Marex Spectron International Limited

Annual Report and Financial Statements

Year ended 31 December 2017

Registration Number 03938219

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COMPANY INFORMATION

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

DIRECTORS' REPORT

The directors present their report and audited financial statements of Marex Spectron International Limited ('the Company' or 'the firm') for the year ended 31 December 2017. 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 the National Futures Association ('NFA') on behalf of the Commodity and Futures Trading Commission ('CFTC') 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
J H Baldwin		
J K D Elliot		
I T Lowitt		31 December 2017
R J Reid		
S H Sparke		
R S Watts		

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 is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's 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:

	2017		2016	
	Average Rate	**Year-end Rate**	**Average Rate**	**Year-end Rate**
GBP / USD	1.2888	1.3515	1.3446	1.2345
EUR / USD	1.1295	1.1998	1.1036	1.0524

Charitable and political contributions

During the year, the Company contributed $45,583 (2016: 1,323) 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 $2,500 per fundraising event. The total charitable donations from this programme were $18,092 during the year ended 31 December 2017 (2016: $1,323).

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.

Events after the reporting period

Events since the statement of financial position date are disclosed in note 22.

Overseas branches

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

Dividends

The Company did not declare or make any dividend payments during the year ended 31 December 2017 (2016: $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.

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.

Future development

The directors consider that the year-end financial position of the Company was satisfactory. No significant change to the Company's principle business activities is currently expected; however the Company anticipates to reap the benefits of steps taken to seek further market share and the strengthening of the Company's global footprint from 2017.

Approved by the Board and signed on its behalf by:

RWatts.

R S Watts
Director
28 March 2018

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. In accordance with 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 ('IAS') 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.

Review of financial performance

Overview

			2017 v 2016	
	2017 $ million	2016 $ million	Increase / (decrease) $ million	Increase / (decrease) %
Revenue	102.4	99.5	2.9	3%
Expenses	(102.9)	(93.1)	(9.8)	11%
Operating (loss) / profit	**(0.5)**	**6.4**	**(6.9)**	**108%**

Compared with 2016, revenues increased $2.9 million along with higher operating expenses of $9.8 million. The decrease in operating profit was mainly driven by additional management recharges relating to development time spent by senior management on new initiatives in addition to various operations in the new Canadian Crude Oil team, which officially commenced trading in January 2017.

Business and geographic review

31 December 2017	North America $ million	Europe $ million	Total $ million
Execution and clearing commissions	34.0	68.4	102.4
Revenue	**34.0**	**68.4**	**102.4**

31 December 2016	North America $ million	Europe $ million	Total $ million
Execution and clearing commissions	23.7	75.8	99.5
Revenue	**23.7**	**75.8**	**99.5**

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.

The Energy business in North America continued to show growth and generated revenues of $34 million for the year, $10.3 million higher than the previous year. US Natural Gas liquids and Canadian Crude Oil are new in 2017 and made $11.2 million and $3.5 million respectively. The Canadian physical oil team created a trading system with trade matching capability, and launched an industry-wide index. The team are steadily building market share in 2017. Other large desks U.S. Biofuel and U.S. Crude Oil both saw large decreases in revenue; whilst U.S. Gas Options and U.S. Fuel Oil have shown healthy improvements in revenues with the expectation that these desks will continue to improve their performance in 2018.

The European region managed to generate revenues of $68.4 million for the year; $7.4 million lower than the previous year. There does not appear to be a single explanation for the revenue decline, with a combination of effects at the level of the micro businesses driving performance; low volatility is however the most significant of these drivers.

Review of financial performance (continued)

Business and geographic review (continued)

Oslo Tanker desk decreased and in mid-2017 the desk was restructured. The Company took in two new brokers in London, creating a new London Tanker desk with some core relationships. Having the brokers in London means they are best placed to utilise the information being generated by the physical ship broking business that the Company started in Q2 2017.

The total proportion of volumes driven by the Fuel Oil desk accounted for by European products where we are strongest decreased slightly and our market share in those markets dropped.

Regulatory capital

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

FCA

As at 31 December 2017, the Company had a total minimum capital requirement (‘Pillar 1’) of $12.6 million (2016: $14.8 million) and capital resources of $28.2 million (2016: $28.6 million) equating to an excess of $15.6 million (2016: $13.8 million) and a solvency ratio of 225% (2016: 193%).

NFA

As at 31 December 2017, the Company had a total capital requirement of $45.0 thousand (2016: $45.0 thousand) and capital resources of $8.7 million (2016: $8.0 million) equating to an excess of $8.6 million (2016: $7.9 million) and a solvency ratio of 19,312% (2016: 17,716%).

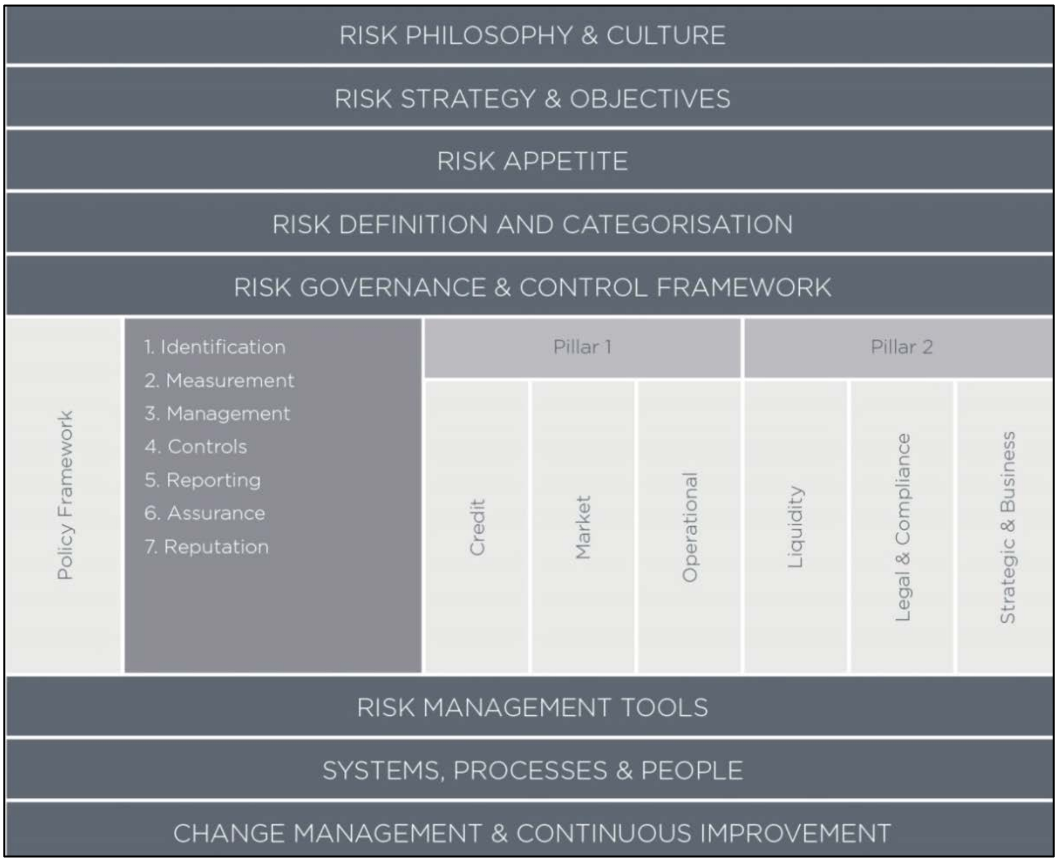
Overview of risk management

Effective risk management is at the core of the Company's business operations. In place are clear risk management objectives which are delivered through established risk management processes. 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. Business strategy, risk strategy and risk appetite are all linked to ensure that decision making across the Company reflects the correct approach to risk and that it is in line with the risk appetite and risk strategy of the organisation.

The Company places reliance on the overall risk management function of the Marex Spectron Group Limited.

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.

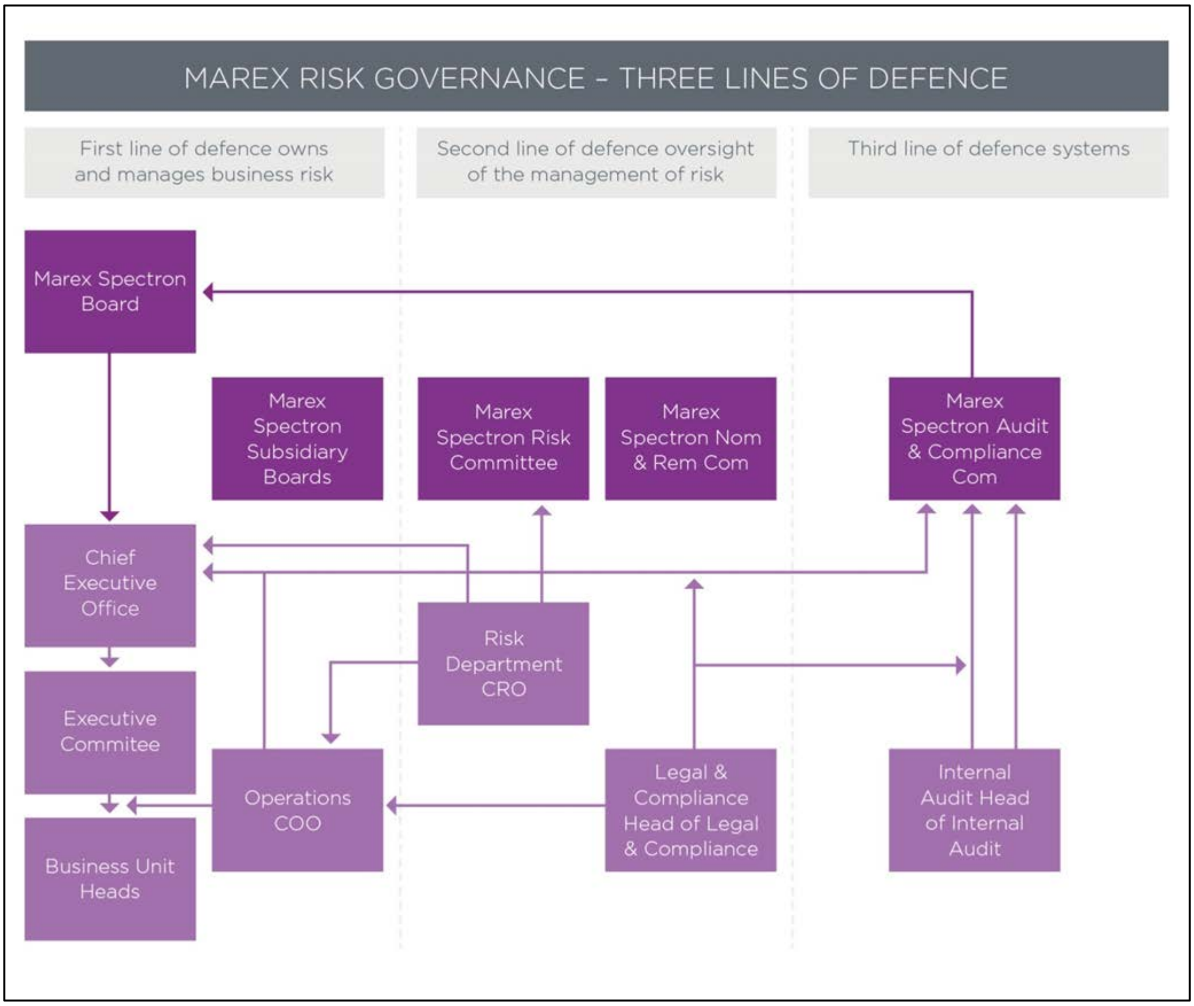
Business strategy, risk strategy and risk appetite are all aligned to ensure that decision making across the Group reflects the correct approach to risk. By taking into account the risks posed across each of the business lines, the effective management of capital and liquidity within Marex Spectron is optimised. The Marex Spectron Enterprise Wide Risk Management ('EWRM') framework sets out the risk management approach and consists of the following eight key components:



Overview of risk management (continued)

Governance structure

Marex Spectron's risk governance model underpins how the risk management structure is directed across the Group.



In pursuit of effective risk governance, a 'Three Lines of Defence' model has been adopted in conjunction with a strong risk culture, good communication and understanding and a strong sense of risk awareness across the Group:

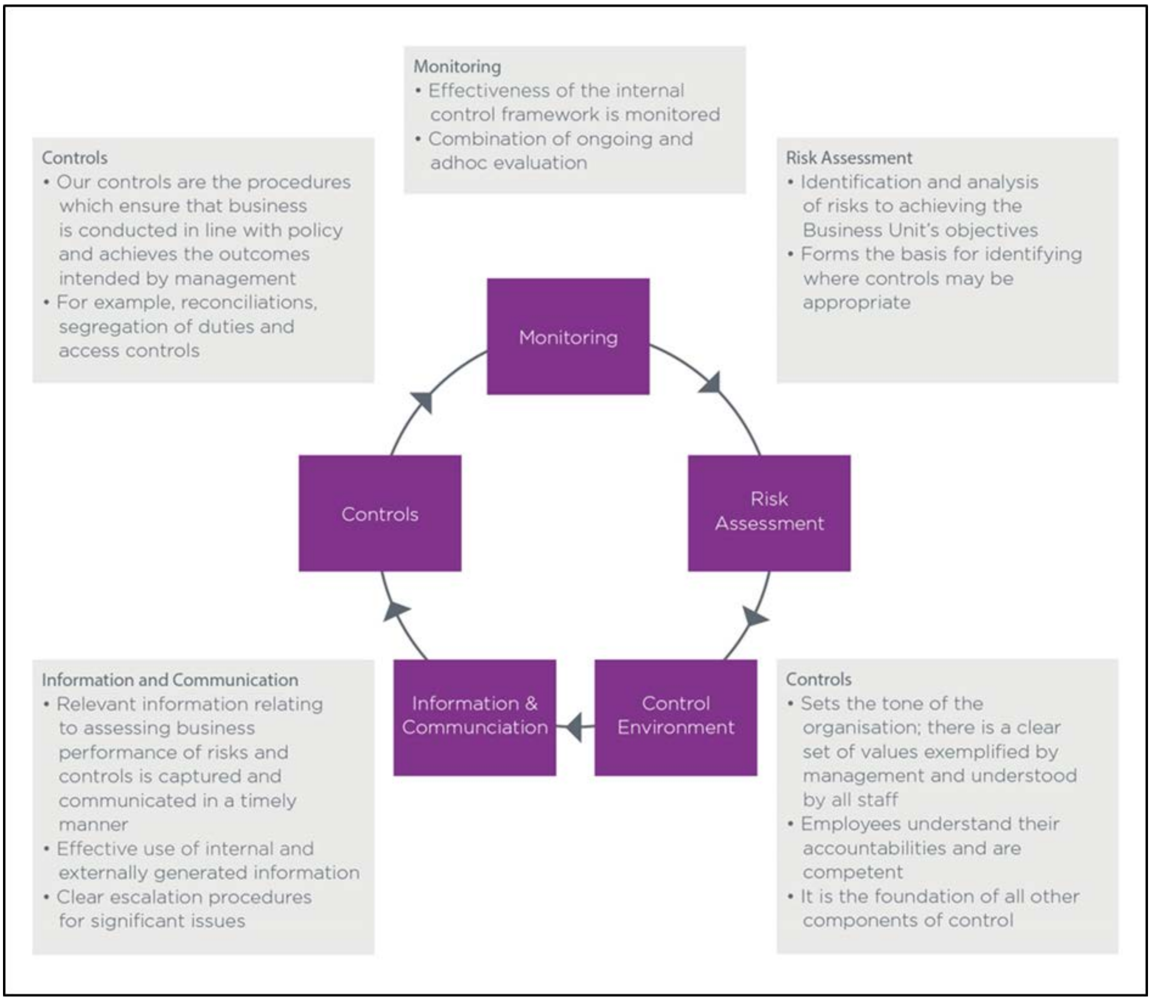
- the first line of defence covers the controls in place to deal with and manage the day-to-day risk management within the business units, support functions and embedded operational risk staff;
- the second line of defence consists of the specialist control functions which make up the risk management infrastructure of the Group; and
- the third line of defence is Marex Spectron's internal audit function auditing and covering all aspects of both the first and second lines of defence.

Overview of risk management (continued)

Risk control and reporting framework

There is a clearly defined suite of risk tools, processes, policies and procedures in place that allow for the successful monitoring and control of the risks of the Group and a clearly defined escalation and reporting process to senior management and other key staff within the Group.

The control framework consists of the following components:



Risk policy framework

Marex Spectron's policy framework sets out the rules and guidelines for drafting, approving, communicating, implementing, embedding and monitoring compliance for all risk related policies across the Group. The policy framework defines the key policies necessary to manage all risks arising within each risk category across the Group and aims to deliver a focused and consistent enterprise wide view of risk. Specific policies and procedures have been implemented to address each of the principal risks, see below. The process and methodology for addressing each risk may differ depending on the relevant business unit.

The policy framework sets the minimum standards for how each risk is:

- identified – the method used to identify risk exposures;
- measured – how the likelihood, severity and impact / quantum of those risks is measured;
- managed – how minimum standards are set to manage the risks;
- controlled – the controls in place to help mitigate the risks;
- reported – how the risks are communicated, reported, and escalated; and
- assured – how the risk management process is overseen by an independent function.

Overview of risk management (continued)

Internal audit

Marex Spectron has an internal audit function and this represents the Group's third line of defence providing independent assurance to senior management and the Board. The objectives of Internal Audit are to assess the effectiveness of the Group's risk management, internal controls and governance process; whether operational and financial controls are appropriate and consistently applied; the effectiveness of internal controls for the safeguarding of assets; the reliability and integrity of management information; and the adequacy of processes to ensure compliance with applicable laws and regulations.

The Board's assessment of the principal risks

The directors of the Company confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Company faces a variety of risks that are inherent in its normal course of business. These risks can be categorised into: Financial; Operational; and Strategic and Business. The following are deemed to be the principal risks and uncertainties that could affect the Company's activities within each of these areas and are described below, along with how the Company seeks to manage or mitigate each of these risk exposures.

Financial risk

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.

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.

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.

Foreign currency risk

The Company's major transactional exposures are in Norwegian Krone, Canadian Dollars and Euro's.

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. In 2017, foreign currency exposures were managed centrally by another Group entity. Consequently, all foreign currency exposure for the Company is incurred by that affiliate.

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Overview of risk management (continued)

Financial risk (continued)

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.

Information security / cyber risk

Information security, data confidentiality, integrity and availability of information are of critical importance to our businesses. Technology risk is inherent not only in the Company's information technology assets, but also in the people and processes that interact with them. Cyber risk, which is part of technology risk, is the risk that the Company's systems will not operate properly or will be compromised as a result of cyber-attacks, security breaches, unauthorized access, loss, destruction or alteration of data, unavailability of service, computer viruses or other events that could have an adverse security impact. As a result, the Company could be subject to litigation, suffer financial loss not covered by insurance, experience disruption of businesses, liability to clients, regulatory intervention or reputational damage.

Although the Company has business continuity plans, businesses face a wide variety of operational risks, including technology risk arising from dependencies on information technology, third-party suppliers and the worldwide telecommunications infrastructure. The increasing sophistication of cyber-attacks, means that a cyber-attack is inherently unpredictable and could occur without detection for an extended period of time.

The Company maintains active links with peer associations and appropriate government agencies to keep abreast of developments and has timely access to cyber threat intelligence. Service and infrastructure disruption risks are managed through the Company's business continuity management plan, the incident response plan, the operational risk management program and other contingency and resiliency plans.

Legal and compliance

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

Legal risk can also arise through litigation or the failure of contractual documentation when relied upon. Litigation risk is difficult to completely eliminate, but the Company mitigates this risk through its transparent and considered approach to the activities which it undertakes. The failure of contractual documentation when relied upon is mitigated by using market standard documents wherever possible and ensuring that bespoke or amended documentation is thoroughly reviewed by the internal Legal Department and / or external counsel.

Overview of risk management (continued)

Operational risk (continued)

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 on-going surveillance of market trends, the regulatory landscape and customer demand. This is supported by risk scenario contingency planning and the assessment of emerging risks.

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

R S Watts
Director
28 March 2018

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:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss 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 Marex Spectron International Limited ('the Company') which comprise:

- the income statement;
- the statement of other comprehensive income;
- the statement of financial position;
- the statement of the changes in equity and movements in reserves;
- the cash flow statement and;
- the related notes 1 to 23.

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.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors’ report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

James Polson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 March 2018

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 $'000	2016 $'000
Revenue	5	102,412	99,489
Operating expenses		(102,865)	(93,072)
Operating (loss) / profit	6	**(453)**	**6,417**
Finance income	9	3	2
Finance expense	9	(194)	(93)
(Loss) / Profit before taxation	10(b)	**(644)**	**6,326**
Tax	10(a)	(318)	(1,464)
(Loss) / Profit after taxation		**(962)**	**4,862**

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 $'000	2016 $'000
(Loss) / Profit after taxation		(962)	4,862
Total comprehensive income		**(962)**	**4,862**

All operations are continuing for the current and prior years.

The notes on pages 22 to 48 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 $'000	2016 $'000
Assets			
Non-current assets			
Intangible assets	12	3	-
Property, plant and equipment	13	159	198
Deferred tax	15	23	23
Total non-current assets		**185**	**221**
Current assets			
Trade and other receivables	14	26,694	27,161
Corporation tax		82	220
Cash and cash equivalents		2,083	2,188
Total current assets		**28,859**	**29,569**
Total assets		**29,044**	**29,790**
Liabilities			
Current liabilities			
Trade and other payables	16	1,028	573
Corporation tax		373	613
Short-term borrowings	19	1	-
Total current liabilities		**1,402**	**1,186**
Total liabilities		**1,402**	**1,186**
Total net assets		**27,642**	**28,604**

The notes on pages 22 to 48 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 (CONTINUED)

	Notes	2017 $'000	2016 $'000
Equity			
Share capital	17,18	16	16
Share premium	18	165	165
Retained earnings	18	27,461	28,423
Total equity		**27,642**	**28,604**

The financial statements on pages 17 to 48 were approved and authorised for issue by the Board of Directors on 21 March 2018 and signed on its behalf by:

R S Watts
Director
28 March 2018
Registration Number: 03938219

STATEMENT OF THE CHANGES IN EQUITY AND MOVEMENTS IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital $'000	Share premium $'000	Retained earnings $'000	Total $'000
At 1 January 2016	16	165	23,561	23,742
Profit for the period	-	-	4,862	4,862
At 31 December 2016 and 1 January 2017	**16**	**165**	**28,423**	**28,604**
Loss for the period	-	-	(962)	(962)
At 31 December 2017	**16**	**165**	**27,461**	**27,642**

The notes on pages 22 to 48 form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 $'000	2016 $'000
(Loss) / Profit before tax		(644)	6,326
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	6, 13	80	45
Amortisation of other intangible assets	12	1	-
Interest received		(3)	(2)
Interest paid		194	93
Allowance for doubtful debts	14(b)	97	(4)
Operating cash flows before changes in working capital		**(275)**	**6,458**
Working capital adjustments:			
Increase / (decrease) in trade and other receivables		370	(3,497)
Increase / (decrease) in trade and other payables		455	(645)
Cash inflow from operating activities		**550**	**2,316**
Corporation tax paid		(420)	(3,872)
Net cash inflow / (outflow) from operating activities		**130**	**(1,556)**
Investing activities			
Purchase of property, plant and equipment	13	(41)	(201)
Purchase of intangible assets	12	(4)	-
Net cash outflow from investing activities		**(45)**	**(201)**
Financing activities			
Interest received		3	2
Interest paid		(194)	(93)
Increase in short-term borrowings	19	1	-
Net cash outflow from financing activities		**(190)**	**(91)**
Net decrease in cash and cash equivalents		**(105)**	**(1,848)**
Cash and cash equivalents			
Cash available on demand and short-term deposits at 1 January		2,188	4,036
Decrease in cash		(105)	(1,848)
Cash and cash equivalents at 31 December		**2,083**	**2,188**

The notes on pages 22 to 48 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(g).

2. ADOPTION OF NEW AND REVISED STANDARDS

(a) Amendments to IFRSs and the new Interpretations 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 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 7 Disclosure Initiative

The Company has adopted the amendments to IAS 7 for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The application of these amendments has had no impact on the Company's financial statements.

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. The application of these amendments has had no impact on the Company's financial statements as the Company already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

- Annual Improvements to IFRSs 2014–2016 Cycle

The Company has adopted the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014 - 2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Company. IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

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 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
IFRS 4 (amendments)	Applying IFRS 9 Financial Instruments with IFRS 4
Annual Improvements to IFRSs 2014 - 2016 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IFRS 28 Investments in Associates and Joint Ventures
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and It’s Associate or Joint Venture
IFRIC 22	Foreign Currency Transactions and Advanced Consideration
IFRIC 23	Uncertainty over Income Tax Treatments

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, except as noted below:

- IFRS 9 Financial Instruments

The Company will apply IFRS 9 from 1 January 2018. The Company has elected not to restate comparatives on initial application of IFRS 9. The full impact of adopting IFRS 9 on the Company’s financial statements will depend on the financial instruments that the Company has during 2018 as well as on economic conditions and judgements made as at the year end. Upon adoption, the Company will classify its financial assets as measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income, depending on its business model for managing those financial assets and the assets’ contractual cash flow characteristics. The previous classification at ‘fair value through profit or loss’, ‘loans and receivables’, ‘available-for-sale’ and ‘financial liabilities at amortised cost’ upon adoption will be discontinued. The Company has evaluated the impact from the application of IFRS 9 on its financial statements and determined that the change does not result in any material impact on the current year or would materially impact 2018.

- IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2018. The company is required to adopt IFRS 15 for the year ending 31 December 2018 and will adopt the modified retrospective approach without restatement of comparatives. The Company has evaluated the impact from the application of IFRS 15 on its financial statements and determined that the change does not result in any material impact on the current year or would materially impact 2018.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

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

- IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019 for which the Company will not be adopting early. No decision has been made about whether to use any of the transitional options in IFRS 16. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right of use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The Company is currently evaluating the effect of IFRS 16 on its financial statements.

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, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

(b) Going concern

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 the following:

- execution and clearing commissions, which are recognised on a trade date basis;

Other income primarily comprises exchange rebates and is recognised on an accruals basis.

In accordance with accepted practice, those financial instruments held for trading purposes are fair valued and subsequent gains and losses are recognised in the income statement.

(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.

(e) Leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(f) 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.

(g) 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.

(h) Employee benefits

<u>Short-term employee benefits</u>

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.

<u>Retirement benefits: defined contribution schemes</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

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.

(k) Other intangible assets

<u>Internally generated intangible assets (software development costs)</u>

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.

<u>Software licences</u>

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)

(l) Impairment of non-financial assets

Impairment tests are undertaken annually and 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 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.

(m) Financial instruments

<u>Initial recognition and measurement</u>

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.

<u>Effective interest method</u>

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.

<u>Financial assets</u>

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Company's financial assets comprise of loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers ('trade debtors'), but also incorporate other types of contractual monetary assets. They are carried at amortised cost using the EIR method less provision for any impairment.

<u>Derecognition of financial assets</u>

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments (continued)

Financial liabilities

The Company classifies its financial liabilities into the following categories, depending on the purpose for which the liability was assumed. The Company's accounting policy for each category of financial liabilities held is as follows:

- Other financial liabilities: 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.

(n) Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset or group of financial assets are impaired. An impairment exists if one or more events that has occurred since initial recognition of the financial asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

For all other financial assets, objective evidence of impairment could include:

- debtors or a group of debtors experiencing significant difficulties, or there is high probability they will enter bankruptcy;
- default or delinquency in interest or principal payments; and / or
- significant financial difficulty of the issuer or counterparty.

(o) 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.

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) 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 2017 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.

(b) 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.

5. REVENUE

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

	2017 $'000	2016 $'000
Execution and clearing commissions	102,412	99,489
	102,412	**99,489**

	2017		
31 December 2017	**North America $'000**	**Europe $'000**	**Total $'000**
Commodities	33,951	68,419	102,370
Other	10	32	42
Revenue	**33,961**	**68,451**	**102,412**

	2016		
31 December 2016	**North America $'000**	**Europe $'000**	**Total $'000**
Commodities	23,653	75,476	99,129
Other	19	341	360
Revenue	**23,672**	**75,817**	**99,489**

6. OPERATING PROFIT

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

	Notes	2017 $'000	2016 $'000
Staff costs	8	7,611	4,034
Depreciation of property, plant and equipment	13	80	45
Amortisation of other intangible assets	12	1	-
Charges under operating leases	20	110	88
Provision for bad and doubtful debts	14(b)	97	(4)
Management recharges – in		93,097	88,333
Management recharges – out		(514)	(1,886)
Foreign exchange losses / (gains)		11	(66)

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:

	2017 $'000	2016 $'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts		
Audit of the Company's annual accounts	152	156
Total audit fees	**152**	**156**

Fees payable to the Company's auditor for other services comprise:	2017 $'000	2016 $'000
Audit-related assurance services	29	27
Tax compliance services	5	9
Other taxation advisory services	2	-
Total non-audit fee	**36**	**36**

Audit fees for the Company for the year ended 31 December 2017 and the prior year were paid by a group undertaking.

8. STAFF COSTS

	2017 Number	2016 Number
Front Office	17	13
Control & Support	1	-
Average monthly number of staff	**18**	**13**

	2017 $'000	2016 $'000
Aggregate wages and salaries	7,042	3,599
Employer's National Insurance Contributions and similar taxes	269	106
Short-term monetary benefits	229	324
Defined pension contribution cost	71	5
Total staff costs	**7,611**	**4,034**

9. FINANCE INCOME AND EXPENSE

	2017 $'000	2016 $'000
Finance income		
Bank interest income	3	2
	3	**2**

	2017 $'000	2016 $'000
Finance expense		
Bank interest expense	(194)	(93)
	(194)	**(93)**

Included in bank interest expenses, above, are finance facility expenses of $91,381 (2016: $Nil).

10. TAXATION

(a) Tax charge

	Notes	2017 $'000	2016 $'000
Current tax			
UK and foreign corporation tax on profit for the year		67	1,496
Adjustment in respect of prior years		251	(38)
		318	**1,458**
Deferred tax			
Origination and reversal of temporary differences		-	6
	15	**-**	**6**
Tax charge for the year	10(b)	**318**	**1,464**

(b) Reconciliation between tax charge and profit before tax

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK 19.25% (2016: 20.00%). The standard rate of corporation tax in the UK reduced from 20% to 19% on 1 April 2017. Accordingly, UK corporation tax for this accounting period has been calculated at 19.25% of the estimated assessable profits for the period. Taxation for other jurisdictions is calculated at rates prevailing in the relevant jurisdictions. Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Finance Act 2016 enacted a further reduction in the UK corporation tax rate to 17% by 2020 and this reduction in the tax rate will impact the current tax charge in future periods.

10. TAXATION (CONTINUED)

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

	Notes	2017 $'000	2016 $'000
(Loss) / Profit before tax		**(644)**	**6,326**
Expected tax expense based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)		(124)	1,265
Explained by:			
Expenses not deductible for tax purposes		(169)	28
Income not subject to tax		(14)	-
Tax losses not recognised for deferred tax purposes		429	132
Foreign exchange and other differences		(12)	65
Prior year adjustments		251	(38)
Effect of overseas tax rates		(334)	12
Group relief		291	-
Tax charge for the year	10(a)	**318**	**1,464**

11. DIVIDENDS PAID AND PROPOSED

The Company did not declare or make any dividend payments during the year (2016: $nil).

12. INTANGIBLE ASSETS

	Software development $'000	Total $'000
Cost		
At 1 January 2016 and 1 January 2017	-	-
Additions	4	4
At 31 December 2017	**4**	**4**
Impairment provisions and amortisation		
At 1 January 2016 and 1 January 2017	-	-
Charge for the year (note 6)	1	1
At 31 December 2017	**1**	**1**
Net book value		
At 31 December 2017	**3**	**3**
At 31 December 2016	-	-

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Computer expenses $'000	Furniture, fixtures and fittings $'000	Total $'000
Cost				
At 1 January 2016	-	145	48	193
Additions	12	189	-	201
Disposals	-	(60)	(11)	(71)
At 1 January 2017	**12**	**274**	**37**	**323**
Additions	17	18	6	41
At 31 December 2017	**29**	**292**	**43**	**364**
Depreciation				
At 1 January 2016	-	107	44	151
Charge for the year (note 6)	-	42	3	45
Disposals	-	(60)	(11)	(71)
At 1 January 2017	**-**	**89**	**36**	**125**
Charge for the year (note 6)	5	72	3	80
At 31 December 2017	**5**	**161**	**39**	**205**
Net book value				
At 31 December 2017	**24**	**131**	**4**	**159**
At 31 December 2016	12	185	1	198

14. TRADE AND OTHER RECEIVABLES

	2017 $'000	2016 $'000
Trade debtors	14,493	13,842
Default funds and deposits	32	31
Amounts due from group undertakings	10,235	10,587
Other tax and social security taxes	3	2
Other debtors	1,742	2,602
Prepayments	189	97
	26,694	**27,161**

Included in other debtors is $1,159,288 (2016: $1,456,628) 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 $91,000 (2016: $30,000).

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 directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

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

	2017 $'000	2016 $'000
Less than 30 days	4,180	3,727
31 to 60 days	952	955
61 to 90 days	437	447
91 to 120 days	234	170
More than 120 days	494	571
	6,297	**5,870**

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

	2017 $'000	2016 $'000
As at 1 January	30	34
Charged to the income statement	97	(4)
Bad debts written off	(36)	-
At 31 December	**91**	**30**

15. DEFERRED TAX

	2017 $'000	2016 $'000
Depreciation in excess of capital allowances	23	23
31 December	**23**	**23**

	2017 $'000	2016 $'000
At 1 January	23	29
Charged to the income statement (note 10(a))	-	(6)
31 December	**23**	**23**

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 effective tax rate ruling at the balance sheet date. Finance (No. 2) Act 2015 reduced the UK corporation tax rate from 20% to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020 and was substantively enacted on 18 November 2015.

Finance Act 2016 enacted a further reduction in the UK corporation tax rate to 17% by 2020 and was substantively enacted on 15 September 2016. The reduction of the UK corporation tax rate to 17% has been recognised in the deferred tax charge and closing deferred tax position.

16. TRADE AND OTHER PAYABLES

	2017 $'000	2016 $'000
Other tax and social security taxes	31	12
Other creditors	140	137
Accruals and deferred income	857	424
	1,028	**573**

The directors consider that the carrying amount of trade and other payables is approximately equal to their fair value.

17. SHARE CAPITAL

	Issued and fully paid		Issued and fully paid	
	2017 Number	**2017 $'000**	**2016 Number**	**2016 $'000**
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

	2017 $'000	2016 $'000
Borrowings at amortised cost		
Secured receivables finance facility	1	-
	1	**-**

During the year, the Company entered into a committed receivables finance facility with a maximum amount available of $10,000,000, with a renewal date of 13 February 2019. The amount available under this facility is capped at an amount secured by a floating charge over certain of the Company's trade receivables. As at 31 December 2017, these receivables had a carrying value of $8,771,625. As at 31 December 2017, $1,431 of the facility has been utilised. The credit agreement contains certain financial and other covenants. The Company was in compliance with all applicable covenants throughout the year. Interest on amount utilised is calculated at a floating rate consisting of LIBOR, or EURIBOR plus a spread. Interest on the unutilised portion is charged at a fixed percentage rate.

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.

	Notes	2017 $'000	2016 $'000
Lease payments under operating leases recognised as an expense in the year	6	110	88

The total future minimum lease payments are due as follows:

	2017 $'000	2016 $'000
Within one year	136	90
In the second to fifth years inclusive	273	214
	409	**304**

21. 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 2017 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 Group'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 Group's risk appetite, as determined by the Board.

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

21. FINANCIAL INSTRUMENTS (CONTINUED)

(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.

	2017	
	Loans and receivables $'000	**Total $'000**
Financial assets:		
Cash and cash equivalents	2,083	2,083
Trade debtors	14,493	14,493
Default funds and deposits	32	32
Other debtors	34	34
Other tax and social security taxes	3	3
Amounts due from group undertakings	10,235	10,235
31 December 2017	**26,880**	**26,880**

	2016	
	Loans and receivables $'000	**Total $'000**
Financial assets:		
Cash and cash equivalents	2,188	2,188
Trade debtors	13,842	13,842
Default funds and deposits	31	31
Other debtors	7	7
Amounts due from group undertakings	10,587	10,587
31 December 2016	**26,655**	**26,655**

21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments (continued)

	2017	
	Amortised cost $'000	**Total $'000**
Financial liabilities:		
Other tax and social security taxes	31	31
Other creditors	140	140
Accruals and deferred income	857	857
31 December 2017	**1,028**	**1,028**

	2016	
	Amortised cost $'000	**Total $'000**
Financial liabilities:		
Other tax and social security taxes	12	12
Other creditors	137	137
Accruals and deferred income	424	424
31 December 2016	**573**	**573**

(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.

21. 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 only makes treasury deposits with banks and financial institutions that have received approval from the Company's Executive Credit Risk Committee.

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.

	2017 $'000	2016 $'000
AA and above	368	-
AA-	472	4
A+	1,380	1,460
A	454	224
A-	2,562	120
BBB+	592	1,023
Lower and unrated	21,052	23,824
	26,880	**26,655**

Financial assets	2017 $'000	2016 $'000
Trade debtors	14,493	13,842
Default funds and deposits	32	31
Amounts due from group undertakings	10,235	10,587
Other debtors	34	7
Cash and cash equivalents	2,083	2,188
Other tax and social security taxes	3	-
	26,880	**26,655**

Foreign currency risk

The Company's major transactional exposures are in Norwegian Krone, Canadian Dollars and Euro's. 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. In 2017, foreign currency exposures were managed centrally by another Group entity. Consequently, all foreign currency exposure for the Company is incurred by that affiliate.

21. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Foreign exchange sensitivity

The majority of the Company's net assets are in US Dollars which minimises the effect exchange rate fluctuations will have on overall net assets.

	Net assets / (liabilities) 2017 $'000	**Sensitivity movement 10% 2017 $'000**	**Net assets / (liabilities) 2016 $'000**	**Sensitivity movement 10% 2016 $'000**
Euro	-	-	184	18
Norwegian Krone	-	-	(2,247)	(225)
	-	**-**	**(2,063)**	**(207)**

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.

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.

21. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Liquidity risk exposures

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

	2017 $'000	2016 $'000
Secured receivables finance facility, reviewed bi-annually:		
Amount used	1	-
Amount unused	9,999	-
	10,000	**-**

21. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Liquidity risk (continued)

Liquidity risk exposures (continued)

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

	2017				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Other tax and social security taxes	-	31	-	-	31
Other creditors	-	140	-	-	140
Accruals and deferred income	-	801	56	-	857
At 31 December 2017	**-**	**972**	**56**	**-**	**1,028**

	2016				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Other tax and social security taxes	-	12	-	-	12
Other creditors	-	137	-	-	137
Accruals and deferred income	-	394	30	-	424
At 31 December 2016	**-**	**543**	**30**	**-**	**573**

21. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Liquidity risk (continued)

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

	2017				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Trade debtors	-	14,493	-	-	14,493
Default funds and deposits	-	32	-	-	32
Amounts due from group undertakings	10,235	-	-	-	10,235
Other debtors	-	24	3	7	34
Cash and cash equivalents	2,083	-	-	-	2,083
Other tax and social security taxes	-	3	-	-	3
At 31 December 2017	**12,350**	**14,520**	**3**	**7**	**26,880**

	2016				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Trade debtors	-	13,842	-	-	13,842
Default funds and deposits	-	31	-	-	31
Amounts due from group undertakings	10,587	-	-	-	10,587
Other debtors	-	-	3	5	8
Cash and cash equivalents	2,188	-	-	-	2,188
At 31 December 2016	**12,806**	**13,842**	**3**	**5**	**26,656**

22. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events subsequent to the reporting date.

23. 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 for their services to the Company was as follows:

	2017 $'000
Aggregate wages and salaries	393
Short-term monetary benefits	2
Defined benefit cost	5
	400

The remuneration of the highest paid director for their services to the Company was $399,409 (2016: $447,023). As at 31 December 2017, there was 1 director in the Company's defined contribution scheme (2016: 1).

(c) Balances and transactions with other group undertakings

	Amounts owed from related parties 2017 $'000	Amounts owed from related parties 2016 $'000	Amounts owed to related parties 2017 $'000	Amounts owed to related parties 2016 $'000	Amounts included in operating profits 2017 $'000	Amounts included in operating profits 2016 $'000
Marex Financial Limited	10,756	10,587	-	-	23,582	21,061
Marex Services Limited	-	-	-	-	-	38
Marex Spectron Asia Pte Limited	-	-	-	-	235	90
Marex Spectron Group Limited	-	-	-	-	105	218
Nanolytics Capital Advisors Limited	-	-	-	-	-	(5)
Marex North America LLC	-	-	-	-	4,183	3,540
Spectron Energy Inc.	-	-	-	-	23,234	15,500
Spectron Services Limited	-	-	-	-	46,596	52,095
	10,756	**10,587**	**-**	**-**	**97,935**	**92,537**