conduct. As a leader in our space, we take great pride in being a good corporate citizen and are always striving to set the highest standards of ethical conduct, and of corporate and social responsibility. We recognise and are committed to both relevant national and international standards, which we expect our suppliers to abide by, including those set out by the International Labour Organisation, the Bribery Act 2010 and the Equality Act 2010.

Clients

Our clients are everything, which is why superior execution and superb client service is central to our business. We are always looking for new ways to strengthen our client offerings, such as the partnership with Earth-i in Global Research, the launch of Marex Financial Products. We believe that the depth and quality of our services differentiates us from many of our competitors. Every day our brokers and traders are interacting with clients. We are also engaging more frequently with the senior management from our clients' firms as we seek to build even deeper relationships.

Regulators

The Company is subject to an extensive supervisory and regulatory framework. Changes in this regulatory framework could have a significant effect on our businesses and clients, position and costs, as well as on the financial and economic environment in which it operates. Because of this we maintain a constant and open dialogue with our regulators in the UK and in particular with the Financial Conduct Authority, centralised through the Compliance function.

d) *the impact of the company's operations on the community and environment;*

The Group recognises its role in promoting and supporting environmental sustainability initiatives and as part of the Group, the Company participates in these initiatives. In 2019 the Group announced founding sponsorship of a multi-year Research Program at the Smith School of Enterprise and the Environment at the University of Oxford, and the Group Board intends on further strengthening its commitment to sustainability throughout 2020, driven by acquisitions, partnership initiatives and development of a Corporate Social Responsibility Policy and Social Purpose Statement.

Section 172(1) Companies Act 2006 (continued)

e) *the desirability of the company maintaining a reputation for high standards of business conduct;*

The Company has a clearly defined purpose which is outlined in the principles that determine our competitive advantage – providing breadth of coverage and depth of services to a diversified client base across all commodity markets.

The Group Board is responsible for the long-term success of the Company and is the body empowered to set the Group's strategy, objectives and overall direction in line with the Group's purpose. The Group Board is the ultimate governing body of the Group and it plays a pivotal role in execution of the Group's strategy. The Group Board is also key in promoting and embedding the Group's cultural values and ensuring a sound risk management culture and environment.

These principles are embedded in the firm's actions and how it conducts business. These are:

- Respect – Clients are at the very heart of our business, with superior execution and excellent client service the foundation of the firm. We respect our clients and always treat them fairly.
- Personal integrity – Doing business the right way is the only way. We hold ourselves to a high ethical standard in everything that we do. Our clients expect this, and we demand it of ourselves.
- Collaborative – We work in teams. Open and direct communication and the willingness to work hard and collaboratively are the basis for effective teamwork. Working well with others is necessary for us to succeed at what we do.
- Developing our people – Our people are the basis for our competitive advantage. We look to 'grow our own' and make Marex Spectron the place ambitious, hardworking, talented people choose to build their careers.

Adaptable – Our size and flexibility is an advantage. We are big enough to support our clients' needs and we are adaptable and nimble enough to respond quickly to changing conditions or requirements. A non-bureaucratic, but well controlled, environment fosters initiative as well as employee satisfaction.

The Directors take the reputation of the Group seriously which is not limited to operational and financial performance. As such the Group's stance on items such as Ethics and the Gender Pay Gap is published on the Group's website (www.marexspectron.com).

f) *the need to act fairly as between members of the Company.*

As a wholly owned subsidiary of Marex Spectron Group Limited, the Shareholder's interest is represented by the Directors some of whom also serve on the Group Board and therefore are responsible for setting the direction of the Group as a whole.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

N G W Grace
Director
29 April 2020

DIRECTORS' REPORT

The directors present their report and audited financial statements of the Company for the year ended 31 December 2019. The Company is a subsidiary of Marex Spectron Group Limited ('Marex Spectron' or 'the Group').

Principal activity

The principal activity of the Company continued to be the arranging of contracts for Gas, UK Power, European Power, Emissions, Metals, Options and Coal on behalf of its clients via the Company's electronic market place and traditional voice broking.

The Company also offers brokering activities for agricultural commodities and financial products. It is regulated by the Financial Conduct Authority ('FCA') and also by the Commodity Futures Trading Commission ('CFTC') on behalf of the National Futures Association ('NFA') to transact trades on certain US exchanges.

Directors

The following directors have held office throughout the year and to the date of this report, except where noted:

	Appointed	Resigned
N G W Grace	27 June 2019	
J K D Elliott		
R J Reid		
P R Tonucci		
R S Watts		31 March 2019
J H Baldwin		18 December 2019

Indemnity of directors

Each director is indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by them in the proper exercise of their duties. Directors who have resigned during the year also benefit from the same indemnity arrangement. In addition, the directors are covered by an insurance policy.

Directors' statement as to disclosure of information to the Auditor

Each of the persons, who is a director at the date of approval of this report, confirms that:

- so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that he/she 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.

Foreign exchange

The following foreign exchange rates have been used in the preparation of these financial statements:

	2019		2018	
	Average Rate	**Year-end Rate**	**Average Rate**	**Year-end Rate**
GBP / USD	1.2771	1.3265	1.3355	1.2762
EUR / USD	1.1195	1.1213	1.1811	1.1466

Going concern

After reviewing Company's annual budget, liquidity requirements, plans and financial arrangements the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and for at least 12 months from the date of signing of the balance sheet and confirm that the Company is a going concern. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements (refer to Note 3b).

Events after the reporting period

Events since the statement of financial position date are disclosed in note 23.

Overseas branches

The Company has branches, as defined in s1046 (3) of the Companies Act 2006, in Canada, Germany, Norway and the US.

Dividends

During the year, the Company paid a dividend of $15 million (2018: $nil).

Financial risk management

Financial risk management objectives are included in the strategic report.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company website.

Charitable and political contributions

During the year, the Company contributed $2,390 (2018: $7,501) to support employees in their charitable fundraising activities. It does this by donating 50% of the sum raised by the employee to the chosen charities. In order to ensure that the fund can be accessed by as many employees as possible, donations from the company are capped at $4,000 per fundraising event. Furthermore a "Broking for Hope" Charity Day (a company-wide event) took place in February 2019 in which $1,557,165 was raised for Hope, a broker on the Natural Gas Desk who was suffering from a rare form of cancer.

No political contributions were made during the year ended 31 December 2019 (2018: $nil).

Future development

The directors consider that the year-end financial position of the Company was satisfactory. No significant change to the Company's principal business activities is currently expected; however, the Company anticipates reaping the benefits of steps taken to seek further market share and the strengthening of the Company's global footprint from 2020.

As a UK-based firm, we recognise that the current political situation, coupled with the Coronavirus Covid-19 pandemic, make the final outcome of the negotiations between the UK and the EU extremely uncertain.

Since the UK's withdrawal from the European Union took effect on 31 January 2020, we now face a transition period until at least 31 December 2020. If during this period no agreement is reached on trade, a no-deal Brexit becomes the default outcome. While we would prefer a negotiated exit, we are prepared for any of the potential outcomes. In particular, over the last year the Group has taken reasonable steps to mitigate where possible the impacts of leaving the EU without a transitional agreement. The Group established a European headquarters in Dublin through a Central Bank of Ireland regulated entity, Marex Spectron Europe Limited ('MSEL'). This allays

Future development (continued)

European concerns as the Group is able to passport regulatory permissions into all EU member states and in June it migrated all European Power clients to MSEL.

Suppliers, customers and others

In accordance with the Reporting on Payment Practices and Performance Regulations 2017, the Company submits biannual reports on payment practices and performance to the Department for Business, Energy and Industrial Strategy. The average time taken to make payments from the Company under qualifying contracts was 24 days in the first six months of the year, reducing to 18 days in the second half of the year. Relationships with suppliers, customers and others are not managed at company level, as the directors of the Company's immediate parent manage the operations of Marex Spectron on a Group-wide basis. Further statements regarding how the Group's relationships with suppliers, customers and others are managed, are contained in the Marex Spectron Group Limited Annual Report (which does not form part of this report).

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and 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 International Financial Reporting Standards ('IFRSs') as adopted by the European Union. 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, International Accounting Standard 1 requires directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The auditors, Deloitte LLP, have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor pursuant to sections 485 – 488 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

N G W Grace
Director
29 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAREX SPECTRON INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Marex Spectron International Limited ('the Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the income statement;
- the statement of other comprehensive income;
- the statements of financial position;
- the statement of the changes in equity and movements in reserves;
- the cash flow statement and;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

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.

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

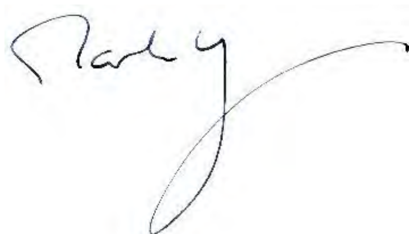
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Mark Rhys, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 April 2020

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $'000	2018 $'000
Revenue	5	115,158	112,232
Operating expenses		(109,687)	(108,621)
Finance income	9	8	8
Finance expense	9	(16)	(152)
Operating profit	6	**5,463**	**3,467**
Other income		433	-
Profit before taxation	10(b)	**5,896**	**3,467**
Tax	10(a)	(1,371)	(803)
Profit after taxation		**4,525**	**2,664**

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 $'000	2018 $'000
Profit after taxation	4,525	2,664
Total comprehensive income	**4,525**	**2,664**

All operations are continuing for the current and prior years.

The notes on pages 27 to 61 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 $’000	2018 $’000
Assets			
Non-current assets			
Intangible assets	12	1	2
Property, plant and equipment	13	32	90
Deferred tax	15	30	29
Right of use asset	21	70	-
Total non-current assets		**133**	**121**
Current assets			
Trade and other receivables	14	18,972	29,908
Corporation tax		105	65
Cash and cash equivalents		3,683	2,429
Total current assets		**22,760**	**32,402**
Total assets		**22,893**	**32,523**
Liabilities			
Non-current liabilities			
Lease liability	21	27	-
Total non-current liabilities		**27**	**-**
Current liabilities			
Trade and other payables	16	2,033	1,758
Corporation tax		971	455
Lease liability	21	42	-
Short-term borrowings	19	-	4
Total current liabilities		**3,046**	**2,217**
Total liabilities		**3,073**	**2,217**
Total net assets		**19,820**	**30,306**

The notes on pages 27 to 61 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (CONTINUED)

	Notes	2019 $'000	2018 $'000
Equity			
Share capital	17	16	16
Share premium		165	165
Retained earnings		19,639	30,125
Total equity		**19,820**	**30,306**

The financial statements on pages 21 to 61 were approved and authorised for issue by the Board of Directors on 29 April 2020 and signed on its behalf by:

N G W Grace
Director
29 April 2020
Registration Number: 03938219

The notes on pages 27 to 61 form part of these financial statements.

STATEMENT OF THE CHANGES IN EQUITY AND MOVEMENTS IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Share premium $'000	Retained earnings $'000	Total $'000
At 1 January 2018		16	165	27,461	27,642
Profit for the period		-	-	2,664	2,664
At 31 December 2018		**16**	**165**	**30,125**	**30,306**
Impact of change in accounting policy	21	-	-	(11)	(11)
Dividends	11	-	-	(15,000)	(15,000)
Profit for the period and total comprehensive income		-	-	4,525	4,525
At 31 December 2019		**16**	**165**	**19,639**	**19,820**

The notes on pages 27 to 61 form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $'000	2018 $'000
Profit before tax		5,896	3,467
Adjustment to reconcile profit before tax to net cash flows:			
Amortisation of other intangible assets	6, 12	1	1
Depreciation of property, plant and equipment	6, 13	67	81
Depreciation of right of use asset	21	75	-
Loss on disposal of property, plant and equipment		-	3
Allowance for doubtful debts	6, 14(b)	(76)	47
Interest expense on lease liabilities		7	-
Interest received	9	(8)	(8)
Interest paid	9	16	152
IFRS 16 lease liability revaluation	21	1	-
Operating cash flows before changes in working capital		**5,979**	**3,743**
Working capital adjustments:			
Decrease / (increase) in trade and other receivables		11,012	(3,261)
Increase in trade and other payables		275	730
Cash inflow from operating activities		**17,266**	**1,212**
Corporation tax paid		(893)	(710)
Net cash inflow from operating activities		**16,373**	**502**
Investing activities			
Purchase of property, plant and equipment	13	(11)	(15)
Interest received	9	8	-
Net cash outflow from investing activities		**(3)**	**(15)**
Financing activities			
Payment of lease liabilities	21	(96)	-
Dividends	11	(15,000)	-
Interest received	9	-	8
Interest paid	9	(16)	(152)
(Decrease) / increase in short-term borrowings		(4)	3
Net cash outflow from financing activities		**(15,116)**	**(141)**
Net increase in cash and cash equivalents		**1,254**	**346**

The notes on pages 27 to 61 form part of these financial statements.

Cash and cash equivalents		
Cash available on demand and short-term deposits at 1 January	2,429	2,083
Increase in cash	1,254	346
Cash and cash equivalents at 31 December	**3,683**	**2,429**

The notes on pages 27 to 61 form part of these financial statements.

1. GENERAL INFORMATION

Marex Spectron International Limited ('the Company') is a company incorporated in England and Wales under the Companies Act. The address of the registered office is 155 Bishopsgate, London EC2M 3TQ. The principal activities of the Company and the nature of the Company's operations are set out in note 5 and in the Strategic Report.

The Company financial statements are presented in US Dollars ('USD') which is also the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in note 3(f).

2. ADOPTION OF NEW AND REVISED STANDARDS

(a) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the modified retrospective approach, with the right-of-use asset measured at its carrying amount as if the Standard had been applied since the commencement date.

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

2. ADOPTION OF NEW AND REVISED STANDARDS

(a) Amendments to IFRSs that are mandatorily effective for the current year (continued)

(b) Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the income statement;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the cash flow statement; and,
- Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'operating expenses' in the income statement.

(c) Financial impact of the initial application of IFRS 16

The tables in note 21 show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior years.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

(b) New and revised IFRSs in issue, but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued, but are not yet effective and, in some cases, had not yet been adopted by the EU:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

(c) Change in presentation

During the year the Company changed its presentation of finance income and expense in the income statement to be included within operating profit to better reflect the activities of the business. There were no changes in profit before tax or after tax as a result of this change.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the IFRS Interpretations Committee ('IFRIC') as endorsed by the European Union ('EU').

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below.

(b) Going concern

In considering going concern, the Directors have reviewed the capital, liquidity and financial position of the Company and concluded that the going concern basis is still appropriate. As a part of this conclusion the Directors took into consideration the recent developments caused by Coronavirus Covid-19 and the potential impact on the Company's capital, liquidity and financial performance through the Group's pandemic stress and reverse stress tests. The Directors considered the results of the pandemic stress scenario and concluded that there was sufficient headroom and available management actions, further supporting the Company continuing to adopt the going concern basis of accounting in preparing the financial statements. The Directors concluded that the Company currently has adequate resources to continue to satisfy its regulatory and other obligations for the foreseeable future.

(c) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts and volume rebates granted by the Company.

Revenue comprises execution and clearing commissions, which are recognised on a trade date basis.

(d) Finance income and expense

Finance income and expense is earned on balances held at banks and brokers. Finance expenses are paid on overdrawn accounts with brokers and exchanges, client and counterparty balances and short-term borrowings. Finance income and expenses are recognised on an amortised cost basis using the effective interest rate ('EIR') method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Borrowing costs

Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds and are expensed in the income statement over the period of the borrowing facility.

(f) Foreign currency translation

The Company financial statements are presented in US Dollars ('USD'), which is also the currency of the primary economic environment (the functional currency) and the presentational currency of the Company.

Transactions entered into by the Company in a currency other than USD are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of monetary assets and liabilities are similarly recognised immediately in the income statement.

(g) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement benefits: defined contribution schemes

The Company operates defined contribution schemes. Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

(h) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses.

As well as the purchase price, cost includes the directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the remaining length of the lease or 20% per annum straight-line, where appropriate
Furniture, fixtures and fittings	20% to 50% per annum straight-line
Computer equipment	20% to 50% per annum straight-line

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

(j) Other intangible assets

Internally generated intangible assets (software development costs)

Expenditure on internally generated intangible assets is only capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be available for use or sold;
- adequate resources are available to complete the development;
- there is an intention to complete and use or sell the product;
- the Company is able to use or sell the product;
- use or sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis over estimated economic useful lives of 2 to 5 years, which represents the period that the Company expects to benefit from using or selling the products developed, and is recognised in the income statement.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated asset can be recognised development, expenditure is recognised in profit and loss in the period in which it is incurred.

Software licences

Software licences have a finite useful economic life of 2 to 5 years with the option of renewal at the end of this period. They are amortised in the income statement on a straight-line basis over the period of the licence.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the income statement when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful lives are undertaken annually. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Where the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the income statement.

(l) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate ('EIR') is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments (continued)

Financial assets (continued)

The following accounting policy applies to the subsequent measurement of financial assets.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the contrary, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Derecognition of financial assets

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as ‘other financial liabilities’.

The Company classifies its financial liabilities into the following category, depending on the purpose for which the liability was assumed:

- other financial liabilities include the following items: trade and other payables and other short-term monetary liabilities which are recognised at amortised cost; and bank borrowings, such interest-bearing liabilities are subsequently measured at amortised cost using the EIR method, which ensures that any interest expense over the period to repayment is recognised at a constant rate on the balance of the liability carried in the statement of financial position.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. In circumstances where a financial liability is replaced by the same lender, yet the contractual terms are substantially different or modified, the original financial liability will be derecognised at the point of contractual exchange and the new financial liability recognised.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise the assets and liabilities simultaneously.

(m) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. ECLs are a probability-weighted estimate of credit losses based on both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and forward-looking expectation.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, the 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increases in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of financial assets (continued)

Significant increases in credit risk (continued)

that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating; and
- significant deterioration in external market indicators of credit risk for a particular financial instrument.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk, based on all of the following; (1) the financial instrument has a low risk of default, (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (3) adverse changes in economic and business conditions in the long term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria is capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company) or partially.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of financial assets (continued)

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments; and
- external credit ratings where available.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI , for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits.

(o) Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (assets including, but not limited to, tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using its incremental borrowing rate, which is the rate of interest that

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (continued)

best approximates what a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “operating expenses” in the income statement (see note 6).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis and revisions to accounting estimates are recognised in the period in which the estimate is revised. Significant judgement and estimates are necessary in relation to the following matters:

(a) Judgements

Taxation

The Company determines the provision for deferred tax on temporary timing differences where tax recognition occurs at a different time from accounting recognition.

Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets will be recognised in respect of unused temporary differences to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

The company has considered the carrying value of the temporary timing differences as at 31 December 2019 and concluded that, based on management's estimates, there will be sufficient future taxable profits generated to be able to recover the recognised deferred tax assets. For further details refer to note 10.

(b) Estimates

Provisions against trade and other receivables

Using information available at the balance sheet date, the directors make judgements based on experience regarding the level of provision required to account for potentially uncollectible receivables. Additionally, the Company uses historical information to estimate a probability of default and determine future expected credit losses. For further details refer to note 14.

5. REVENUE

An analysis of the Company's revenue is as follows:

	2019 $'000	2018 $'000
Price discovery	115,158	112,232
	115,158	**112,232**

	2019		
31 December 2019	**North America $'000**	**Europe $'000**	**Total $'000**
Commodities	32,636	79,622	112,258
Other	2,410	490	2,900
Revenue	**35,046**	**80,112**	**115,158**

	2018		
31 December 2018	**North America $'000**	**Europe $'000**	**Total $'000**
Commodities	33,724	76,724	110,448
Other	597	1,187	1,784
Revenue	**34,321**	**77,911**	**112,232**

All revenues for the Company are revenue from contracts with customers.

6. OPERATING PROFIT

This has been arrived at after charging / (crediting):

	Notes	2019 $'000	2018 $'000
Staff costs	8	6,293	7,620
Amortisation of other intangible assets	12	1	1
Depreciation of property, plant and equipment	13	67	81
Depreciation right of use asset	21	75	-
Provision for doubtful debts	14(b)	(76)	47
Management recharges – in		103,181	101,161
Management recharges – out		(3,105)	(2,267)
Foreign exchange (gains)		-	(7)

Management fees charged by group undertakings relate to operational and administrative support, and management services received from group undertakings.

7. AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration is as follows:

	2019 $'000	2018 $'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts		
Audit of the Company's annual accounts	251	224
Total audit fees	**251**	**224**

Fees payable to the Company's auditor for other services comprise:	2019 $'000	2018 $'000
Tax compliance services	6	15
Other taxation advisory services	1	3
Other services	2	-
Total non-audit fee	**9**	**18**

Audit fees for the Company for the year ended 31 December 2019 and the prior year were paid by a group undertaking.

8. STAFF COSTS

	2019 Number	2018 Number
Front office	13	13
Control & support	2	2
Average monthly number of staff	**15**	**15**

	2019 $'000	2018 $'000
Aggregate wages and salaries	6,041	7,299
Employer's National Insurance contributions and similar taxes	139	195
Short-term monetary benefits	73	75
Defined pension contribution cost	40	51
Total staff costs (note 6)	**6,293**	**7,620**

9. FINANCE INCOME AND EXPENSE

	2019 $'000	2018 $'000
Finance income		
Bank interest income	8	8
	8	**8**

	2019 $'000	2018 $'000
Finance expense		
Bank interest expense	(16)	(152)
	(16)	**(152)**

Included in bank interest expenses, above, are finance facility expenses of $6,465 (2018: $98,903).

10. TAXATION

(a) Tax charge

	Notes	2019 $'000	2018 $'000
Current tax			
UK tax on profit for the year		1,143	650
Foreign corporation tax on profit for the year		235	176
Adjustment in respect of prior years:			
UK corporation tax		(4)	-
Foreign corporation tax		(2)	(17)
		1,372	**809**
Deferred tax			
Origination and reversal of temporary differences		(4)	(4)
Adjustment in respect of prior years		3	(2)
	15	**(1)**	**(6)**
Tax charge for the year	10(b)	**1,371**	**803**

(b) Reconciliation between tax charge and profit before tax

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK 19% (2018: 19%). Finance (No. 2) Act 2015 enacted a reduction in the UK corporation tax rate to 19% with effect from 1 April 2017. Accordingly, UK corporation tax for this accounting period has been calculated at 19% of the estimated assessable profits for the period. Finance Act 2016 enacted a reduction in the UK corporation tax rate to 17% from 1 April 2020. However, in the Budget on 11 March 2020 the Government has announced that the reduction in the rate will be reversed and the corporation tax rate will remain at 19% from 1 April 2020.

10. TAXATION (CONTINUED)

(b) Reconciliation between tax charge and profit before tax (continued)

	Notes	2019 $'000	2018 $'000
Profit before tax		**5,896**	**3,467**
Expected tax expense based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)		1,120	659
Explained by:			
Expenses not deductible for tax purposes		53	44
Tax losses not recognised for deferred tax purposes		106	474
Foreign exchange and other differences		16	(26)
Prior year adjustments		(4)	(19)
Effect of overseas tax rates		80	(329)
Tax charge for the year	10(a)	**1,371**	**803**

11. DIVIDENDS PAID AND PROPOSED

During the year, the Company paid a dividend of $15 million (2018: $nil). No further dividends are currently proposed.

12. INTANGIBLE ASSETS

	Software development $'000	Total $'000
Cost		
At 1 January 2018	**4**	**4**
Additions	**-**	**-**
At 31 December 2018 and 1 January 2019	**4**	**4**
Additions	-	-
At 31 December 2019	**4**	**4**
Impairment provisions and amortisation		
At 1 January 2018	1	1
Charge for the year (note 6)	1	1
At 31 December 2018 and 1 January 2019	**2**	**2**
Charge for the year (note 6)	1	1
At 31 December 2019	**3**	**3**
Net book value		
At 31 December 2019	**1**	**1**
At 31 December 2018	2	2

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Computer expenses $'000	Furniture, fixtures and fittings $'000	Total $'000
Cost				
At 1 January 2018	29	292	43	364
Additions	2	5	8	15
Disposals	-	(29)	(36)	(65)
At 1 January 2019	**31**	**268**	**15**	**314**
Additions	-	9	2	11
Disposals	-	(1)	(4)	(5)
At 31 December 2019	**31**	**276**	**13**	**320**
Depreciation				
At 1 January 2018	5	161	39	205
Charge for the year (note 6)	6	70	5	81
Disposals	-	(29)	(33)	(62)
At 1 January 2019	**11**	**202**	**11**	**224**
Charge for the year (note 6)	7	57	3	67
Disposals	-	-	(3)	(3)
At 31 December 2019	**18**	**259**	**11**	**288**
Net book value				
At 31 December 2019	**13**	**17**	**2**	**32**
At 31 December 2018	20	66	4	90

14. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Trade debtors	13,636	17,200
Default funds and deposits	30	31
Amounts due from group undertakings	4,416	11,361
Other tax and social security taxes	11	4
Other debtors	732	1,214
Prepayments	147	98
	18,972	**29,908**

Included in other debtors is $289,822 (2018: $724,555) which is due in more than one year, relating to sign-on bonuses which are awarded to employees and amortised over the term of the contract.

Trade debtors are stated after deducting impairment provisions of $55,000 (2018: $131,000).

Trade receivables are assessed on an individual basis for impairment, with a provision recognised for the Company's entire exposure on the impaired trade receivable. The provision is inclusive of specific provisions and amounts recognised under expected credit losses. The directors consider that the carrying amount of trade and other receivables is not materially different to their fair value.

(a) Ageing of past due, but not impaired, receivables

	2019 $'000	2018 $'000
Less than 30 days	2,362	4,040
31 to 60 days	1,341	1,408
61 to 90 days	1,104	675
91 to 120 days	757	480
More than 120 days	2,716	1,304
	8,280	**7,907**

14. TRADE AND OTHER RECEIVABLES(CONTINUED)

(b) Reconciliation of the movement in provisions for doubtful debts

	2019				
	Provision for 12 months ECL $'000	Provision for lifetime ECL $'000	Provision for lifetime ECL credit impaired $'000	Specific provision for lifetime ECL $'000	Total $'000
At 1 January 2019	-	-	-	131	131
Credit to the income statement (note 6)	-	-	-	(76)	(76)
At 31 December 2019	**-**	**-**	**-**	**55**	**55**

	2018				
	Provision for 12 months ECL $'000	Provision for lifetime ECL $'000	Provision for lifetime ECL credit impaired $'000	Specific provision for lifetime ECL $'000	Total $'000
At 1 January 2018	-	-	-	91	91
Bad debts written off	-	-	-	(7)	(7)
Charged to the income statement (note 6)	-	-	-	47	47
At 31 December 2018	**-**	**-**	**-**	**131**	**131**

15. DEFERRED TAX

	2019 $'000	2018 $'000
Depreciation in excess of capital allowances	30	29
31 December	**30**	**29**

	2019 $'000	2018 $'000
At 1 January	29	23
Charged to the income statement (note 10(a))	1	6
31 December	**30**	**29**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. Deferred tax balances have been calculated at the enacted tax rates as at the balance sheet date. Finance Act 2016 reduced the UK corporation tax rate from 19% to 17% from 1 April 2020. The reduction of the UK corporation tax rate to 17% has been recognised in the deferred tax charge within the closing deferred tax position. However, in the Budget on 11 March 2020 the Government has announced that the reduction in the rate will be reversed and the corporation tax rate will remain at 19% from 1 April 2020. Had this change in rate been effective at the balance sheet date for 2020 and subsequent years, due to revaluation the net deferred tax asset recognised at 31 December 2019 would have been $34k.

16. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Other tax and social security taxes	48	46
Other creditors	420	250
Accruals	1,489	1,405
Deferred income	76	57
	2,033	**1,758**

The directors consider that the carrying amount of trade and other payables is not materially different to their fair value.

17. SHARE CAPITAL

	Issued and fully paid		Issued and fully paid	
	2019 Number	2019 $'000	2018 Number	2018 $'000
Authorised ordinary shares of $0.0165 each	960,000	16	960,000	16
	960,000	**16**	**960,000**	**16**

The rights of the shares are as follows:

Class of share	Rights
Ordinary shares	The shares have attached to them full voting, dividend and capital distribution rights (including on winding up); they do not confer any rights of redemption.

18. RESERVES

The following describes the nature and purpose of each reserve within total equity:

Reserves	Description
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount of consideration received over and above the par value of shares.
Retained earnings	Cumulative net gains and losses recognised in the income statement or statement of other comprehensive income.

19. SHORT-TERM BORROWINGS

	2019 $'000	2018 $'000
Borrowings at amortised cost		
Secured receivables finance facility	-	4
	-	**4**

20. LEASE COMMITMENTS

The Company has entered into commercial leases on its properties.

The lessee has the options of renewal on each of these leases subject to negotiation between the Company, as lessee, and each landlord in the period preceding the expiration of each lease. There were no restrictions placed upon the lessee by entering into these leases.

The total future minimum lease payments are due as follows:

	2019 $'000	2018 $'000
Within one year	122	135
In the second to fifth years inclusive	58	139
	180	**274**

21. OPERATING LEASES

	2019
	Right of use asset $'000
Right of use assets:	
As at 1 January 2019:	146
Release of IAS 17 lease liability	(1)
Depreciation charged to income statement	(75)
31 December 2019	**70**

	2019
Lease liabilities:	**Lease liability $'000**
As at 1 January 2019:	157
Interest expense charged to income statement	7
Payment of lease liabilities	(96)
FX revaluation	1
At 31 December 2019	**69**

The difference of $11,023 between the right of use asset and lease liability on 1 January 2019 has been recognised as an adjustment against retained earnings.

Other operating lease expenses including service charges, utilities, property insurance and maintenance amounted to $24,803 during 2019 (2018: $52,211).

Operating lease expenses for short term leases amounted to $33,635.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.83%.

22. FINANCIAL INSTRUMENTS

(a) Capital risk management

For the purpose of the Company's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent as disclosed in notes 17 and 18. The primary objective of the Company's capital management is to maximise shareholder value.

As at 31 December 2019 the Company had capital resources in excess of the external requisite minimum requirements. These requirements are driven by European legislation (Capital Requirements Regulation 'CRR') to ensure the Company has an adequate capital base to support the nature and scale of its operations. Management of regulatory capital forms an important part of the Company's risk governance structure. A robust programme of regular monitoring and review takes place to ensure the Company is in adherence with local rules and has capital in excess of external and internal limits. Regular submissions are made and constantly maintained with internal limits assessed against the Company's risk appetite, as determined by the Board.

No changes were made in objectives, policies or processes for managing capital during the year.

(b) Categories of financial instruments

Some of the Company's assets are carried at fair value or contract amounts that approximate fair value. Set out, below, is an analysis of the categories of financial instruments. Due to the nature of the underlying assets, the carrying value approximates fair value. For an analysis of the classification and recognition of financial assets for Company on the adoption of IFRS 9 on 1 January 2018 refer to note 2(a).

	2019	2018
	Amortised cost $'000	**Amortised cost $'000**
Financial assets:		
Cash and cash equivalents	3,683	2,429
Trade debtors	13,636	17,200
Default funds and deposits	30	31
Other debtors	7	55
Amounts due from group undertakings	4,416	11,361
31 December	**21,772**	**31,076**

22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments (continued)

	2019	2018
	Amortised cost $'000	**Amortised cost $'000**
Financial liabilities:		
Other creditors	420	250
Short-term borrrowings	-	4
Accruals	1,489	1,405
Deferred income	76	57
31 December	**1,985**	**1,716**

(c) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangement or similar netting agreements.

(d) Financial risk management objectives

The Company's activities expose it to a number of financial risks including market risk, operational risk, credit risk and liquidity risk as discussed in the strategic report.

The Company manages these risks through various control mechanisms and its approach to risk management is both prudent and evolving.

Overall responsibility for risk management rests with the Board. Dedicated resources within the Risk Department control and manage the exposures of the Company's own positions, the positions of its clients and its exposures to its counterparties as well as operational exposures, within the risk appetite set by the Board.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Credit risk

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. Credit risk in the Company principally arises from cash and cash equivalents deposited with third party institutions and exposures resulting from transactions and balances relating to customers and counterparties.

The Company's exposure to customer and counterparty transactions and balances is managed through the Company's credit policies. These exposures are monitored both intraday and overnight. The limits are set by the Company's Credit Risk Committee through a formalised process.

Credit quality

The table below does not take into account collateral held.

	2019 $'000	2018 $'000
AA and above	153	1,312
AA-	1,444	498
A+	2,411	774
A	110	801
A-	1,494	4,022
BBB+	158	758
Lower and unrated	16,002	22,911
	21,772	**31,076**

Financial assets	2019 $'000	2018 $'000
Trade debtors	13,636	17,200
Default funds and deposits	30	31
Amounts due from group undertakings	4,416	11,361
Other debtors	7	55
Cash and cash equivalents	3,683	2,429
	21,772	**31,076**

Foreign currency risk

The Company's major transactional exposures are in Norwegian Krone, Canadian Dollars and Euros. In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. Foreign currency exposures were managed centrally by another Group entity. Consequently, all foreign currency exposure for the Company is incurred by that affiliate. As the foreign currency balances are immaterial any and all sensitivity analysis is considered immaterial.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Interest rate risk

The Company is exposed to interest rate risk on cash balances it holds and bank borrowings.

The Company's view is that the main interest rate risk is derived from interest bearing deposits, in which the Company invests surplus funds. Management monitors interest rate risks by placing funds in overnight deposits, and for longer period deposits, management conducts market analysis for interest rate expectations before placing amounts. Interest bearing deposits were immaterial and therefore the sensitivity analysis for interest rate risk is considered immaterial.

Operational risk

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events. It is inherent in every business organisation and covers a wide spectrum of issues. Operational risk is managed through systems and procedures in which processes are documented, authorisation is independent, and transactions are monitored and reconciled.

The Company maintains disaster recovery or contingency facilities to support operations and ensure business continuity. The invocation of these facilities is regularly tested.

Compliance or Regulatory risk arises from a failure or inability to comply with the laws, regulations or codes applicable specifically to the Company. Non-compliance can lead to fines, public reprimands, enforced suspensions of services, or in extreme cases, withdrawal of authorisation to operate.

The Company is regulated in the UK by the FCA as an exempt commodity firm and in the US by the National Futures Association ('NFA') on behalf of Commodity Futures Trading Commission ('CFTC') as an introducing broker.

Geographical risk arises from the physical separation of some elements of the Company from the central control locations. Internal control failure is the risk arising from the inadequacy or breakdown of critical internal control processes.

Liquidity risk

The Company defines liquidity risk as the failure to meet its day-to-day capital and cash flow requirements. To mitigate liquidity risk, the Company has implemented robust cash management policies and procedures in relation to products and duration into which excess liquidity can be invested. Excess liquidity is invested in highly liquid instruments, such as cash deposits with financial institutions for a period of less than three months.

Liquidity risk exposures

The following table details the Company's available financing facilities and annually committed credit agreements:

	2019 $'000	2018 $'000
Secured receivables finance facility, reviewed annually:		
Amount used (note 19)	-	4
Amount unused	-	9,996
	-	**10,000**

The Company had a committed receivables finance facility with a maximum amount available of $10,000,000. The facility with the lending bank matured on 13 February 2019 due to the bank's ring-fencing requirements.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Liquidity risk (continued)

The following table details the Company's expected undiscounted contractual maturity for financial liabilities:

	2019				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Other creditors	-	420	-	-	420
Accruals	2	296	1,181	-	1,479
Deferred income	76	-	-	-	76
At 31 December 2019	**78**	**716**	**1,181**	**-**	**1,975**

	2018				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Other creditors	-	250	-	-	250
Short term borrowings	-	4	-	-	4
Accruals	-	1,396	9	-	1,405
Deferred income	57	-	-	-	57
At 31 December 2018	**57**	**1,650**	**9**	**-**	**1,716**

Shown below is the Company's expected undiscounted contractual maturity for financial assets:

	2019				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Trade debtors	-	13,636	-	-	13,636
Default funds and deposits	-	30	-	-	30
Amounts due from group undertakings	4,416	-	-	-	4,416
Other debtors	-	7	-	-	7
Cash and cash equivalents	3,683	-	-	-	3,683
At 31 December 2019	**8,099**	**13,673**	**-**	**-**	**21,772**

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Liquidity risk (continued)

	2018				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Trade debtors	-	17,200	-	-	17,200
Default funds and deposits	-	31	-	-	31
Amounts due from group undertakings	11,361	-	-	-	11,361
Other debtors	-	47	3	5	55
Cash and cash equivalents	2,429	-	-	-	2,429
At 31 December 2018	**13,790**	**17,278**	**3**	**5**	**31,076**

23. EVENTS AFTER THE BALANCE SHEET DATE

Impact of Coronavirus Covid-19 pandemic

Since the global outbreak of Coronavirus Covid -19, after the year end date, all necessary actions have been undertaken to preserve the financial condition of the Company and to ensure that it is able to continue to operate effectively.

Since 23 March, the majority of the Company's employees have been working from home in accordance with Government requirements. The Company has successfully continued to service its clients both in terms of its trade offering and the associated administration.

Whilst market volatility has resulted in a small number of clients being unable to meet their obligations, the overall profitability of the Company for the first quarter of 2020 has nevertheless been ahead of budget after recognising the resulting credit provisions.

Whilst the resulting economic disruption caused by the crisis is likely to create further challenges for the Company in coming months, Management considers that the Company's available liquidity resources are more than sufficient to ensure its continuing status as a going concern and that the Company has sufficient available capital to be able to satisfy its regulatory requirements.

24. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The immediate parent undertaking is Marex Spectron Group Limited, a private limited company incorporated in England and Wales, in whose financial statements the Company is included. These financial statements are available from its registered office at 155 Bishopsgate, London, EC2M 3TQ.

In the directors' opinion, the ultimate controlling party of the Company is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.

(b) Key Management Personnel

The remuneration paid to directors and other key management personnel for their services to the Company was as follows:

	2019 $'000	2018 $'000
Aggregate wages and salaries	4,121	3,472
Short-term monetary benefits	32	30
Defined benefit cost	13	15
	4,166	**3,517**

The remuneration of the highest paid director for their services to the Company was $1,046,604 (2018: $1,097,852). As at 31 December 2019, there were 4 directors in the Company's defined contribution scheme (2018: 3).

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances and transactions with other group undertakings

Amounts in operating profit show the charging / (crediting):

	Amounts owed from related parties 2019 $'000	Amounts owed from related parties 2018 $'000	Amounts owed to related parties 2019 $'000	Amounts owed to related parties 2018 $'000	Amounts included in operating profit 2019 $'000	Amounts included in operating profit 2018 $'000
Marex Financial	7,688	11,368	(3,479)	(7)	19,978	22,121
Marex Spectron Asia Pte Limited	-	-	-	-	132	347
Marex Spectron Group Limited	-	-	-	-	177	171
Spectron Energy (Asia) Pte Ltd	-	-	-	-	(66)	86
Marex North America LLC	-	-	-	-	3,500	3,585
Spectron Energy Inc.	-	-	-	-	20,794	22,029
Spectron Services Limited	-	-	-	-	55,727	53,652
Marex Spectron Europe Limited	-	-	-	-	(17,513)	-
	7,688	**11,368**	**(3,479)**	**(7)**	**82,729**	**101,991**