MAREX SPECTRON

Spectron Services Limited

Annual Report and Financial Statements

Year ended 31 December 2018

Registration Number 03697505

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COMPANY INFORMATION

Country of Incorporation	England and Wales
Legal Form	Private limited company
Directors	J K D Elliott R J Reid P R Tonucci 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 Spectron Services Limited ('the Company' or 'the firm') for the year ended 31 December 2018. 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 trading in 'non-transaction' based services, primarily consisting of data sales to clients and acting as a service company to the Group.

Directors

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

	Appointed	Resigned
J K D Elliott		
R J Reid		
S H Sparke		8 May 2018
P R Tonucci	8 May 2018	
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:

	2018		**2017**	
	Average Rate	**Year-end Rate**	**Average Rate**	**Year-end Rate**
GBP / USD	1.3355	1.2762	1.2888	1.3515
USD / EUR	1.1811	1.1466	1.1295	1.1998

Going concern

After reviewing the 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 24.

Dividends

The Company did not declare or make any dividend payments during the year ended 31 December 2018 (2017: $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

The company made charitable contributions amounting to $30,586 for the year ended 31 December 2018 (2017: $28,000). No contributions were made for political purposes during the year (2017: $nil).

Future developments

No significant change to the Company's principle business activities is currently expected.

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:

R S Watts
Director
29 March 2019

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

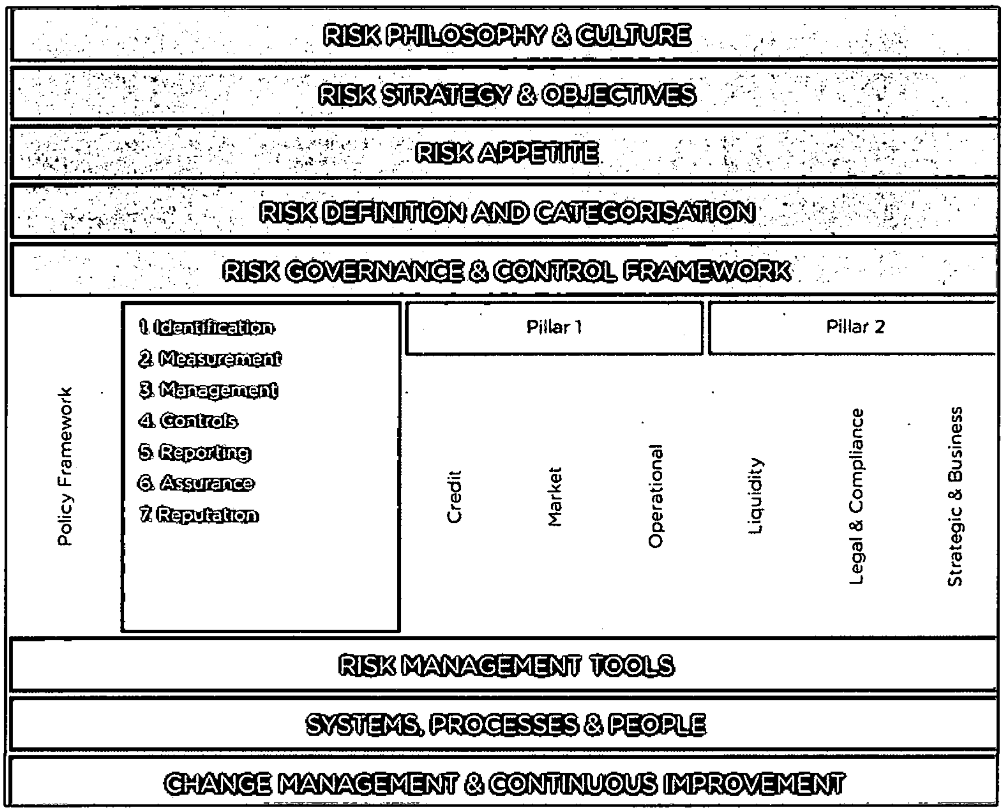
Spectron Services Limited operating profit for the year ended 31 December 2018 was $3,386,000 (2017: $4,467,000). The Company is profit making with profit before tax of $3,371,000 (2017: $4,473,000) and net assets of $10,057,000 (2017: $7,753,000).

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 Marex Spectron Group Limited.

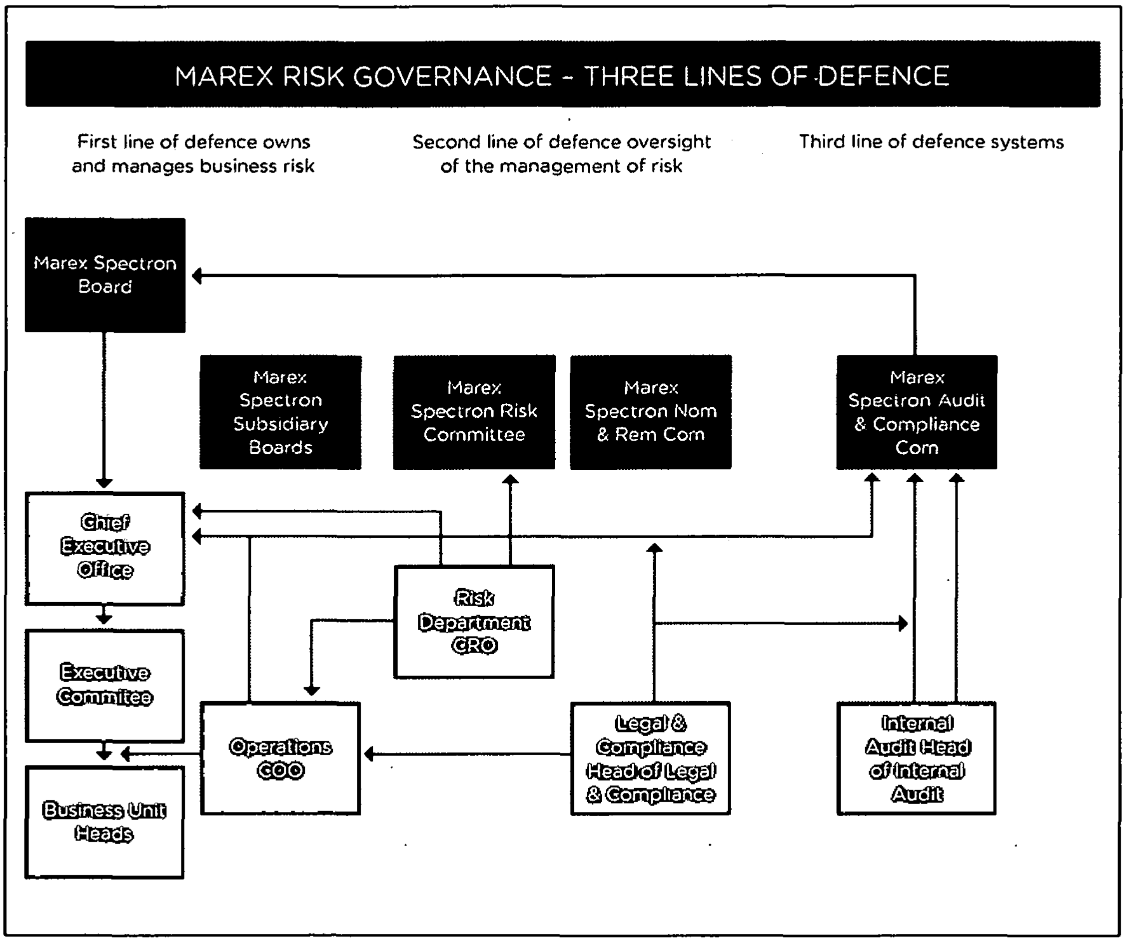
Business strategy, risk strategy and risk appetite are all aligned to ensure that decision making across the Group reflects the correct approach to risk. By taking into account the risks posed across each of the business lines, the effective management of capital and liquidity within Marex Spectron is 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:

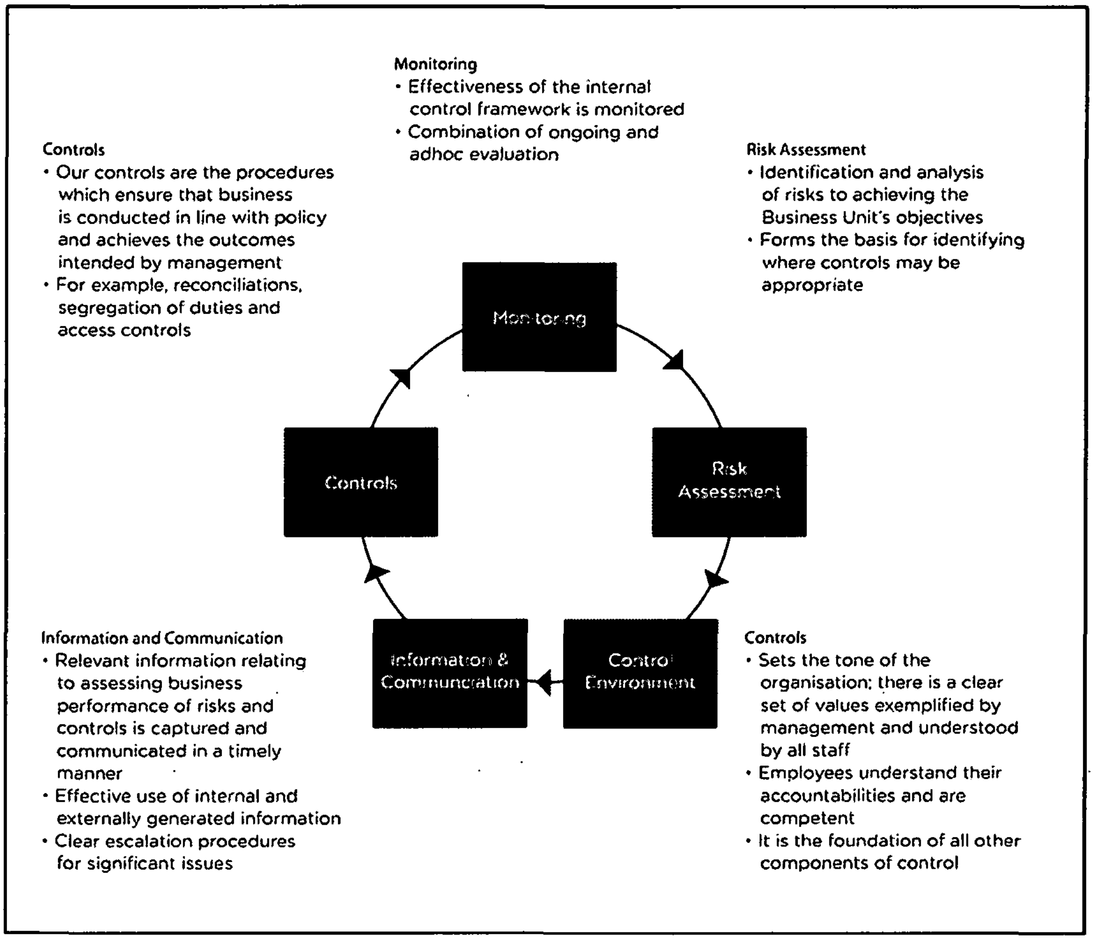
- the first line of defence covers the controls in place to deal with and manage the day-to-day risk management within the business units, support functions and embedded operational risk staff;
- the second line of defence consists of the specialist control functions which make up the risk management 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.

<u>Overview of risk management (continued)</u>

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 Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, mainly:

- forward foreign exchange contracts to hedge the exchange rate risk arising from exposures related to material future dated GBP commtiments.

Foreign currency risk

As the majority of the revenue generated, and assets and liabilities of the Company are in US Dollars, there is a minimal exposure to structural currency risk.

The Company's policy is to minimise volatility as a result of the translation of foreign currency exposure. As such management monitors currency exposure on a daily basis and buys or sells currency to minimise the exposure, in addition to the hedging of material GBP exposures through the use of derivative instruments.

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.

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.

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 Company 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 Company 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, unauthorised 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 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)

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
29 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECTRON SERVICES 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 2018 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 Spectron Services 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 25.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECTRON SERVICES LIMITED (CONTINUED)

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECTRON SERVICES LIMITED (CONTINUED)

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.

Mark Rhys (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 March 2019

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000
Revenue	5	36,320	34,603
Operating expenses		(32,934)	(30,136)
Operating profit	6	**3,386**	**4,467**
Finance income	9	-	6
Finance expense	9	(15)	-
Profit before taxation	10(b)	**3,371**	**4,473**
Tax	10(a)	(1,014)	(1,190)
Profit after taxation		**2,357**	**3,283**

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000
Profit after taxation		2,357	3,283
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met			
Cash flow hedge reserve	20	(50)	-
Cost of hedge reserve	20	(3)	-
Total comprehensive income		**2,304**	**3,283**

All operations are continuing for the current and prior years.

The notes on pages 20 to 57 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000
Assets			
Non-current assets			
Intangible assets	12	415	430
Property, plant and equipment	13	1,243	874
Investments in subsidiaries	14(a)	15,537	14,537
Deferred tax	16	66	100
Total non-current assets		**17,261**	**15,941**
Current assets			
Trade and other receivables	15	11,624	10,250
Corporation tax asset		218	-
Cash and cash equivalents		211	141
Total current assets		**12,053**	**10,391**
Total assets		**29,314**	**26,332**
Liabilities			
Current liabilities			
Trade and other payables	17	19,204	17,806
Derivative instruments	23	53	-
Corporation tax		-	773
Total current liabilities		**19,257**	**18,579**
Total liabilities		**19,257**	**18,579**
Total net assets		**10,057**	**7,753**

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Notes	2018 $'000	2017 $'000
Equity			
Share capital	18	17	17
Share premium	19	99	99
Capital redemption reserve	19	734	734
Retained earnings	19	9,260	6,903
Cash flow hedge reserve	19, 20	(50)	-
Cost of hedge reserve	19, 20	(3)	-
Total equity		**10,057**	**7,753**

The financial statements on pages 15 to 57 were approved and authorised for issue by the Board of Directors on 29 March 2019 and signed on its behalf by:

R S Watts
Director
29 March 2019
Registration Number: 03697505

The notes on pages 20 to 57 form part of these financial statements.

STATEMENT OF THE CHANGES IN EQUITY AND MOVEMENTS IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital $'000	Share premium $'000	Capital redemp-tion reserve $'000	Retained earnings $'000	Cash flow hedge reserve $'000	Cost of hedge reserve $'000	Total $'000
At 1 January 2017	17	99	734	3,620	-	-	4,470
Profit for the period	-	-	-	3,283	-	-	3,283
At 31 December 2017 and 1 January 2018	**17**	**99**	**734**	**6,903**	**-**	**-**	**7,753**
Profit for the period	-	-	-	2,357	-	-	2,357
Cash flow hedge	-	-	-	-	(50)	-	(50)
Cost of hedge	-	-	-	-	-	(3)	(3)
At 31 December 2018	**17**	**99**	**734**	**9,260**	**(50)**	**(3)**	**10,057**

The notes on pages 20 to 57 form part of these financial statements.

Spectron Services Limited

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000
Profit before tax		3,371	4,473
Adjustment to reconcile profit before tax to net cash flows:			
Amortisation of other intangible assets	6, 12	112	54
Depreciation of property, plant and equipment	6, 13	524	402
Interest received	9	-	(6)
Interest paid	9	15	-
Operating cash flows before changes in working capital		**4,022**	**4,923**
Working capital adjustments:			
(Increase) / decrease in trade and other receivables		(1,374)	1,885
Increase / (decrease) in trade and other payables		1,398	(4,506)
Cash inflow from operating activities		**4,046**	**2,302**
Corporation tax paid		(1,971)	(803)
Net cash inflow from operating activities		**2,075**	**1,499**
Investing activities			
Purchase of property, plant and equipment	13	(893)	(450)
Purchase of intangible assets	12	(97)	(80)
Increase in investment in group undertakings	14(a)	(1,000)	(1,000)
Net cash outflow from investing activities		**(1,990)**	**(1,530)**
Financing activities			
Interest received		-	6
Interest paid		(15)	-
Net cash (outflow) / inflow from financing activities		**(15)**	**6**
Net increase / (decrease) in cash and cash equivalents		**70**	**(25)**
Cash and cash equivalents			
Cash available on demand and short-term deposits at 1 January		141	166
Increase / (decrease) in cash		70	(25)
Cash and cash equivalents at 31 December		**211**	**141**

The notes on pages 20 to 57 form part of these financial statements.

1. GENERAL INFORMATION

Spectron Services 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(h).

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 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 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

<u>IFRS 15 Revenue from Contracts with Customers</u>

IFRS 15 establishes a single comprehensive model for determining whether, how much and when revenue arising from contracts with customers is recognised. It replaced IAS 18 Revenue and related interpretations.

The Company has adopted IFRS 15 with effect from 1 January 2018 and has adopted the modified retrospective approach without restatement of comparatives. Accordingly, the information presented for 2017 has not been restated and is presented as previously reported under IAS 18.

The core principle of IFRS 15 is that revenue should be recognised depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a five-step approach to revenue recognition, which is to:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, revenue is recognised as and when 'control' of the goods or services underlying a particular performance obligation is transferred to the customer. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing or amount that the Company recognises. From the adoption of IFRS 15 the below listed revenue streams for the Company continue to be recognised based on the following:

- market data fees are recognised on an accruals basis; and
- other income primarily comprises management fees and is recognised on an accruals basis.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

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

IFRS 9 Financial instruments

The Company has applied IFRS 9 Financial Instruments from 1 January 2018, which replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) impairment for financial assets and (iii) general hedge accounting. Under the transition methods chosen, comparative information has not been restated.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt investment that are held within a business model whose objectives is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose objectives is both to collect the contractual cash flows and to sell the debt instruments and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income ('FVTOCI'); and
- all other debt investments and equity investments are subsequently measured at fair value through profit or loss ('FVTPL').

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

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

IFRS 9 Financial instruments (continued)

Classification and measurement of financial assets (continued)

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets in regards to their classification and measurement:

- loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss ('ECL') model as opposed to an incurred credit loss model under IAS 39. The ECL model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on (i) debt investments subsequently measured at amortised cost or at FVTOCI, (ii) lease receivables, (iii) contract assets and (iv) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 month ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, inclusive of forward-looking information.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

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

IFRS 9 Financial instruments (continued)

Impairment of financial assets (continued)

Items existing as at 1 January 2018 that are subject to the impairment provisions of IFRS 9:

	Note	Credit risk attributes
Trade debtors	15	The Company applies the simplified approach and recognises lifetime ECL for these assets.
Loans receivable	15	As a result of undue cost and effort in the determination of credit risk, these amounts have been assessed to have a credit risk other than low. Accordingly, the Company recognises lifetime ECL from initial recognition for these amounts until they are derecognised.
Cash and cash equivalents		All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions

Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

Disclosures in relation to the initial application of IFRS 9

The following table summarises the impact on the classification and measurement to the Company's financial assets and financial liabilities on 1 January 2018:

	Loans and receivables $'000	Amortised cost $'000	Total $'000
Financial assets:			
Cash and cash equivalents	141	-	141
Trade debtors	664	-	664
Loans receivable	8	-	8
31 December 2017 (under IAS 39)	**813**	**-**	**813**
Reclassifications:			
Cash and cash equivalents	(141)	141	-
Trade debtors	(664)	664	-
Loans receivable	(8)	8	-
At 1 January 2018 (under IFRS 9)	**-**	**813**	**813**

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

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

IFRS 9 Financial instruments (continued)

Disclosures in relation to the initial application of IFRS 9 (continued)

	Amortised cost $'000	Total $'000
Financial liabilities:		
Amounts due to group undertakings	2,436	2,436
Other creditors	13	13
Accruals	14,001	14,001
Deferred income	623	623
31 December 2017 and 1 January 2018	**17,073**	**17,073**

There is no change in the classification and recognition of financial liabilities upon adoption of IFRS 9 on 1 January 2018.

(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 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015 - 2017 Cycle	Amendments to IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income taxes* and IAS 23 *Borrowing Costs*
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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:

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.

Upon adoption, the lessee will apply the new standard retrospectively to all periods presented or retrospectively using a cumulative effect adjustment in the year of adoption.

The Company does not expect this guidance to have an impact on its net profit or result in a gross up of the balance sheet for the recognition of a right-of-use assets and a lease liability on transition, as all current leases for the Company are either less than 12 months or low value leases and are therefore out of scope for the adoption of IFRS 16.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies adopted are set out below.

(b) Basis of consolidation

The Company is exempt by virtue of section 405 of the Companies Act 2006 from the requirement to prepare consolidated financial statements because the Company is a wholly-owned subsidiary of Marex Spectron Group Limited, which is incorporated in England and Wales. The financial statements present information about the Company as an individual undertaking and not about its group.

(c) 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.

(d) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the cost of the acquisition (including the fair value of deferred and contingent consideration) of a business combination, over the share in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

(e) 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;
- desk facilities, licence and software fees, and market data fees which are recognised on an accruals basis; and
- other income primarily comprises of management recharges and is recognised on an accruals basis.

(f) Finance income and expense

Finance income and expense is earned on balances held at banks. Finance income and expenses are recognised on an amortised cost basis using the effective interest rate ('EIR') method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

(h) 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.

(i) 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.

(j) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Taxation (continued)

Deferred tax (continued)

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.

(k) 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, plant and equipment (continued)

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.

(l) 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.

(m) Impairment of non-financial assets

Impairment tests on 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of non-financial assets (continued)

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).

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.

(n) 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.

Financial assets that meet both of the following conditions and have not been designated as at FVTPL are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet both of the following conditions and have not been designated as at FVTPL are measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The Company may make the following irrevocable election and/or designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The following accounting policies apply 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.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

Equity instruments designated as at FVTOCI (continued)

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition; and
- debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVTPL.

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.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other financial liabilities'.

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

- fair value through profit or loss ('FVTPL'): this category includes financial instruments under hedge accounting relationships. They are carried in the balance sheet at fair value with changes in fair value recognised in other comprehensive income.
- other financial liabilities include the following items: trade and other payables and other short-term monetary liabilities which are recognised at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

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.

(o) Impairment of financial assets

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, 12-month 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 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets (continued)

Significant increases in credit risk (continued)

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; (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets (continued)

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.

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.

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

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.

(p) Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk on firm commitments. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Hedge accounting (continued)

The effective portion of changes in the fair value of foreign currency forward contracts that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(q) 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.

(r) Cash and non-cash distributions

The Company recognises a liability to make cash or non-cash distributions to its equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the United Kingdom, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the income statement.

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) 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.

(b) Judgements

Taxation

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

The Company has recognised deferred tax assets in respect of losses and temporary differences. The Company has considered their carrying value as at 31 December 2018 and concluded that, based on management's estimates, sufficient taxable profits will be generated in future years to recover recognised deferred tax assets.

5. REVENUE

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

	2018 $'000	2017 $'000
Execution and clearing commissions	-	21
Desk facility and market data fees	3,548	3,531
Other income – management fees	32,772	31,051
	36,320	**34,603**

	2018		2017	
	Europe $'000	**Total $'000**	**Europe $'000**	**Total $'000**
Commodities	3,342	3,342	3,360	3,360
Other	32,978	32,978	31,243	31,243
	36,320	**36,320**	**34,603**	**34,603**

6. OPERATING PROFIT

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

	Notes	2018 $'000	2017 $'000
Staff costs	8	48,837	43,180
Amortisation of other intangible assets	12	112	54
Depreciation of property, plant and equipment	13	524	402
Provision for doubtful debts	15(b)	(46)	27
Charges under operating leases	21	98	73
Management recharges – in		33,710	31,588
Management recharges – out		(80,159)	(72,536)

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

7. AUDITOR'S REMUNERATION

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

	2018 $'000	2017 $'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts		
Audit of the Company's annual accounts	120	97
Total audit fees	**120**	**97**

Fees payable to the Company's auditor for other services comprise:	2018 $'000	2017 $'000
Other services	457	14
Total non-audit fee	**457**	**14**

Audit fees for the Company for the year ended 31 December 2018 and the prior year were paid by a group undertaking.

8. STAFF COSTS

	2018 Number	2017 Number
Front office	71	66
Average monthly number of staff	**71**	**66**

	2018 $'000	2017 $'000
Aggregate wages and salaries	44,037	37,336
Employer's National Insurance contributions and similar taxes	3,473	4,657
Short-term monetary benefits	1,147	1,001
Defined pension contribution cost	57	27
Apprenticeship levy	123	159
Total staff costs (note 6)	**48,837**	**43,180**

As at 31 December 2018, there were contributions totalling $15,206 (2017: $6,090) payable to the defined contribution pension scheme by the Company.

9. FINANCE INCOME AND EXPENSE

	2018 $'000	2017 $'000
Finance income		
Bank interest income	-	6
	-	**6**

	2018 $'000	2017 $'000
Finance expense		
Bank interest expense	(15)	-
	(15)	**-**

10. TAXATION

(a) Tax charge

	Notes	2018 $'000	2017 $'000
Current tax			
UK and foreign corporation tax on profit for the year		989	1,162
Adjustment in respect of prior years		(9)	(37)
		980	**1,125**
Deferred tax			
Origination and reversal of temporary differences		3	2
Adjustment in respect of prior years – other		31	63
	16	**34**	**65**
Tax charge for the year	10(b)	**1,014**	**1,190**

(b) Reconciliation between tax charge and profit before tax

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK 19.00% (2017: 19.25%). Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19.00% with effect from 1 April 2017. Accordingly, UK corporation tax for this accounting period has been calculated at 19.00% of the estimated assessable profits for the period. Finance Act 2016 enacted a further reduction in the UK corporation tax rate to 17.00% from 1 April 2020 and this reduction in the tax rate will impact the current tax charge in future periods.

10. TAXATION

(b) Reconciliation between tax charge and profit before tax

	Notes	2018 $'000	2017 $'000
Profit before tax		**3,371**	**4,473**
Expected tax expense based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)		641	861
Explained by:			
Expenses not deductible for tax purposes		350	286
Foreign exchange and other differences		1	17
Prior year adjustments		22	26
Tax charge for the year	10(a)	**1,014**	**1,190**

11. DIVIDENDS PAID AND PROPOSED

The Company did not declare or make any dividend payments during the year ended 31 December 2018 (2017: $nil).

12. INTANGIBLE ASSETS

	Software development $'000	Total $'000
Cost		
At 1 January 2017	**534**	**534**
Additions	80	80
At December 31 2017 and 1 January 2018	**614**	**614**
Additions	97	97
At 31 December 2018	**711**	**711**
Impairment provisions and amortisation		
At 1 January 2017	130	130
Charge for the year (note 6)	54	54
At 31 December 2017 and 1 January 2018	**184**	**184**
Charge for the year (note 6)	112	112
At 31 December 2018	**296**	**296**
Net book value		
At 31 December 2018	**415**	**415**
At 31 December 2017	430	430

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Computer equipment $'000	Furniture, fixtures and fittings $'000	Total $'000
Cost				
At 1 January 2017	338	664	7	1,009
Additions	31	413	6	450
At 1 January 2018	**369**	**1,077**	**13**	**1,459**
Additions	271	548	74	893
At 31 December 2018	**640**	**1,625**	**87**	**2,352**
Depreciation				
At 1 January 2017	59	123	1	183
Charge for the year (note 6)	80	320	2	402
At 1 January 2018	**139**	**443**	**3**	**585**
Charge for the year (note 6)	109	405	10	524
At 31 December 2018	**248**	**848**	**13**	**1,109**
Net book value				
At 31 December 2018	**392**	**777**	**74**	**1,243**
At 31 December 2017	230	634	10	874

14. INVESTMENTS

(a) Investments in subsidiaries

	2018 $'000	2017 $'000
Cost		
At 1 January	14,537	13,537
Additions	1,000	1,000
At 31 December	**15,537**	**14,537**

14. INVESTMENTS (CONTINUED)

(b) Subsidiaries and undertakings

The subsidiaries of the Company as at 31 December 2018 are as follows:

Subsidiaries held directly

Name / Registered office	Country of incorporation / Principal place of business	Class	Proportion of ownership interest	Nature of business
Marex Spectron Asia Pte Ltd 8 Marina Way, 33-06 Asia Tower 1, Singapore, 018960	Singapore	Ordinary shares	100%	Freight broking
Marex Spectron Inc. 360 Madison Ave, Third Floor, New York 10017	United States of America	Ordinary shares	100%	Dormant
Marex Spectron Ltd 20/F Alexandra House, 16-20 Chater Road, Central, Hong Kong	Hong Kong	Ordinary shares	100%	Dormant
Marex Spectron Pte Ltd 8 Marina Way, 33-06 Asia Tower 1, Singapore, 018960	Singapore	Ordinary shares	100%	Dormant
Marex Trading Services Ltd 19A Town Range, P.O. Box 872, GX11 1AA, Gibraltar	Gibraltar	Ordinary shares	100%	Dormant
Spectron Energy Asia Pte Limited 8 Marina Way, 33-06 Asia Tower 1, Singapore, 018960	Singapore	Ordinary shares	100%	Energy OTC broking
Spectron Energy Inc. 360 Madison Ave, Third Floor, New York 10017	United States of America	Ordinary shares	100%	Energy OTC broking

15. TRADE AND OTHER RECEIVABLES

	2018 $'000	2017 $'000
Trade debtors	669	664
Loans receivable	35	8
Other tax and social security taxes	1,978	1,548
Other debtors	4,053	5,702
Prepayments	4,889	2,328
	11,624	**10,250**

Included in other debtors is $2,007,469 (2017: $3,698,253) 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 $8,000 (2017: $56,000).

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 not materially different to their fair value.

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

	2018 $'000	2017 $'000
Less than 30 days	116	108
31 to 60 days	186	81
61 to 90 days	107	4
91 to 120 days	5	1
More than 120 days	18	5
	432	**199**

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

	2017 $'000
As at 1 January	61
Charged to the income statement (note 6)	27
Bad debts recovered	(33)
Foreign exchange revaluation	1
At 31 December	**56**

The opening balance for the collective provision of doubtful debts measured under IAS 39 is now presented as lifetime expected credit losses following the adoption of IFRS 9, with no restatement to prior period comparatives. Refer to note 2(a) for information on the adoption of IFRS 9.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	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	-	-	-	56	56
Bad debts written off	-	-	-	(3)	(3)
Credit to the income statement (note 6)	-	-	-	(46)	(46)
Foreign exchange revaluation	-	-	-	1	1
At 31 December	-	-	-	8	8

16. DEFERRED TAX

	2018 $'000	2017 $'000
Depreciation in excess of capital allowances	64	99
Other	3	1
31 December	**67**	**100**

	2018 $'000	2017 $'000
At 1 January	100	165
Charged to the income statement (note 10(a))	(34)	(65)
31 December	**66**	**100**

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 Finance Act 2016 enacted a further reduction in the UK corporation tax rate to 17% from 1 April 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 within the closing deferred tax position.

17. TRADE AND OTHER PAYABLES

	2018 $'000	2017 $'000
Amounts due to group undertakings	3,010	2,436
Other tax and social security taxes	304	733
Other creditors	26	13
Accruals	15,375	14,001
Deferred income	489	623
	19,204	**17,806**

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

18. SHARE CAPITAL

	Issued and fully paid		Issued and fully paid	
	2018 Number	**2018 $'000**	**2017 Number**	**2017 $'000**
Ordinary shares of $0.0165 each	1,044,932	17	1,044,932	17
		17		**17**

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.

19. 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.
Capital redemption reserve	Non-distributable reserves into which amounts are transferred following the redemption or purchase of the Company's own shares.
Retained earnings	Cumulative net gains and losses recognised in the income statement or statement of other comprehensive income.
Cash flow hedge reserve	Cumulative unrealised gains and losses on hedging instruments deemed effective cash flow hedges.
Cost of hedging reserve	Cumulative unavoidable 'cost' on hedging instruments deemed effective cash flow hedges.

20. CASH FLOW HEDGING RESERVE

	Cash flow hedge reserve $'000	Cost of hedge reserve $'000	Total $'000
At 1 January 2018	-	-	-
Loss on revaluation	50	3	53
At 31 December 2018	**50**	**3**	**53**

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

21. 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	2018 $'000	2017 $'000
Lease payments under operating leases recognised as an expense in the year	6	98	73

The total future minimum lease payments are due as follows:

	2018 $'000	2017 $'000
In the second to fifth years inclusive	10,403	-
After 5 years	5,602	-
	16,005	-

The total future minimum lease payments, relate to the new property lease for 155 Bishopsgate, due to commence in July 2019.

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 18 and 19. The primary objective of the Company's capital management is to maximise shareholder value.

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).

	2018	
	Amortised cost $'000	Total $'000
Financial assets:		
Trade debtors	669	669
Loans receivable	35	35
Cash and cash equivalents	211	211
	915	**915**

	2017	
	Loans and receivables $'000	Total $'000
Financial assets:		
Trade debtors	664	664
Loans receivable	8	8
Cash and cash equivalents	141	141
	813	**813**

22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments (continued)

	2018		
	FVTPL $'000	Amortised cost $'000	Total $'000
Financial liabilities:			
Amounts due to group undertakings	-	3,010	3,010
Other creditors	-	26	26
Accruals	-	15,375	15,375
Deferred income	-	489	489
Derivative instruments	53	-	53
	53	**18,900**	**18,953**

	2017	
	Amortised cost $'000	Total $'000
Financial liabilities:		
Amounts due to group undertakings	2,436	2,436
Other creditors	13	13
Accruals	14,001	14,001
Deferred income	623	623
	17,073	**17,073**

(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 and, where appropriate the use of overall position limits for all customers and counterparties. These exposures are monitored both intraday and overnight. The limits are set by the Company's Executive Credit and Risk Committee through a formalised process.

Credit quality

The table below does not take into account collateral held.

	2018 $'000	2017 $'000
AA and above	2	5
AA-	5	57
A+	2	6
A	4	2
A-	259	141
BBB+	13	62
Lower and unrated	630	540
	915	**813**

Financial assets	2018 $'000	2017 $'000
Trade debtors	669	664
Loans receivable	35	8
Cash and cash equivalents	211	141
	915	**813**

Market risk

The Company's activities expose it to financial risks primarily generated through foreign exchange, which are outlined in the strategic report.

Foreign currency risk

The Company's policy is to minimise volatility as a result of the translation of foreign currency exposure. As such management monitors currency exposure on a daily basis and buys or sells currency to minimise the exposure, in addition to the hedging of material future dated GBP commitments through the use of derivative instruments. It is the policy of the Company to enter into foreign exchange forward contracts to cover these specific future dated GBP commitments.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Foreign currency risk (continued)

The associated gains and losses on derivatives hedging GBP commitments were recognised in other comprehensive income and will be removed when the anticipated commitments take place and included in the initial cost of the hedged commitments. In the current year, the Company has designated certain foreign exchange forward contracts as a hedge.

The following table details the foreign currency forward contracts outstanding as at 31 December 2018:

	2018			
Outstanding contracts	**Average exchange rates $'000**	**Foreign currency $'000**	**Notional value $'000**	**Fair value $'000**
Derivative designated as Cash flow hedges				
Less than 3 months	1.2979	156	120	(2)
3 to 6 months	1.3013	952	730	(14)
6 to 12 months	1.3103	2,288	1,740	(37)

The Company has future foreign currency exposure related to material future dated GBP commitments. The Company has entered into foreign exchange forward contracts (for terms not exceeding 14 months) to hedge the exchange rate risk arising from these anticipated future commitments, which are designated as cash flow hedges.

As at 31 December 2018, the aggregate amount of losses under foreign exchange forward contracts deferred in the cash flow hedge reserve relating to the exposure on these anticipated future commitments is $53,010. It is anticipated that these commitments will come due monthly over the course of the next 14 months, at which time the amount deferred in equity will be reclassified to profit or loss.

As at 31 December 2018, no ineffectiveness has been recognised in profit or loss arising from the hedging of these future dated GBP commitments.

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.

Interest rate risk

The main interest rate risk is derived from interest-bearing deposits in which the Company invests surplus funds.

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.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Liquidity risk

The Company defines liquidity risk as the failure to meet its day-to-day capital and cash flow requirements. Liquidity risk is assessed and managed under the Liquidity Risk Framework. To mitigate liquidity risk, the Company has implemented robust cash management policies and procedures that monitor liquidity daily to ensure that the Company has sufficient resources.

Liquidity risk exposures

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

	2018				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Amounts due to group undertakings	3,010	-	-	-	3,010
Other creditors	-	26	-	-	26
Accruals	-	15,354	21	-	15,375
Deferred income	489	-	-	-	489
	3,499	**15,380**	**21**	**-**	**18,900**

	2017				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Amounts due to group undertakings	2,436	-	-	-	2,436
Other creditors	-	13	-	-	13
Accruals	-	13,707	294	-	14,001
Deferred income	623	-	-	-	623
	3,059	**13,720**	**294**	**-**	**17,073**

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Liquidity risk (continued)

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

	2018				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Trade debtors	-	669	-	-	669
Loans receivable	-	-	35	-	35
Cash and cash equivalents	211	-	-	-	211
At 31 December 2018	**211**	**669**	**35**	**-**	**915**

	2017				
	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Trade debtors	-	664	-	-	664
Loans receivable	-	-	8	-	8
Cash and cash equivalents	141	-	-	-	141
At 31 December 2017	**141**	**664**	**8**	**-**	**813**

Both assets and liabilities are included to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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

	On demand $'000	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
Derivative instruments - liabilities	-	2	51	-	53
At 31 December 2018	**-**	**2**	**51**	**-**	**53**

Consequently, the gross amount of the derivative liability of $53,010 (2017: $ nil) are presented separately in the Company's statement of financial position.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial risk management objectives (continued)

Fair value measurement

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level 2 pricing for investments is based on the latest traded price. The level 2 pricing for derivative instruments is determined using quantitative models that require the use of multiple market inputs including commodity prices, interest and foreign exchange rates to generate continuous yield or pricing curves and volatility factors, which are used to value the position.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities – FVTOCI:				
Derivative instruments	-	(53)	-	(53)
At 31 December 2018	**-**	**(53)**	**-**	**(53)**

23. DERIVATIVE INSTRUMENTS

Derivative liabilities at fair value through profit or loss comprise of over-the-counter foreign exchange contracts.

	2018 $'000	2017 $'000
Held for trading derivatives that are designated in hedge accounting relationships:		
Foreign currency forward contracts	53	-
	53	**-**

24. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events subsequent to the reporting date.

25. 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:

	2018 $'000	2017 $'000
Aggregate wages and salaries	87	1,068
Short-term monetary benefits	1	10
Defined benefit cost	1	5
	89	**1,083**

The remuneration of the highest paid director for their services to the Company was $28,634 (2017: $683,157). As at 31 December 2018, there was 2 directors in the Company's defined contribution scheme (2017: 1).

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances and transactions with other group undertakings

	Amounts owed from related parties 2018 $'000	Amounts owed from related parties 2017 $'000	Amounts owed to related partie 2018 $'000	Amounts owed to related parties 2017 $'000	Amounts included in operating profit 2018 $'000	Amounts included in operating profit 2017 $'000
Marex Financial (formerly Marex Financial Ltd)	-	-	(3,010)	(2,436)	(24,194)	(23,973)
Marex Hong Kong Ltd	-	-	-	-	(249)	(216)
Marex Spectron Asia Pte Limited	-	-	-	-	(281)	(224)
Marex Spectron Group Limited	-	-	-	-	92	102
Marex Spectron International Limited	-	-	-	-	(53,651)	(46,596)
Nanolytics Capital Advisors Limited	-	-	-	-	(3)	(35)
Marex North America LLC	-	-	-	-	(667)	(504)
Spectron Energy Inc.	-	-	-	-	(265)	(510)
	-	**-**	**(3,010)**	**(2,436)**	**(79,218)**	**(71,956)**