



Spectron Services Limited

Annual Report and Financial Statements

Year ended 31 December 2021

Registration Number 03697505

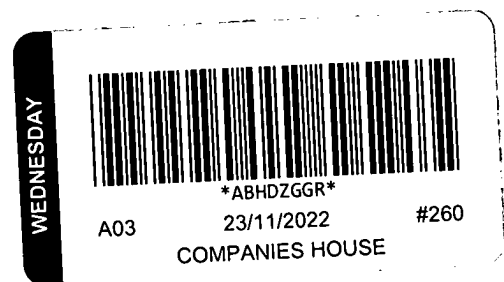


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Spectron Services Limited**COMPANY INFORMATION**

Country of Incorporation	England and Wales
Legal Form	Private company limited by shares
Directors	N G W Grace M I Thistle P R Tonucci
Company Secretary	S Linsley
Registered Office	155 Bishopsgate, London, EC2M 3TQ
Auditor	Deloitte LLP 2 New Street Square, London, EC4A 3BZ
Bankers	NatWest plc 63-65 Piccadilly, London, W1J 0AJ

Spectron Services Limited

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 2021. The Company is a subsidiary of Marex Group plc (together with its subsidiaries 'Marex' 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		21 February 2022
N G W Grace		
M I Thistle	28 March 2022	
P R Tonucci		

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:

	2021		2020	
	Average Rate	Year-end Rate	Average Rate	Year-end Rate
GBP / USD	1.3317	1.3531	1.2840	1.3675
EUR / USD	1.1307	1.1370	1.1420	1.2214

Going concern

The directors have reviewed the current profitable financial performance of the Company together with the Company's annual budget, liquidity requirements, plans and financial arrangements as well as the economic situation in the context of the Ukraine situation and Covid-19 as discussed in note 3 (c) of the accounting policies. In addition, given the importance of the Company to the Group as a service provider and the confirmation of continued support received from the parent 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 Statement of Financial Position 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.

DIRECTORS' REPORT (CONTINUED)

Events after the reporting period

Events since the statement of financial position date are disclosed in note 26.

Overseas branches

The Company has a branch, as defined in s1046 (3) of the Companies Act 2006, in Switzerland. The branch was registered on 1 June 2022.

Dividends

During the year, the Company did not pay a dividend (2020: \$nil). As at the date of signing, no dividend has been paid or declared after the balance sheet date.

Financial risk management

Financial risk management objectives are included in the Strategic Report.

Charitable and political contributions

The Company made charitable contributions amounting to \$nil for the year ended 31 December 2021 (2020: \$nil). No contributions were made for political purposes during the year (2020: \$nil).

Engagement with employees

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 Group website. Further statements regarding actions taken by the Company during the financial year in regard to its employees are set out in the Strategic Report.

Disabled persons

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.

Streamlined Energy Carbon Reporting (SECR)

Greenhouse gas emission estimates are produced for the Group as a whole and are contained in the annual report of the Company's parent, Marex Group plc, which does not form part of this report.

Corporate governance arrangements

The application of the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles') is set out in Marex Group plc's Annual Report, covering the governance procedures of the Group as a whole, including the Company.

Future developments

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

Auditor

The auditor, Deloitte LLP, has expressed its 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.

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 United Kingdom Endorsement Board ('UKEB'). 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.

Approved by the Board and signed on its behalf by:



P R Tonucci

Director

17 November 2022

OVERVIEW OF RISK MANAGEMENT

Risk management is not managed at the company level, and instead places reliance on the overall risk management function of the Marex Group (the “Group”), the group headed by Marex Group plc. The Group views risk management as a key consideration in delivering its strategic business aims and objectives, whilst ensuring the Group’s long-term sustainability and effective corporate governance. The Group’s business strategy and risk appetite are linked and form the driver for decision-making across the Group to ensure risk taking remains within the defined boundaries to support business strategy, effective management of capital and efficient use of liquidity.

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

The Group EWRM Framework is an overarching document that applies to the Group. The Board has overall responsibility for ensuring an appropriate governance framework for the Group. The Board maintains oversight over subsidiaries such as the Company, yet is cognisant of the local regulatory responsibilities applicable to Boards of local operations. Subsidiaries may develop their own risk frameworks and policies tailored to their specific business, however in the development and approval of such frameworks and policies they should be consistent with and have regard for the principles of the Group EWRM Framework and Group policies. This ensures that all separate legal entities are treated collectively for the purposes of risk identification, assessment and reporting, so that the Group has a holistic view of risk.

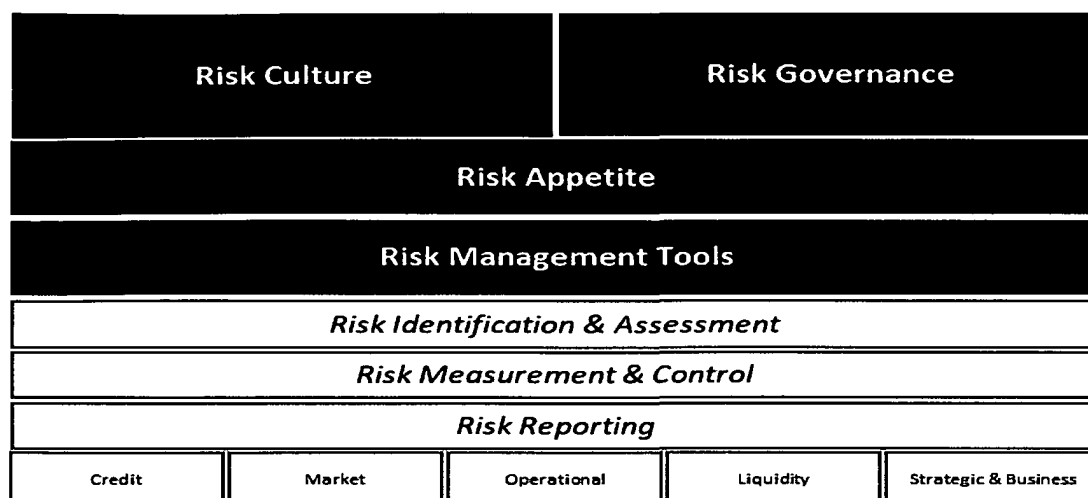
ERWM FRAMEWORK

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

Its objectives are to:

- Ensure greater consistency in the strategies and approaches used to identify risks generated through its business activities that may be inherent in products, activities, processes or systems.
- Ensure identified risks are appropriately and consistently measured to enable evaluation, aggregation, comparison and control of risks.
- Assess identified risks both at the specific risk and aggregate Group level to determine approach to control or mitigation. Assessment incorporates evaluations of potential relationships or interdependencies across different risk categories and businesses.
- Ensure appropriate governance and control structures are in place to effectively implement risk management strategies and ensure on-going adherence to Group risk appetite.

Components of the EWRM Framework

**Risk Culture**

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

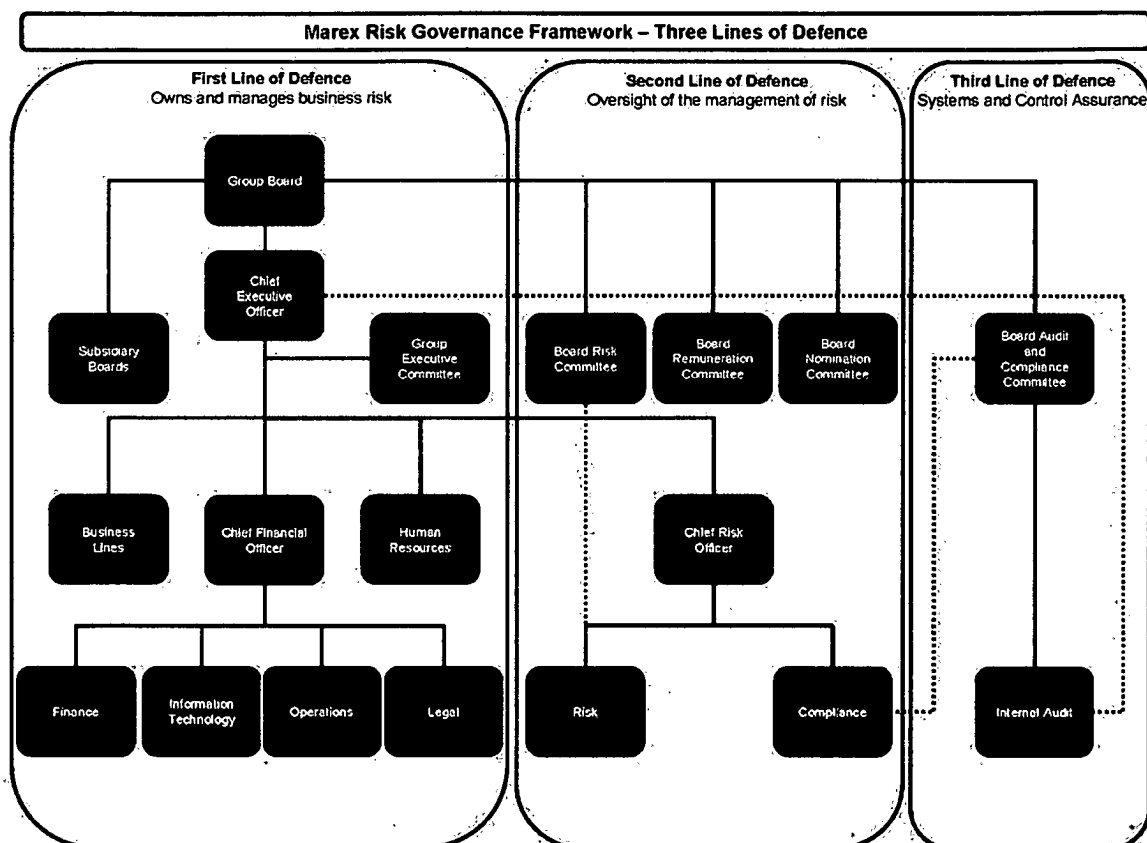
Responsibility for risk management resides at all levels within the Group, from the Group Board and the Group Executive Committee down through the organisation to each business manager, employee and risk specialist. Responsibility for effective review and challenge of risk policies resides with senior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

All individuals within the Group should understand its risk and compliance rules, which is fostered through a risk-aware culture and the embedding of risk management throughout the organisation. The Group's risk culture objective is for every employee to take personal accountability for recognising current and potential risks and managing them effectively.

Risk Governance

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

Information flows and reporting lines are clearly communicated to the relevant personnel and are represented on the risk governance model. The model includes role and responsibility allocation between the organisation centre and business units.



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

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

The third line of defence is the Group's Internal Audit function, who provide independent assurance of the first and second lines. Internal Audit carries out an annual programme of risk-based audits covering all aspects of first- and second-line risk management and risk control activities. The conclusions of each risk-based audit carried out by Internal Audit are reported to all Three Lines of Defence. Internal Audit action plans are tracked through the Audit and Compliance Committee to ensure that resolutions are reached within the indicated timescales.

The roles and responsibilities of core functions within the Group are clearly defined, while reporting and escalation lines are strong.

STRATEGIC REPORT (CONTINUED)

A high-level summary of the roles and responsibilities are included in the table below:

Function	Role and Responsibility
Board of Directors	The Board of Directors set the overarching risk culture of the Group.
Group Executive Committee	The Group Executive Committee is charged with the day to day conduct of the Group's business; developing and recommending Group objectives, strategy and budget to the Group Board; and executing the strategy approved by the Group Board.
Chief Executive Officer (CEO)	Management of risks within the parameters approved by the Group Board and changes to internal systems of control as recommended / required by Internal Audit and the Audit and Compliance Committee are appropriately implemented.
Chief Financial Officer (CFO)	The CFO is responsible for overseeing the operational and financial practices of the Group, therefore responsible for the implementation of internal controls to manage the risks identified, and responsible for the testing of these internal controls with Internal Audit. As a standing attendee of the Audit and Compliance Committee, Risk Committee and as a member of the Group Board, the CFO is able to ensure that the strategies and policies for the management of risk can be operationalised.
Chief Risk Officer (CRO)	The CRO is the senior executive accountable for enabling the efficient and effective governance of significant risks and related opportunities to our business and its various segments. He is a member of the Group Executive Committee and guides that committee and the Group Board on the formulation of risk appetite, strategies, policies, delegated authorities and limit structures for the management of risks.
Audit and Compliance Committee (ACC)	The role of the Audit and Compliance Committee is to assist the Board in ensuring the independence and effectiveness of the internal and external audit functions, the integrity of the financial and narrative statements, the effectiveness of internal financial controls, and regulatory compliance.
Risk Committee	<p>The role of the Risk Committee is to oversee and provide advice to the Board on the Group's current risk exposures and future risk strategies (including the strategy for capital and liquidity management), the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk and the establishment of prescriptive rules and procedures in relation to risk.</p> <p>The Risk Committee is responsible for the oversight of risk when approving and monitoring appropriate limits on risk exposures and concentrations across the business. The focus is on risks to which the Group is exposed considering the Group Board's overall appetite of risk along with its current financial situation and resources.</p>
Remuneration Committee	The role of the Remuneration Committee is to determine the remuneration policy and practices of the Group for executive directors and design and determine remuneration for the Chair of the Board, executive directors and senior management, having regard to statutory and regulatory requirements.
Nomination Committee	The role of the Nomination Committee is to ensure there is a formal, rigorous and transparent procedure for the appointment of new directors, to lead the process for board appointments making recommendations to the Board and ensuring plans are in place for succession to the Board and senior management positions, overseeing the development of a diverse pipeline for succession.
Mergers and Acquisitions Committee	The role of the Mergers and Acquisitions Committee is to review potential mergers, acquisitions, or disposals and if appropriate, recommend such merger, acquisition, or disposal to the Board for final approval; or to approve in accordance with the delegation of authority limits set out in the Board Terms of Reference.

STRATEGIC REPORT (CONTINUED)

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

Qualitative Risk Appetite Statements (RAS) for each risk category are approved by the Board and are supplemented by various qualitative and quantitative risk metrics. The statements underpin the risk appetite and are monitored monthly to three risk appetite levels (Trigger, Limit, and Capacity) across the following areas:

- Performance Based Measures such as People, Processes, Markets and Profitability;
- Risk Based Measures such as Systems, Capital, Liquidity and Volatility; and
- Compliance Based Measures such as Regulatory / Legal, Transformation and Client Money.

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

Risk Management Tools

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

STRATEGIC REPORT (CONTINUED)**Risk Identification and Assessments**

The Group's Risk Characterisation Model, ('RCM'), considers a range of risks the Group faces. This model forms an integral part of the EWRM Framework and serves as an effective linkage to risk appetite. The RCM is reviewed on an ongoing basis and formally on an annual basis.

Risk Type	Description
Strategic/ Business Risk	Represents the risk from changes in the business model, including the risk that the Group may not be able to carry out its business plan and desired strategy. It also includes risks arising from the Group's remuneration policy.
Credit Risk	Potential loss incurred where a counterparty fails to perform its contractual obligations in a timely manner. The Group controls credit risk using a robust framework for the creation, use and monitoring of credit risk models. Additionally, Risk Management supports business decision-making and proactive identification of new risks.
Market Risk	Potential loss arising from fluctuations in the values of traded positions due to changes in the value of price, volatility or interest rates within the financial markets. There are robust procedures to measure and set position limits to control market risk with growth facilitated in a controlled and transparent risk management framework.
Operational Risk	Potential loss from inadequate or failed internal processes, personnel, systems or external events. This category includes Conduct Risk, Legal Risk but excludes Strategic/ Reputational risks. Operational risk is captured, assessed and reported to minimise the frequency and impact of risk events on a cost-benefit basis.
Reputational Risk	Reputational risk is viewed as a secondary risk by the Group, one resulting from the impact of other risks, such as operational risk or compliance risk. It is important to note, that all departments have their own control processes and procedures in place to limit the impact of all relevant risks.
Liquidity Risk	Represents the risk that the Group, although solvent, has insufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. The Group operates extensive liquidity management processes and procedures that involve scenario stress testing.
Concentration Risk	Concentration risk can be defined as any single (direct and/or indirect) exposure or group of exposures with the potential to produce losses large enough to threaten the Group's ability to maintain its core business. Concentration risk can arise from credit concentration to a specific country, or to specific counterparty, revenue concentration, exposure concentration to a specific product or concentrations from specific suppliers. To counter such risk, the Group imposes various concentration limits, specifically within credit and market risk exposures.
Settlement Risk	Settlement risk is the risk that arises when payments are not exchanged simultaneously. It is a type of counterparty risk associated with default risk as well as timing differences between parties. Robust policies and procedures ensure that Group settlement risk is kept to a minimum.
Compliance / Legal Risk	Represents the risk to the Group arising from violations of, or non-compliance with, laws, rules and regulations. A key responsibility of the Compliance and Legal departments is to monitor and deal with such risks.
Group Risk	Group risk is the risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risks which may affect the financial position of the whole Group. For the Group and the Company, this risk is small because over 90% of the market risk and credit risk faced by the group sits within Marex Financial, the main trading entity.

STRATEGIC REPORT (CONTINUED)**Risk Identification and Assessments (continued)**

Risk Type	Description
Financial Crime Risk	<p>Financial Crime Risk encompasses five key risk areas: 'Sanctions', 'Money Laundering and Terrorist Financing', 'Bribery and Corruption', 'Tax Evasion' and 'Fraud' risks.</p> <p>Marex has adopted a holistic approach to financial crime and has one group-wide Financial Crime Policy that sets the minimum control requirement in the five key risk areas. This combined approach allows us to identify and manage connections between the key risk areas. Entity-level policies formally adopt the Group Financial Crime Policy and define any local regulatory requirements that apply to specific entities across the Group. Methodologies and Standards underpin the Group and Entity-Level policies. Methodologies identify, select, process, and analyse Financial Crime Risk. Standards provide the detailed guidance on how to comply with the financial crime policies. Procedures provide instructions to ensure routine and complex operations are undertaken in alignment with policies and standards.</p> <p>For each Financial Crime typology an overarching risk appetite statement has been produced, which is supported by qualitative statements and quantitative thresholds and limits. A set of Key Risk Indicators and Key Performance Indicators measure the quantitative thresholds and limits. These are produced on a quarterly basis in order to assess compliance standards and highlight areas of potential weaknesses. Financial Crime management information is presented to the Financial Crime Committee and Audit and Compliance Committee for review and challenge as part of their oversight responsibilities.</p>
Technology Risk	<p>Technology risk, or information technology risk, is the potential for any technology to disrupt the business. Risk management includes the strategies, processes, systems and people aimed at effectively managing potential technology risks.</p> <p>The goal of cybersecurity risk management is to identify potential technology risks before they occur and have a plan to address those technology risks. Risk management looks at internal and external technology risk that could have an effect on the Group.</p>

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

Risk Measurement & Control

Key risks identified in the RCM are consistently analysed and measured in accordance with approved policies and processes. Key business controls and procedures are implemented to mitigate the risks highlighted by the risk assessment. The Group uses the measures below to varying degrees.

Limit Type	Description
Sensitivity Limits	Effective and direct method for restricting the size of certain risks. It is easily implemented, simple to understand and enables management of highly granular exposure metrics such as Vega, Delta, etc.
Concentration Limits	Used where exposure to a specific segment of the market is desirable, e.g. country specific credit risk limits.
Value at Risk	The Group Board VaR limit sets the overall risk appetite in order to meet the Group's business strategy. The CRO has the delegated authority to allocate this limit across business lines (Metals, Agriculture, CSC Commodities etc) taking into account historic diversification of markets. Desk heads have the autonomy to allocate this VaR to their traders, allowing for diversification. VaR is immediately responsive to increases in market volatility or decreases in diversification and this will force the reduction of positions in times of stress.
Stress Testing Limits	Discussion triggers for risk personnel to engage with senior management on risk concentrations which may cause P&L events. Examines market stress events and as such have a lower probability than the risk captured by VaR. Such a limit breach (or near miss) would prompt discussion around size of actual or potential exposure, and management's view on business strategy and risk appetite.
Non-Limit Control Measures	Used to restrict undesirable risk concentrations or mitigate risk. E.g. increasing margin rates required to hold exposures to a certain underlying in times of volatility; reducing credit lines (overall / specific); exiting certain types of business or increasing capital to support a desired increase in exposure for a market segment deemed attractive.

Risk Reporting

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

The flow of information and communication across the Group relating to the management of risk and the effectiveness of the control framework within the risk governance structure is an important component of the framework. There is regular reporting on the performance and effectiveness of KRIs and formal management information relating to the risks inherent in the business. The escalation procedures for raising significant issues with managers and supervisors are clear and well embedded across the Group.

Reporting requirements include monitoring the on-going adequacy and effectiveness of the control framework, taking account of the trends and frequency of breaches of the control framework recorded on the Risk Register. Inherent risks and mitigating controls are assessed during the RCSA.

GENERAL RISKS

Market Price Volatility

The level of volatility in the markets in which we operate is a key driver for our business. High volatility does not automatically result in enhanced performance for our business, as a high degree of skill and expertise is required in order to ensure that this volatility is converted into positive revenue for the Firm; however it does provide a favourable environment for this to happen.

There is a risk to the downside for the Firm if volatilities across all asset classes decline and remain at historic lows.

Pricing pressure

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

Market prices

Whilst our market making and broking activities are driven by volatility rather than price direction, a decline in commodity prices typically results in a flow of capital out of markets we're involved in, thereby reducing transaction numbers and volumes. As such, this potentially presents a risk to our revenues and income.

Exchange rules

Changes enforced by the exchanges are outside of our control and have the potential to impact our business are outside of our control and have the potential to impact our business

SPECIFIC RISKS

Climate change

With growing concerns over the climate crisis, we are aware of the importance of understanding the potential impacts of climate change on our business. The Group recognises climate change as both a risk and an opportunity for the business. It fully supports the implementation of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The Firm is voluntarily aligning ahead of the UK's requirement as a Large Company. Climate change poses both challenges and upsides to the Group's business model and products, as well as to employees and customers, and as such the Group has begun to address this across the four pillars of TCFD: Governance, Strategy, Risk Management and Metrics and Targets.

Terrorism

The current terror threat in the UK is severe meaning "an attack is highly likely". Attacks by lone wolves and small groups against soft targets have become more common. Our London office is situated in a targeted location and in the event of such an act, and if deemed necessary, the Group would engage its Business Continuity Plan while ensuring staff welfare at all times.

Cyber

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

SPECIFIC RISKS (CONTINUED)

Geopolitical

There are many uncertainties in the geopolitical and societal environment due to the impact of political activities. These include the Ukraine situation, Brexit, the wider economic climate (which is currently impacted by the Coronavirus Covid-19), digital disruption and societal change.

Movement to screens

There is a risk that more volume moves from voice to screens in the most liquid products, or entire exchanges, (e.g., the LME proposal to close the ring). To mitigate this, we continually evolve our business entering new markets, enabling capacity on less liquid segments and investing further in technology.

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

Section 172(1) Companies Act 2006

For the year ended 31 December 2021, in order to satisfy the reporting requirements of The Companies (Miscellaneous Reporting) Regulations 2018, the Company forms part of a larger Group which has applied the Wates Corporate Governance Principles for Large Private Companies as a framework against which all of the section 172 reporting requirements can be covered. This section demonstrates how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duty to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

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

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

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

We invest in our people and help them develop their careers. Our people are the basis of our competitive advantage, so we look to grow our own and make our business the place that ambitious, hardworking, and talented people choose to build their careers. We are committed to offering equality of opportunity to all, regardless of gender. We frequently engage with our employees through formal and informal channels. These include face-to-face dialogues between employees and line managers, the staff newsletter, and regular 'Town Halls' hosted by the Chief Executive Officer together with other senior managers such as the Chief Financial Officer, Group President and Group HR Director.

SPECIFIC RISKS (CONTINUED)

Section 172(1) Companies Act 2006 (continued)

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

We have long-term relationships with a broad range of suppliers around the world. We are committed to high standards and require our suppliers to meet the Marex Supplier Code of Conduct. As a leader in our space, we take great pride in being a good corporate citizen and are always striving to set the highest standards of ethical conduct, and of corporate and social responsibility. We recognise and are committed to both relevant national and international standards, which we expect our suppliers to abide by, including those set out by the International Labour Organisation, the Bribery Act 2010 and the Equality Act 2010. The Group Modern Slavery and Human Trafficking Statement sets out the step that we have taken to minimise the risk of modern slavery existing in our business or supply chains.

Our clients are everything, which is why superior execution and superb client service is central to our business. We are always looking for new ways to strengthen our client offerings, such as the partnership with Earth-i in Global Research. We believe that the depth and quality of our services differentiates us from many of our competitors. Every day our brokers and traders are interacting with clients. We are also engaging more frequently with the senior management from our clients' firms as we seek to build even deeper relationships. Given the nature of our business we have been able to provide continuous service to our clients throughout the Covid-19 pandemic.

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

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

The Company recognises its role in promoting and supporting environmental sustainability initiatives and as part of the Group, the Company participates in these initiatives. The Group continues to sponsor a multi-year Research Program at the Smith School of Enterprise and the Environment at the University of Oxford. The Group Board has further strengthened its commitment to sustainability throughout 2021, approving the inaugural Environmental, Social, and Governance ("ESG") Report setting out the Group's commitment to improve the environments in which our clients, employees, their communities and those with whom we interact live and work. The Group has also developed a plan to be carbon neutral by the end of 2022 and is committed to serving its clients, communities and investors by being a responsible commodities business. With a focus on ownership, partnership and stewardship, we endeavour to leave our business and communities in a more positive shape than we find them. The Group's ESG Committee and Environment and Climate Working Party continue to meet regularly to further develop our ESG positive initiatives.

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

The Company has a clearly defined purpose which is outlined in the principles that determine our competitive advantage – providing breadth of coverage and depth of services to a diversified client base across all commodity markets. As part of the wider Group, the Company adopts the Group's cultural values to ensure a sound risk management culture and environment.

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

- **Respect:** Clients are at the heart of our business, with superior execution and superb client service the foundation of the Firm. We respect our clients and always treat them fairly.
- **Integrity:** Doing business the right way is the only way. We hold ourselves to a high ethical standard in everything we do - our clients expect this, and we demand it of ourselves.

SPECIFIC RISKS (CONTINUED)

Section 172(1) Companies Act 2006 (continued)

e) *the desirability of the Company maintaining a reputation for high standards of business conduct (continued);*

- Collaborative: We work in teams - open and direct communication and the willingness to work hard and collaboratively are the basis for effective teamwork. Working well with others is necessary for us to succeed at what we do.
- Developing our people: Our people are the basis for our competitive advantage. We look to 'grow our own' and make Marex the place ambitious, hardworking, talented people choose to build their careers.
- Adaptable and Nimble: Our size and flexibility are an advantage. We are big enough to support our clients' various needs, and adaptable and nimble enough to respond quickly to changing conditions or requirements. A non-bureaucratic, but well controlled environment fosters initiative as well as employee satisfaction.

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

The directors take the reputation of the Group seriously which is not limited to operational and financial performance. As such the Group's stance on items such as ethics, diversity and inclusion, gender pay, conflicts of interest, complaints, and taxation are published on the Group's website (www.marex.com).

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

As a wholly owned subsidiary of Marex Group plc, the Shareholder's interests are represented by the director one of whom also serves on the Group Board and therefore is responsible for setting the direction of the Group as a whole.

Further detail on section 172 reporting for the Group as a whole can also be found in the Wates Principles section of the Marex Group plc Strategic Report.



P R Tonucci

Director

17 November 2022

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 of Spectron Services Limited (the Company):
 - give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
 - have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of other comprehensive income;
- the statement of financial position;
- the statement of changes in equity and movements in reserves;
- the cash flow statement; and
- the statement of accounting policies; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to company's ability to operate or to avoid a material penalty. These included the company's obligations as a regulated company by the Financial Conduct Authority (the FCA).

We discussed among the audit engagement team, including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance; reviewing any internal audit reports, and any correspondence with HMRC, FCA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception¹

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

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

We have nothing to report in respect of these matters.

Use of our report

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



David Roberts,
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17 November 2022

Spectron Services Limited**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 \$'000	2020 \$'000
Revenue	5	46,705	42,728
Operating expenses		(47,878)	(39,429)
Operating (loss) / profit	6	(1,173)	3,299
Finance expense	9	(372)	(376)
Other Income		-	240
Impairment of investments	14(a)	(4,934)	-
(Loss) / profit before taxation		(6,479)	3,163
Tax	10(a)	(62)	(846)
(Loss) / profit after taxation		(6,541)	2,317

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 \$'000	2020 \$'000
(Loss) / profit after taxation		(6,541)	2,317
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met			
Cash flow hedge reserve	21	-	(41)
Total comprehensive (loss) / profit		(6,541)	2,276

The notes on pages 28 to 62 form part of these financial statements.

Spectron Services Limited**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

Assets	Notes	2021 S'000	2020 S'000
Non-current assets			
Intangible assets	12	1,667	672
Property, software and equipment	13	3,673	3,172
Investments in subsidiaries	14(a)	33,660	21,321
Right of use asset	22	10,164	8,508
Total non-current assets		49,164	33,673
Current assets			
Trade and other receivables	16	10,987	11,082
Derivative instruments	24	-	634
Corporation tax asset		1,464	976
Cash and cash equivalents		43	168
Total current assets		12,494	12,860
Total assets		61,658	46,533
Liabilities			
Non-current liabilities			
Deferred tax	17	296	107
Lease liabilities	22	13,042	11,885
Total non-current liabilities		13,338	11,992
Current liabilities			
Trade and other payables	18	49,405	29,239
Derivative instruments	24	154	-
Total current liabilities		49,559	29,239
Total liabilities		62,897	41,231
Total net (liabilities) / assets		(1,239)	5,302

The notes on pages 28 to 62 form part of these financial statements

Spectron Services Limited**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONTINUED)**

	Notes	2021 \$'000	2020 \$'000
Equity			
Share capital	19, 20	17	17
Share premium	20	99	99
Capital redemption reserve	20	734	734
Retained earnings	20	(2,089)	4,452
Total equity		(1,239)	5,302

The financial statements on pages 22 to 62 were approved and authorised for issue by the Board of Directors and are signed on its behalf by:



P R Tonucci

Director

17 November 2022

Registration Number: 03697505

The notes on pages 28 to 62 form part of these financial statements.

Spectron Services Limited**STATEMENT OF THE CHANGES IN EQUITY AND MOVEMENTS IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Share capital \$'000	Share premium \$'000	Capital redemp- tion reserve \$'000	Retained earnings \$'000	Cash flow hedge reserve \$'000	Total \$'000
At 1 January 2020		17	99	734	2,135	41	3,026
Profit for the period		-	-	-	2,317	-	2,317
Cash flow hedge	21	-	-	-	-	(41)	(41)
At 31 December 2020 and 1 January 2021		17	99	734	4,452	-	5,302
Loss for the period		-	-	-	(6,541)	-	(6,541)
At 31 December 2021		17	99	734	(2,089)	-	(1,239)

The notes on pages 28 to 62 form part of these financial statements.

Spectron Services Limited
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$'000	2020 \$'000
(Loss) / profit before taxation		(6,479)	3,163
Adjustment to reconcile (loss) / profit before tax to net cash flows:			
Depreciation of property, software and equipment (PSE)	6, 13	1,711	1,147
Amortisation of intangible assets	12	694	288
Depreciation of right-of-use assets	22	2,028	1,677
Impairment of investment	14(a)	4,934	-
Loss on disposal of intangibles	12	84	-
Loss on disposal of PSE	13	13	-
Foreign exchange revaluation of lease liabilities	22	(257)	279
Bank interest expense	9	-	1
Operating cash flows before changes in working capital		2,728	6,555
Working capital adjustments:			
Decrease / (increase) in trade and other receivables		95	(57)
Decrease / (increase) in derivative instruments – assets		634	(634)
Increase in derivative instruments – liabilities		154	-
Increase / (decrease) in trade and other payables		20,166	(865)
Cash inflow from operating activities		23,777	4,999
Corporation tax paid		(361)	(1,765)
Net cash inflow from operating activities		23,416	3,234
Investing activities			
Purchase of property, software and equipment	13	(2,225)	(2,423)
Purchase of intangible assets	12	(1,773)	(206)
Increase in investment in group undertakings	14(a)	(17,273)	(583)
Net cash outflow from investing activities		(21,271)	(3,212)
Financing activities			
Interest expense on lease liabilities	9	372	375
Bank interest expense	9	-	(1)
Capital payment of lease liability	22	(2,642)	(520)
Net cash outflow from financing activities		(2,270)	(146)
Net decrease in cash and cash equivalents		(125)	(124)

The notes on pages 28 to 62 form part of these financial statements

Spectron Services Limited**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

	Notes	2021 \$'000	2020 \$'000
Cash and cash equivalents			
Cash available on demand and short-term deposits at 1 January		168	292
Decrease in cash		(125)	(124)
Cash and cash equivalents at 31 December		43	168

The notes on pages 28 to 62 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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(f).

2. ADOPTION OF NEW AND REVISED STANDARDS

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

In the current year, the Company 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 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (Phase II)

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the financial statements as the Company does not have any interest rate hedging relationships.

For the recognition and measurement of financial assets outside of hedging relationships, a practical expedient is provided whereby the effects of the change in an interest rate benchmark on a floating rate instrument are accounted for prospectively. This amendment had no impact on the financial statements.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19 Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as direct consequences of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)
(b) New and revised IFRSs in issue, but not yet effective

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

Amendment to IAS 1	Clarification in the definition of current and non-current liabilities, effective on or after 1 January 2023.
Amendments to IFRS 3	Clarification of guidance on contingent assets, effective on or after 1 January 2022.
Amendments to IAS 16	Clarification of proceeds before intended use guidance, effective on or after 1 January 2022.
Amendments to IAS 37	Specification of costs to be included when assessing whether a contract is onerous, effective on or after 1 January 2022.
Amendment IFRS 9	Specification of the treatment of fees for the derecognition of financial liabilities, effective on or after 1 January 2022.
Amendments to IFRS 4	Extension to the temporary exemption from applying IFRS 9. Effective 1 January 2023.
Amendments to IAS 12	Clarification to the accounting treatment of deferred tax assets arising from a single transaction. Effective on or after 1 January 2023.
Amendments to IAS 8	Update to definition of accounting estimates. Effective on or after 1 January 2023.
Amendments to IAS 1 and IFRS Practice Statement 2	Introduction of disclosure requirements of material accounting policies. Effective on or after 1 January 2023.
IFRS 17: Insurance contracts	Application of IFRS 17 to insurance contracts, replacing IFRS 4 and sets out principles for the recognition, presentation and disclosure of insurance contracts within the scope of IFRS 17. Effective on or after 1 January 2023.

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.

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 UK Endorsement Board ('UKEB')).

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of accounting (continued)

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.

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 Group plc, 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

In considering going concern, the directors have reviewed the capital, liquidity and financial position of the Company and concluded that the going concern basis is still appropriate.

As a part of this conclusion the directors took into consideration the financial impact of the Russian war in Ukraine, Covid-19 and the potential impact on the capital, liquidity and financial performance as noted within the Group's pandemic stress and reverse stress test. The results of the pandemic stress highlighted that the Group and Company have sufficient capital and liquidity to satisfy their regulatory requirements. In addition to this a reverse stress analysis has been performed to identify the tail risk scenarios which would lead to challenges in meeting regulatory requirements. As funding is managed on a Group basis the directors considered the Group stress tests in determining their assessment for the Company. As a result of the Russian war in Ukraine, the pandemic stress test and reverse stress analysis the directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue to satisfy its regulatory obligations as well as its liabilities for the foreseeable future.

Thus, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

(d) 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:

- desk facilities, licence and software fees, and market data fees; and
- other income which primarily comprises of management recharges.

(e) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currency translation

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

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

(g) Employee benefits

Short-term employee benefits

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

Retirement benefits: defined contribution schemes

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

(h) Taxation

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

Current tax

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

Deferred tax

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation (continued)

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 and deferred tax for the year

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

(i) Property, software 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
Computer equipment	20% to 50% per annum straight-line
Software	20% to 50% per annum straight line
Furniture, fixtures and fittings	20% to 50% per annum straight-line

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

An item of property, software 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 scrapping 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Other intangible assets

Internally generated intangible assets (software development costs)

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

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

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

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

Software licences

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

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

(k) Impairment of non-financial assets

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

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Company's statement of financial position 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Financial instruments (continued)

Financial assets (continued)

Amortised cost and effective interest method (continued)

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.

Investments in equity 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
- 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 it 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 FVTOCI criteria are classified as at FVTPL.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Financial instruments (continued)

Impairment of financial assets

Measurement and recognition of expected credit losses

At the reporting date, an allowance is required for the 12 month (Stage 1) Expected credit losses ('ECL'). If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

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, less any collateral held.

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

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

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

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

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Financial instruments (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:

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

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued)

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.

(m) 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Hedge accounting (continued)

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.

(n) Cash and cash equivalents

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

(o) 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.

(p) Leases

The Company as lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using its incremental borrowing rate, which is the rate of interest that best approximates what a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

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

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

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

The Company as lessee (continued)

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Estimates

There are no estimates that the directors have made in the process of preparing the Financial Statements.

(b) Judgements

There are no critical judgements that the directors have made in the process of preparing the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
5. REVENUE

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

	2021	2020
	\$'000	\$'000
Desk facility and market data fees	3,996	3,426
Other income – management fees	42,709	39,302
	46,705	42,728

	2021	2020
	\$'000	\$'000
Commodity desk and data fees to brokers	3,996	3,119
Recovery of costs incurred on behalf of group undertakings	42,709	39,302
Other	-	307
	46,705	42,728

6. OPERATING (LOSS) / PROFIT

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

	Notes	2021	2020
		\$'000	\$'000
Staff costs	8	53,207	52,996
Amortisation of other intangible assets	12	694	288
Depreciation of property, software and equipment	13	1,711	1,147
Depreciation of right of use asset	22	2,028	1,677
Impairment of investment	14(a)	4,943	-
Movement in impairment allowance	16	6	6
Charges under operating leases	22	2,809	2,756
Management recharges – in		43,186	39,605
Management recharges – out		(91,897)	(89,504)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
7. AUDITOR'S REMUNERATION

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

	2021 \$'000	2020 \$'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts		
Audit of the Company's annual accounts	148	51
Total audit fees	148	51

Audit fees for the Company for the year ended 31 December 2021 and the prior year were paid by a group undertaking. No non-audit services were provided by the Company's auditor.

8. STAFF COSTS

	2021 Number	2020 Number
Front office	93	85
Average monthly number of staff	93	85

	2021 \$'000	2020 \$'000
Aggregate wages and salaries	49,492	50,164
Employer's National Insurance contributions and similar taxes	1,448	1,184
Short-term monetary benefits	2,047	1,471
Defined pension contribution cost	172	137
Apprenticeship levy	48	40
Total staff costs (note 6)	53,207	52,996

As at 31 December 2021, there were contributions totalling \$41,713 (2020: \$nil) payable to the defined contribution pension scheme by the Company.

9. FINANCE EXPENSE

	2021 \$'000	2020 \$'000
Unwinding lease liability (note 21)	(372)	(375)
	(372)	(375)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
10. TAXATION**(a) Tax charge**

	Notes	2021 \$'000	2020 \$'000
Current tax			
UK and foreign corporation tax on profit for the year		50	794
Prior year adjustments		(177)	(124)
		(127)	670
Deferred tax			
Origination and reversal of temporary differences		2	27
Prior year adjustments		187	149
	17	189	176
Tax charge for the year		62	846

(b) Reconciliation between tax charge and loss before tax

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). This is driven by material non-deductible shareholder expenses incurred during the year and a prior year adjustment to the research and development tax credit claim. Taxation for non-UK jurisdictions is calculated at the prevailing rate. No country has implemented any corporate tax rate increases that have impacted the non-UK tax charge reported in 2021.

Taxation for other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

	2021 \$'000	2020 \$'000
(Loss) / profit before tax	(6,479)	3,163
Expected tax expense based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(1,231)	601
Explained by:		
Income not subject to tax	-	(46)
Expenses not deductible for tax purposes	1,277	264
Foreign exchange and other differences	6	2
Prior year adjustments	10	25
Tax charge for the year	62	846

11. DIVIDENDS PAID AND PROPOSED

During the year, the Company did not propose or pay any dividend (2020: \$nil). No dividends are currently proposed.

12. INTANGIBLE ASSETS

Cost	Software development S'000
At 1 January 2020	1,238
Additions	587
Transfers to intangible assets	(381)
At December 31 2020 and 1 January 2021	1,444
Additions	1,773
Disposals	(84)
At 31 December 2021	3,133
Impairment provisions and amortisation	
At 1 January 2020	484
Charge for the year (note 6)	325
Transfers to intangible assets	(37)
At 31 December 2020 and 1 January 2021	772
Charge for the year (note 6)	694
At 31 December 2021	1,466
Net book value	
At 31 December 2021	1,667
At 31 December 2020	672

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
13. PROPERTY, SOFTWARE AND EQUIPMENT

	Leasehold improvements \$'000	Computer equipment \$'000	Software \$'000	Furniture, fixtures and fittings \$'000	Total \$'000
Cost					
At 1 January 2020	763	2,753	-	237	3,753
Additions	649	594	639	160	2,042
Transfers from PSE	-	-	381	-	381
At 1 January 2021	1,412	3,347	1,020	397	6,176
Additions	175	1,059	861	129	2,225
Disposals	-	(13)	-	-	(13)
At 31 December 2021	1,587	4,393	1,881	526	8,388
Depreciation					
At 1 January 2020	388	1,409	-	60	1,857
Charge for the year (note 6)	179	674	174	83	1,110
Transfers from PSE	-	-	37	-	37
At 1 January 2021	567	2,083	211	143	3,004
Charge for the year (note 6)	234	1,056	297	124	1,711
At 31 December 2021	801	3,139	508	267	4,715
Net book value					
At 31 December 2021	786	1,254	1,373	259	3,673
At 31 December 2020	845	1,264	809	254	3,172

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
14. INVESTMENTS**(a) Investments in subsidiaries**

Cost	2021 \$'000	2020 \$'000
At 1 January	21,321	20,738
Additions	17,273	583
Impairment of investment	(4,934)	-
At 31 December	33,660	21,321

The increase in investment in subsidiaries relates to the investment in Volcap Trading Partners Limited (\$12,579,174) and Starsupply Petroleum Europe B.V. (\$4,043,609). Subsequent to the acquisition of Marquee Oil Broking Limited ('Marquee') an additional deferred contribution payment of \$650,135 was made in December 2021 and a decision was made to wind down the business and liquidate the company with an associated impairment of \$4,934,639.

(b) Subsidiaries and undertakings

The subsidiaries of the Company as at 31 December 2021 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 View, 34-03 Asia Tower 1, Singapore, 018960	Singapore	Ordinary shares	100%	Freight broking
Marex Spectron Limited 17 th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong.	Hong Kong	Ordinary shares	100%	Dormant
Marex Spectron Pte Ltd (Dissolved 9 May 2022) 8 Marina View, 33-06 Asia Tower 1, Singapore, 018960	Singapore	Ordinary shares	100%	Dormant (now dissolved)
Spectron Energy Inc. 360 Madison Ave, Third Floor, New York 10017.	United States of America	Ordinary shares	100%	Energy OTC broking
Spectron Energy (Asia) Pte Ltd 8 Marina View, 34-03 Asia Tower 1, Singapore, 018960.	Singapore	Ordinary shares	100%	Energy OTC broking

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
14. INVESTMENTS (CONTINUED)**(b) Subsidiaries and undertakings (continued)**

The subsidiaries of the Company as at 31 December 2021 are as follows:

Subsidiaries held directly (continued)

Name / Registered office	Country of incorporation / Principal place of business	Class	Proportion of ownership interest	Nature of business
Marquee Oil Broking Limited (in Members Voluntary Liquidation) The Old Town Hall, 71 Christchurch Road, Ringwood, BH24 1DH.	England and Wales	Ordinary shares	100%	Physical Oil broking (now dormant)
Volcap Trading Partners Limited 155 Bishopsgate, London, EC2M 3TQ.	England and Wales	Ordinary shares	100%	Broker & Structured Note Distributor
Starsupply Petroleum Europe B.V. Hofplein 20, 20 th Floor, 3032 Rotterdam.	Netherlands	Ordinary shares	100%	Physical Oil Brokerage
Marex Trading International Limited 155 Bishopsgate, London, EC2M 3TQ	England and Wales	Ordinary shares	100%	Trading Facilitation
Marex Brazil Participações Ltda. Rua Odila Maia Rocha Brito, 525, sala 81, Nova Campinas, CEP 13092-110, São Paulo	Brazil	Ordinary shares	100%	Dormant

Subsidiaries held indirectly

Name / Registered office	Country of incorporation / Principal place of business	Class	Proportion of ownership interest	Nature of business
Volcap Trading Partners France SAS 12 Rue Vivienne Lot 3, 75002 Paris	France	Ordinary Shares	100%	Broker & Structured Note Distributor

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
15. BUSINESS COMBINATIONS**(a) Acquisition of Starsupply**

On 12 March 2021, the Company acquired all of the issued share capital of Starsupply Petroleum Europe B.V. ("Starsupply") for the consideration noted below. Starsupply is a Rotterdam-based execution-only broker of physical oil-based products. Starsupply expands Marex's capabilities in physical markets which currently include gasoline, fuel oil and shipping franchises.

	<u>FX Rate</u>	<u>Group</u>
		<u>\$'000</u>
Cash consideration (€3,380,000)	1.1964\$/ €	4,044
Total consideration		4,044
Recognised amounts of identifiable net assets:		
Property, plant and equipment		121
Cash and cash equivalents		142
Trade and other receivables		1,346
Trade and other payables		(203)
Total identifiable assets and liabilities		1,406
Goodwill		2,638

Goodwill

The goodwill recognised on acquisition relates to the company's expected growth and to the value of Starsupply's workforce which cannot be separately recognised as an intangible asset. The goodwill has been allocated to the Energy CGU for annual impairment testing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. BUSINESS COMBINATIONS (CONTINUED)

(b) Acquisition of Volcap

On 1 October 2021, the Company acquired all of the issued share capital of Volcap Trading Partners Limited and its subsidiary, Volcap Trading Partners France SAS (together "Volcap") for the consideration noted below. Volcap has built an award-winning soft commodity and bespoke structured product business that designs, structures and implements investment strategies across a wide range of financial assets.

	<u>FX Rate</u>	<u>Group</u>
		<u>\$'000</u>
Cash consideration (€5,308,000)	1.1597 \$/€	6,156
Cash consideration (\$1,600,000)	*	1,600
Cash consideration (£1,011,000)	1.3551 \$/£	1,370
Deferred consideration		256
Deferred contingent consideration		2,974
Total consideration		12,356
Recognised amounts of identifiable net assets:		
Cash and cash equivalents		573
Trade and other receivables		535
Trade and other payables		(823)
Intangible assets acquired		5,595
Deferred tax liability		(1,349)
Total identifiable assets and liabilities		4,531
Goodwill		7,825

Deferred consideration

Deferred consideration relates to the amount payable in respect of potential adjustments to the book values of the tangible net assets acquired which are only to be determined after the acquisition date.

Deferred contingent consideration

The deferred contingent consideration is calculated on a specified percentage of Volcap's profit after tax. The amount of \$2,974,000 is the fair value of the Group's estimated cash outflow, discounted to present value.

Identifiable net assets

At 1 October 2021, the valuation of the customer relationships of Volcap was \$5,445,000 and the valuation of the Volcap brand was \$150,000. These were calculated by an independent valuation specialist. They were both calculated using the excess earnings method.

Goodwill

The goodwill recognised on acquisition relates to the expected growth, revenue synergies with the Company's existing commodities businesses and in addition to the valuation of Volcap's workforce which cannot be separately recognised as an intangible asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
16. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$'000	\$'000
Trade debtors	649	483
Loans receivable	89	36
Other tax and social security taxes	1,511	1,173
Other debtors	5,749	3,796
Prepayments	2,989	5,594
	10,987	11,082

Included in other debtors is \$2,196,770 (2020: \$389,714) which is due in more than one year, relating to sign-on bonuses which are awarded to employees and amortised over the term of their contracts.

Trade debtors are stated after deducting impairment provisions of \$25,000 (2020: \$20,000).

Trade receivables are assessed on an individual basis for impairment's, 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

	2021	2020
	\$'000	\$'000
Less than 30 days	731	85
31 to 60 days	82	115
61 to 90 days	14	9
91 to 120 days	22	17
More than 120 days	10	52
	859	278

(b) Reconciliation of the movement in impairment allowance

	2021			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January	-	-	20	20
Charged to the income statement	-	-	5	5
At 31 December	-	-	25	25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
16. TRADE AND OTHER RECEIVABLES (CONTINUED)**(b) Reconciliation of the movement in impairment allowance**

	2020			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
At 1 January	-	-	14	14
Bad debts written off	-	-	(1)	(1)
Charged to the income statement	-	-	6	6
Foreign exchange revaluation	-	-	1	1
At 31 December	-	-	20	20

17. DEFERRED TAX

	2021 \$'000	2020 \$'000
Depreciation in excess of capital allowances	(304)	(107)
Other	8	-
31 December	(296)	(107)

	2021 \$'000	2020 \$'000
At 1 January	(107)	69
Charged to the income statement (note 10(a))	(189)	(176)
31 December	(296)	(107)

Deferred tax balances have been calculated at the prevailing tax rate as at the balance sheet date, which for the purposes of the 2021 financial statements was 19% (2020: 19%). Finance Act 2021 enacted on 10 June 2021 increases the headline rate of UK corporation tax from 19% to 25% from 1 April 2023. The effect of this has not been applied to the deferred tax assets and liabilities in the 2021 financial statements due to the short-term nature of many of the balances.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
18. TRADE AND OTHER PAYABLES

	2021	2020
	\$'000	\$'000
Amounts due to group undertakings	28,529	11,966
Other tax and social security taxes	458	403
Other creditors	3,510	534
Accruals	16,197	15,851
Deferred income	711	485
	49,405	29,239

The directors consider that the carrying amount of trade and other payables is not materially different to their fair value. All intercompany loans are payable on demand and do not incur interest charges.

19. SHARE CAPITAL

	Issued and fully paid		Issued and fully paid	
	2021	2021	2020	2020
	Number	\$'000	Number	\$'000
Authorised 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.

20. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
21. CASH FLOW HEDGE RESERVE

	2021 \$'000	2020 \$'000
At 1 January	-	41
Gain on revaluation	-	(41)
At 31 December	-	-

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.

22. LEASES

	2021	2020
	Right of use asset \$'000	Right of use asset \$'000
Right of use assets:		
As at 1 January:	8,508	10,185
Additions during the year	3,594	-
Depreciation charged to income statement	(2,028)	(1,677)
Adjustments	90	-
As at 31 December:	10,164	8,508

	2021	2020
	Lease liability \$'000	Lease liability \$'000
Lease liabilities:		
As at 1 January:	11,885	11,751
Additions during the year	3,594	-
Interest expense charged to income statement	372	375
Payment of lease liabilities	(2,642)	(520)
FX revaluation	(257)	279
Adjustments	90	-
As at 31 December	13,042	11,885

Other leases payments under operating leases recognised as an expense in the year (note 6)	2,809	2,756
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The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 3.31%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
23. 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.

2021			
	FVTPL \$'000	Amortised cost \$'000	Total \$'000
Financial assets:			
Trade debtors	-	649	649
Loans receivable	-	88	88
Cash and cash equivalents	-	43	43
Other Debtors	-	111	111
	-	891	891
2020			
	FVTPL \$'000	Amortised cost \$'000	Total \$'000
Financial assets:			
Trade debtors	-	483	483
Loans receivable	-	36	36
Cash and cash equivalents	-	168	168
Other Debtors	-	57	57
Derivative instruments	634	-	634
	634	744	1,378

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
23. FINANCIAL INSTRUMENTS (CONTINUED)
(b) Categories of financial instruments (continued)

	2021		
	FVTPL \$'000	Amortised cost \$'000	Total \$'000
Financial liabilities			
Amounts due to group undertakings	-	28,529	28,529
Other creditors	-	3,510	3,510
Accruals	-	16,197	16,197
Deferred income	-	711	711
Derivative instruments	154	-	154
	154	48,947	49,101

	2020		
	FVTPL \$'000	Amortised cost \$'000	Total \$'000
Financial liabilities:			
Amounts due to group undertakings	-	11,966	11,966
Other creditors	-	534	534
Accruals	-	15,851	15,851
Deferred income	-	485	485
	-	28,836	28,836

(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 analytically assessed and measured.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
23. 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.

Credit quality

The table below does not take into account collateral held.

	2021 \$'000	2020 \$'000
AA and above	71	-
AA-	175	-
A+	-	170
Lower and unrated	645	1,208
	891	1,378

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
23. 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:

	2021				Total \$'000
	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	
Amounts due to group undertakings	28,529	-	-	-	28,529
Other creditors	271	3,239	-	-	3,510
Accruals	362	15,572	263	-	16,197
Deferred income	711	-	-	-	711
	29,873	18,811	263	-	48,947

	2020				Total \$'000
	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	
Amounts due to group undertakings	11,966	-	-	-	11,966
Other creditors	-	534	-	-	534
Accruals	-	15,810	41	-	15,851
Deferred income	-	485	-	-	485
	11,966	16,829	41	-	28,836

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
23. FINANCIAL INSTRUMENTS (CONTINUED)
(d) Financial risk management objectives (continued)
Liquidity risk (continued)
Liquidity risk exposures (continued)

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

	2021				Total \$'000
	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	
Trade debtors	3	646	-	-	649
Loans receivable	-	24	64	-	88
Other debtors	-	111	-	-	111
Cash and cash equivalents	43	-	-	-	43
At 31 December 2021	46	781	64	-	891

	2020				Total \$'000
	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	
Trade debtors	-	483	-	-	483
Loans receivable	-	7	29	-	36
Other debtors	-	57	-	-	57
Cash and cash equivalents	168	-	-	-	168
At 31 December 2020	168	547	29	-	744

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 (2020: assets):

	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Total \$'000
Derivative instruments					
Liabilities	-	(154)	-	-	(154)
At 31 December 2021	-	(154)	-	-	(154)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
23. FINANCIAL INSTRUMENTS (CONTINUED)
(d) Financial risk management objectives (continued)
Liquidity risk (continued)

Consequently, the gross amount of the derivative liability of \$154,404 (2020: derivative asset \$633,884) are presented separately in the Company's statement of financial position.

	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Total \$'000
Derivative instruments					
Assets	-	634	-	-	634
At 31 December 2020	-	634	-	-	634

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 – FVTPL:				
Derivative instruments (note 22(b))	-	(154)	-	(154)
At 31 December 2021	-	(154)	-	(154)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets – FVTPL:				
Derivative instruments (note 22(b))	-	634	-	634
At 31 December 2020	-	634	-	634

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
24. DERIVATIVE INSTRUMENTS

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

Held for trading derivatives that are designated in hedge accounting relationships:	2021 \$'000	2020 \$'000
Foreign currency forward contracts	(154)	634
	(154)	634

25. RELATED PARTY TRANSACTIONS
(a) Parent and ultimate controlling party

The immediate parent undertaking is Marex Group plc, a public limited company incorporated in England and Wales, in whose consolidated 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 parent and ultimate controlling party of the Company is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.

(b) Key Management Personnel

The remuneration paid to directors and other Key Management Personnel for their services to the Company was as follows:

	2021 \$'000	2020 \$'000
Aggregate wages and salaries	180	289
Short-term monetary benefits	2	2
Defined contribution pension cost	1	4
	183	295

The remuneration of the highest paid director for their services to the Company was \$44,761 (2020: \$44,715). As at 31 December 2021, there were 3 directors in the Company's defined contribution scheme (2020: 3).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**
25. RELATED PARTY TRANSACTIONS (CONTINUED)
(c) Balances and transactions with other group undertakings

	Amounts owed from related parties 2021 \$'000	Amounts owed from related parties 2020 \$'000	Amounts owed to related parties 2021 \$'000	Amounts owed to related parties 2020 \$'000	Amounts included in operating profit 2021 \$'000	Amounts included in operating profit 2020 \$'000
Marex Financial	-	-	(28,925)	(11,966)	(34,872)	(31,797)
Marex Hong Kong Limited	-	-	-	-	(245)	(271)
Marex Spectron Asia Pte. Ltd.	-	-	-	-	(453)	(648)
Marex Group plc	21	-	-	-	72	131
Marex Spectron International Limited	276	(51)	-	-	(54,149)	(54,976)
Marquee Oil broking Limited (in liquidation)	99	100	-	-	-	-
Marex North America LLC	-	-	-	-	(978)	(744)
Spectron Energy Inc.	-	-	-	-	(228)	(194)
Marex Spectron Europe Limited	-	-	-	-	(162)	(146)
Volcap Trading Partners Limited	-	-	-	-	(19)	-
CSC Commodities UK Limited	-	-	-	-	(384)	(325)
Starsupply Petroleum Europe B.V.	-	-	-	-	(2)	-
	396	49	(28,925)	(11,966)	(91,420)	(88,970)

All balances owed to and from related parties listed above are repayable on demand and do not incur interest charges.

26. EVENTS AFTER THE BALANCE SHEET DATE

(a) Ukraine situation

We are shocked and deeply concerned about the developments in Ukraine since the start of the year and the impact it has had on human lives.

On 24 February 2022, Russia commenced a large-scale invasion against Ukraine. In response, the West has moved to impose broad-based sanctions targeting Russia, including but not limited to certain Russian banks and the Russian Central Bank, companies, parliamentary members and high-profile individuals and their families. It is possible that additional sanctions and other measures may be imposed in the future. Developments with regards to the military conflict are fast moving and the extent of any financial and non-financial impact on the Company is currently not known.

Whilst the Company has limited direct exposure to Russia or Ukraine, we have followed, and will continue to follow any government guidance regarding sanctions to the extent that they affect our business or our clients.

We also note that certain commodity markets have seen unprecedented volatility and exchanges are taking appropriate steps to mitigate the impact of this volatility on market participants in certain instances. For example, the London Metal Exchange suspended trading in Nickel contracts on 8 March 2022 following unprecedented price increases. Trading subsequently resumed on 16 March with daily price limits.

We will continue to monitor the situation closely and the impact it has on the markets we operate in and on our clients. Overall, the potential financial and non-financial impact of the ongoing situation on the Company will depend on how the crisis unfolds. Given the uncertainty of the situation, it is currently not possible to estimate any future impact on the financial statements.

(b) Arfinco acquisition

On 1 February 2022, the Company purchased 100% of the share capital of Arfinco S.A. The acquisition will expand the Group and Company's current offering of services including specialised execution, extensive clearing, deliveries and research across coffee, sugar, cocoa and grains markets. Established in 2006, Arfinco's broking clients include some of Europe's largest commercial and non-commercial market participants, with a strong focus on French commercial customers.

The total initial cash consideration that was paid was €2,915,288 of which €1,800,000 represents the premium paid, with the acquired draft net assets being €1,115,288. The final agreed net asset value was €1,128,821.

(c) Geneva branch

On 1 June 2022, the Company received their registration document confirming that the Company has registered a branch in Geneva, Switzerland.

The branch will operate a Trade Facilitation business that services commodity clients by providing liquidity.

- monetising unfunded Letter of Credit ("LC") credit lines
- financing short-term exchange receivables

(d) OTCex Group acquisition

On 11 July 2022, the Group entered into an agreement to purchase OTCex Group. The purchase price will be based off the net asset value of the completion accounts plus a premium of €9,800,000 and deferred consideration based on the future performance of the OTCex Group, subject to regulatory approval which has not been received as of the date of signing these financial statements.