Company Registration Number 5616586

INTL FCSTONE LIMITED

Report and Financial Statements

30 September 2019

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INTL·FCStone®

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S R Bailey
S M O'Connor
P A Smith
M J Wilde
L J McNeile

COMPANY SECRETARY

C O Odigie

REGISTERED OFFICE

1st Floor Moor House
120 London Wall
London
EC2Y 5ET
United Kingdom

COMPANY REGISTRATION NUMBER

5616586

AUDITOR

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL
United Kingdom

The directors present the Strategic Report of INTL FCStone Limited (**Company**) for the year ended 30 September 2019 in accordance with Companies Act 2006, section 414C.

Business model and strategy

The Company is the main non-US operating entity of INTL FCStone Inc. (**Group**) offering regulated as well as unregulated financial products and services to customers in the European, Middle Eastern and African time zones from London.

The Company is authorised and regulated by the Financial Conduct Authority (**FCA**).

The Company provides a range of services as follows:

- The Global Payments Services division delivers 140 currencies to more than 180 countries for aid agencies and banks;
- It is a Category 1 member of the London Metal Exchange (**LME**), and a member of LME Clear, ICE Futures Europe, ICE Clear Europe, LCH Enclear, Euronext, the European Energy Exchange, Eurex, Norexeco and FIA Europe. Through its affiliates, the Company provides customers with access to various other global exchanges, focusing on providing hedging services for customers in base metals, soft, agricultural and other commodities;
- It acts as broker in foreign exchange, oil and precious metals, acting as principal and intermediary;
- It provides hedging and physical trading services in precious metals, being a member of the London Bullion Markets Association and the London Platinum and Palladium Markets Association; and
- It offers hedging advice to clients in the agricultural, energy and dairy sectors.

In providing these services the Company makes markets in currencies and certain financial instruments but does not actively take proprietary risk as a matter of policy.

The Company operates for its clients with Group entities especially in New York, Chicago, Singapore, Dubai and Hong Kong. Specifically, it mainly:

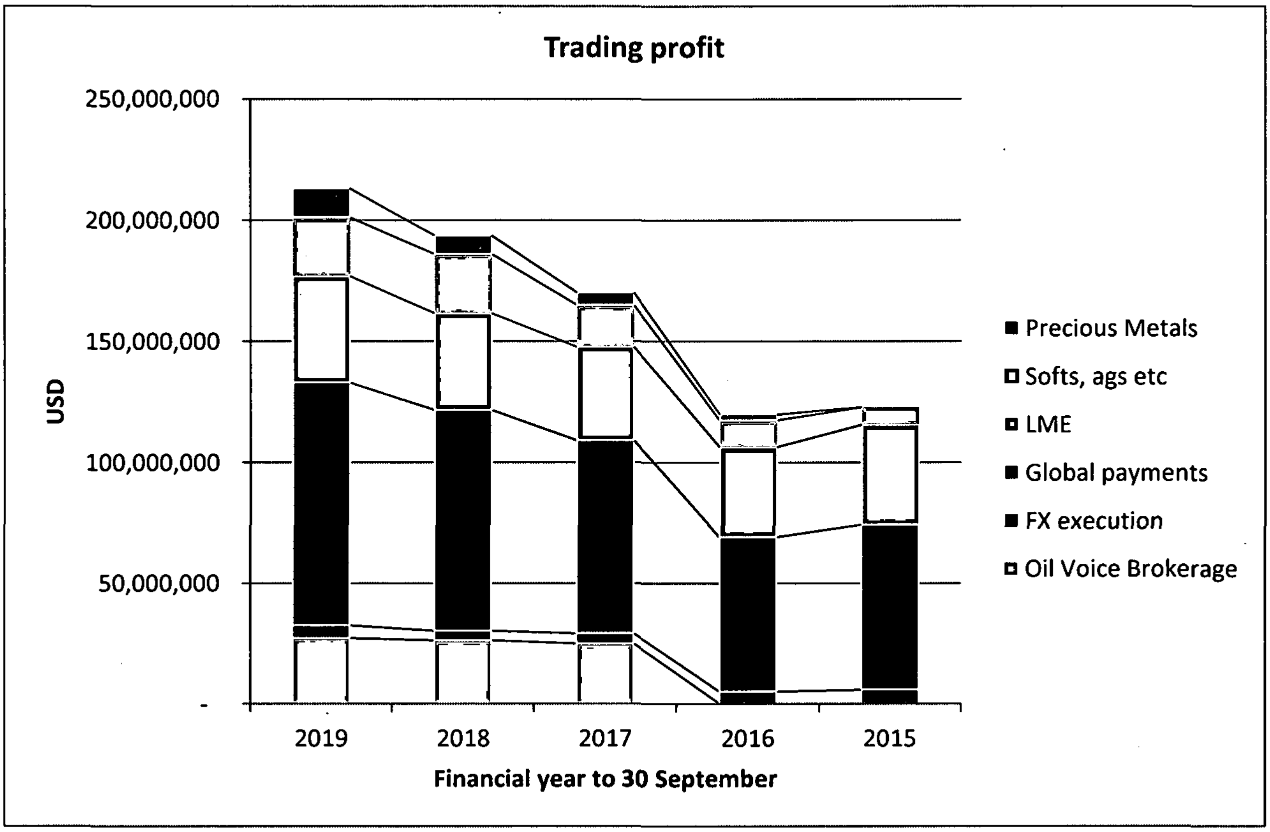
- provides clearing services for clients of US, Latin American and Far Eastern affiliates;
- receives trading services from New York, Chicago, Singapore and Hong Kong affiliates; and
- delivers operational trade support for precious metal trading activity to Singapore and Dubai affiliates.

Business review

The Company's main activities (profit centres) are:

- Global payments services (non-derivatives);
- Clearing and execution services on LME;
- Clearing and execution services in connection with agricultural and soft commodities and energy on European and, via affiliates, US and Asian exchanges for clients in agricultural and soft commodities;
- FX prime brokerage (execution) services;
- Trading in precious metals; and
- Oil voice brokerage.

The distribution of trading profit in recent years has been as follows:



In 2019 the largest generator of trading profit continued to be the Global Payments Services business.

Throughout the year, the Company added personnel in support functions to help within a number of business areas as regulatory complexity increased.

Key Performance Indicators (KPIs)

The board of the ultimate parent sets the overall Group strategy and monitors progress. Individual business divisions across the Group straddle different legal entities and are monitored by the board of the ultimate parent on this basis.

At a Company level, the Company board monitors those same businesses with each one assessed for profitability by reference to absolute targets, specifically as to capital employed, including such capital as may be required in the form of liquidity needed to facilitate client business.

The main KPI at an entity level is performance on the basis of return on equity. In the financial year under review the Company achieved pre-tax and post-tax rates of return of 27% and 21% respectively (2018: 28% and 22% respectively) of average capital employed, which the Company's board considers more than adequate.

Risk management

The Company is regulated by the FCA as a full scope €730k investment firm and is subject to the European Union's Capital Requirements Directive IV (**EU CRD IV**) and associated regulations, and the FCA's Individual Liquidity Adequacy Standards (**ILAS**) with regards to liquidity. Frameworks and assessments for the Company have been developed with reference to these regulations.

Exposures to risk are managed continually to ensure that such exposures are within capital constraints and justified by the profitability of any initiative that the Company may pursue.

The principal risks faced by the Company are:

- Liquidity Risk
- Credit Risk
- Market Risk
- Operational Risk
- Regulatory Risk
- Reputational Risk
- Conduct Risk

Liquidity Risk
Liquidity Risk is monitored daily by reference to internally designed stresses and at least every three days by stress models referred to by the FCA applying ILAS parameters. Liquidity management is designed to ensure utilisation by each business does not exceed pre-agreed capital allocations. The Company has access to contingency funding and maintains appropriate buffers as laid down by regulation.

Credit, Market, Operational Risks (including Regulatory, Reputational and Conduct Risks)
The mathematical expression of the Company's appetite for Credit, Market and Operational Risks mentioned above are measured relative to board approved limits and are reviewed regularly, notably as part of the FCA's Internal Capital Adequacy Process (**ICAAP**). New projects or unforeseen events trigger a review of all of the above risks as part of the ICAAP. Operational Risks also include Regulatory Risk, Conduct Risk and systems-related risks with the ICAAP taking into account any financial impact flowing from the associate Reputational Risk.

Credit Risk is managed by setting authorised trading limits on all counterparties and constant monitoring of client positions to ensure adherence to those limits.

In line with policy, the Company does not actively take directional positions (Market Risk), noting that the Company's overall strategy is that it is a market maker in certain commodities and currencies. Position and other Market Risk limits are imposed on all trading teams where there is market making. These are monitored daily.

Prospective regulatory challenges

Regarding the implementation of Brexit, the Company and Group have analysed its business activities within the EU and has implemented the following as mitigants.

- In connection with MiFID business:

  - The Group has acquired a Luxembourg-based and EU-regulated €125k affiliate, INTL FCStone Europe SA, (**IFE**) that:
    - provides advice to EU-based clients where needed;
    - enables the continued solicitation of business within the territory of the EU for the benefit of the Company and the wider Group;
    - acts as tied agent to the Company in the EU to receive and transmit orders to the UK; and
    - enables direct electronic access to EU-based exchanges for onward transmission to the Company.
  - The Company's clients have been informed of any legal or contractual changes that will be made in cases where this Luxembourg entity will be providing these services.
  - On 1 October 2019 the Company's Irish branch was transferred to IFE to enable that office to continue to introduce EU business to the Company taking advantage of IFE's EU passport.
  - The impact of this transfer of the Irish branch is not material to the Company.

- In connection with the Global Payments business, on 16 January 2020, the Group acquired Giroxx GmbH (subject to regulatory approval) which is a German regulated company providing payments and foreign exchange services.

IBOR reforms

The transition away from the London Interbank Offered Rate (LIBOR), and other IBORs, represents one of the biggest challenges facing financial services firms. LIBOR regulators (including the FCA and the US Commodity Futures Trading Commission) have since announced a transition away from LIBOR towards alternative risk-free rates (RFR).

The FCA has made clear that, at the end of 2021, it will no longer seek to persuade, or compel, banks to submit to LIBOR. Other regulators have made similar statements.

RFRs have been agreed for all LIBOR currencies, and the Company has taken part in industry groups with the current view that the scheduled changes will not have a material impact of the business model and financial profile of the Company.

On behalf of the Board

P A Smith
Director

1st Floor Moor House
120 London Wall
London
EC2Y 5ET
United Kingdom

Date: 26 February 2020

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (**FRS 101**). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU.

Principal activities

The Company provides pricing and execution and clearing services in over 140 currencies with delivery to more than 180 countries. The Company also operates as a broker-dealer and advisor in commodity and foreign exchange risk management by providing a comprehensive range of customised financial services to help clients manage volatility and protect themselves against margin exposure.

Results and dividends

The profit for the year, after taxation, amounted to $55,750,656 (2018: $47,696,318). The Company recognised a dividend in the year of $3,000,000 (2018: $nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Going concern

After making appropriate enquiries which assessed strategy, profitability, funding, risk management and capital resources, the directors consider the Company to be a going concern as the Company has adequate capital and liquid resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Insurance

The Company has directors' and officers' liability insurance and intends to maintain such cover for the full term of their employment or engagement.

Financial instruments

Information regarding the financial risk management objectives and policies are set out within the Strategic Report.

Pillar 3 disclosures

Details of the Company's unaudited Pillar 3 disclosures, as required by the EU CRD IV may be found at www.intlfcstone.com.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2018: $nil).

Overseas Branches

The Company had one overseas branch, in Ireland, which has been included in the reported results. After the year end the activity of this branch was transferred to another affiliate.

DIRECTORS' REPORT

30 September 2019

Directors

The directors who served the Company during the year were as follows:

S R Bailey
S M O'Connor
P A Smith
M J Wilde
L J McNeile

No director had any beneficial interests in the share capital of the Company during the year.

Subsequent events

On 1 October 2019 the Company's Irish branch was transferred to a Group affiliate, INTL FCStone Europe SA **(IFE)**, to enable that office to continue to introduce EU business to the Company taking advantage of IFE's EU passport. The impact of the transfer of the Irish branch is not material to the Company.

On 16 December 2019, the Company executed a definitive sale and purchase agreement to acquire the brokerage business of Exotix Partners LLP (part of the Tellimer Group). At the date of this report the closing of this transaction was subject to regulatory approval.

On behalf of the Board

P A Smith
Director

1st Floor Moor House
120 London Wall
London
EC2Y 5ET
United Kingdom

Date: 26 February 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

30 September 2019

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INTL FCSTONE LIMITED

Opinion

We have audited the financial statements of INTL FCStone Limited ("the Company") for the year ended 30 September 2019 which comprise the Income Statement and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's member, 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 member 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Smith

Richard Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 26 February 2020

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Year ended 30 September 2019

	Note	2019 $	2018 $
TRADING PROFIT	4	220,405,929	199,117,183
Administrative and operating expenses		(147,698,424)	(137,938,923)
PROFIT BEFORE TAXATION	5	72,707,505	61,178,260
Tax on profit	6	(16,956,849)	(13,481,942)
PROFIT FOR THE YEAR		55,750,656	47,696,318
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		55,750,656	47,696,318

All current year activities of the Company were classified as continuing.

The notes on pages 14 to 41 form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Note		2019		2018 *
		$	$	$	$
Non-current assets					
Intangible assets	7		3,738,092		3,430,908
Property, plant and equipment	8		2,766,640		3,344,436
Equity investments at FVOCI	9		3,742,304		3,742,304
			10,247,036		10,517,648
Current assets					
Inventory	13	7,057,616		42,080,351	
Deferred taxation	15	940,859		699,322	
Derivative financial instruments	14	279,846,452		250,103,609	
Trade and other receivables	10	615,501,168		400,289,117	
Financial instruments at FVTPL	11	98,407,073		67,521,676	
Cash at bank		225,778,984		165,309,463	
		1,227,532,152		926,003,538	
Current liabilities					
Derivative financial instruments	14	(399,362,512)		(282,564,939)	
Trade and other payables	12	(540,329,951)		(408,620,178)	
		(939,692,463)		(691,185,117)	
Net current assets			287,839,689		234,818,421
Net assets			298,086,725		245,336,069
Capital and reserves					
Called up share capital	16		90,000,000		90,000,000
Retained earnings	16		208,086,725		155,336,069
Shareholder's funds			298,086,725		245,336,069

** The amounts for 2018 have been revised following the adoption of IFRS 9 (note 26) and to reflect the restatement of the presentation of the Statement of Financial Position (note 25).*

The financial statements were approved by the board of directors and authorised for issue on 26 February 2020 and are signed on their behalf by:

S R Bailey
Director

Company Registration No. 5616586

The notes on pages 14 to 41 form part of these financial statements

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STATEMENT OF CHANGES IN EQUITY

As at 30 September 2019

	Share capital $	Retained earnings $	Total $
At 1 October 2017	90,000,000	107,639,751	197,639,751
Profit and Total Comprehensive Income for the year	-	47,696,318	47,696,318
At 30 September 2018	90,000,000	155,336,069	245,336,069
Profit and Total Comprehensive Income for the year	-	55,750,656	55,750,656
Dividends	-	(3,000,000)	(3,000,000)
At 30 September 2019	90,000,000	208,086,725	298,086,725

The notes on pages 14 to 41 form part of these financial statements

1. Accounting policies

General information

INTL FCStone Limited (**Company**) is a private company incorporated, domiciled and registered in England and Wales. The registered number is 5616586 and the registered office address is 1st Floor Moor House, 120 London Wall, London, EC2Y 5ET, United Kingdom. The principal activities of the Company are described in the Strategic Report.

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (**FRS 101**). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (**IFRSs**) as adopted by the EU but makes amendments where necessary in order to comply with Companies Act 2006. Additionally, because the consolidated financial statements of INTL FCStone Inc., the ultimate parent company, include the equivalent disclosures, the Company has taken the available exemptions. Set out below are FRS 101 disclosure exemptions that the Company has taken:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, property, plant and equipment (tangible fixed assets) and intangible assets;
- Disclosures in respect of capital management;
- Where applicable the effects of new but not yet effective IFRSs;
- An additional Statement of Financial Position for the beginning of the earliest comparative period following the retrospective change in accounting policy or the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the company;
- IFRS 2 *Share Based Payments* in respect of group settled share based payments; and
- Where applicable certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Changes in accounting policies and disclosures – effective for the current year

In the current year, the Company has adopted a number of amendments to the following standards, interpretations and amendments to existing standards:

IFRS 9 Financial Instruments

IFRS 9, applied for the first time in the current year, introduces changes relating to the classification and measurement of financial assets, hedge accounting and presents the new forward-looking impairment framework. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. As required, the Company applied IFRS 9 retrospectively by adjusting the opening balance sheet at the date of initial application, and comparative periods have not been restated. The details of this transition may be found at note 26.

IFRS 15 Revenue from Contracts with Customers

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

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

Accounting policies – *continued*

The core principle of IFRS 15 is that revenue should be recognised depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a five-step approach to revenue recognition, which is to:

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

Under IFRS 15, revenue is recognised as and when 'control' of the goods or services underlying a particular performance obligation is transferred to the customer. The transfer of control occurs at a point in time and related to the commission income stream with Trading Profit.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing or amount that the Company recognises. From the adoption of IFRS 15 the revenue streams for the Company which the Company categorises as Trading Profit streams continue to be recognised on the same basis as the prior year.

Changes in accounting policies and disclosures – not yet effective

The following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's future accounting periods, but the Company has not early adopted them:

IFRS 16 Leases

IFRS 16 (effective date 1 January 2019, will be first incorporated within the 30 September 2020 financial statements). IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs). IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by the lessee. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and are replaced by a model where a right of use asset and corresponding liability have to be recognised for all leases by lessees (bringing them on balance sheet) except for short-term leases and leases of low value assets.

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

The Company does not expect this guidance will have a material impact on its Total Comprehensive Income but it will result in a gross up of the Statement of Financial Position due to the recognition of right-to-use assets and lease liabilities based on the present value of remaining operating lease payments. Under the proposed adoption method, it would result in the recognition of a right-to-use asset and a lease liability of approximately $8 million with no material impact to equity on the adoption date of 1 October 2019.

Measurement convention

The financial statements have been prepared under the historical cost basis as modified by the revaluation of certain financial instruments in accordance with the Companies Act 2006 and EU-adopted IFRSs and explained in the accounting policies below. Historical cost is generally based on fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or a liability, the Company takes in to 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.

Accounting policies – *continued*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in note 18. Comparative information is provided in respect of the previous period.

Functional and presentation currency

The Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (**functional currency**), being US Dollars ($). The financial statements are presented in US Dollars, the Company's presentation currency, and are rounded to the nearest whole number.

Going concern

After making appropriate enquiries which assessed the adequacy and sufficiency of the strategy, profitability, liquidity, funding, risk management and capital resources, the directors consider the Company to be a going concern as the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Statement of Financial Position are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Income Statement.

Trading Profit

In the opinion of the directors, the presentation of turnover, cost of sales and gross profit envisaged by the Companies Act 2006 is not applicable to brokerage companies. The appropriate presentation therefore is for the Income Statement to begin with "Trading Profit" which comprise all income and expenses related to the Company's trading activities. Trading profit represents realised and unrealised profits on trading, commission and fee income, and revenues and costs recharged to affiliates, after deduction of the costs of trading, such as brokerage etc. This is recognised when it is probable that the net economic benefits will flow to the Company and can be reliably measured, using the fair value of the consideration received or receivable.

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.

A *defined contribution pension plan* is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement in the periods during which services are rendered by employees. Other short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The *share option programme* allows certain employees and directors to acquire shares in the ultimate parent company at a strike price equal to the market value at the time of the award. The fair value of these options at the time that they are awarded is determined using Black Scholes model and are amortised over the number of years during which they vest and recognised as an expense with a corresponding increase in equity.

Accounting policies – *continued*

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities and finance leases recognised in the Income Statement using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Income Statement (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Income Statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Current tax is measured as amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the date of the Statement of Financial Position. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the Statement of Financial Position where transactions or events have occurred at that date that are expected to result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and laws that have been substantively enacted by the date of the Statement of Financial Position. The measurement reflects the Company's expectation as to how the manner in which the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Financial instruments (policy applicable from 1 October 2018)

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when these are originated or when the Company becomes a party to the contractual provisions of the instrument.

Accounting policies – *continued*

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (**FVTPL**), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (**FVOCI**) – equity investment, FVOCI – debt investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset (including investments) is measured at amortised cost if it meets both of the following conditions:

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

An equity or debt investment is measured at FVOCI if it meets both of the following conditions:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (**OCI**). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or as FVTPL.

Cash & cash equivalents (cash at bank)

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Financial assets - subsequent measurement and gains and losses

- Financial assets at FVTPL - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Income Statement.

- Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Income Statement. Any gain or loss on derecognition is recognised in the Income Statement.

- Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the Income Statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Income Statement.

Accounting policies – *continued*

- Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in the Income Statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the Income Statement.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Income Statement. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Income Statement. Any gain or loss on derecognition is also recognised in the Income Statement.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

- *Cash flow hedges* - Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in a hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Income Statement; and

- *Fair value hedges* - Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the Income Statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the Income Statement (even if those gains would normally be recognised directly in reserves).

Currently the Company does not have derivatives that qualify for hedge accounting.

Accounting policies – *continued*

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as a 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is below the equivalent to the globally understood definition of 'investment grade' (AAA to BBB- for Standard & Poor's).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Currently the calculation for ECLs is viewed by the directors of the Company as being immaterial, given that assets subject to ECL are largely cash balances and other receivables with a very short term maturity.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Currently the Company does not have such assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. In respect of the current year, there were no material write-offs.

NOTES TO THE ACCOUNTS

30 September 2019

Accounting policies – *continued*

Financial instruments (policy applicable prior to 1 October 2018)

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

- *Trade and other debtors and creditors* - these are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.
- *Investments in debt and equity securities* - these are stated at amortised cost less impairment. Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in the Income Statement.
- *Other investments in debt and equity securities held by the Company* are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the Income Statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the Income Statement.

Cash & cash equivalents (cash at bank)

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents. The current and prior year balances comprise cash at bank.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement.

Impairment

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Income Statement.

Intangible assets and amortisation

Intangible fixed assets purchased separately from a business are stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the Income Statement account on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each date of the Statement of Financial Position.

NOTES TO THE ACCOUNTS

30 September 2019

Accounting policies – *continued*

Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	5 years straight line (subsequent enhancements attract accelerated amortisation rates to the same assumed expected useful life)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is used to write off the cost less the estimated residual value by equal instalments over their estimated useful economic lives as follows:

Computer Equipment	3-5 years straight line
Leasehold improvements and Equipment	Straight line to the termination of the lease
Fixtures and Fittings	3 years straight line
Non-motorised Vehicles	1 year straight line

Depreciation methods, useful lives and residual values are reviewed at each date of the Statement of Financial Position.

Inventory

Inventory is stated at fair value less costs to sell. Changes in the fair value net of costs to sell are recognised in the Income Statement in the period of the change.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets - the cash-generating unit (**CGU**).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of non-goodwill assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

Cash and non-cash distributions (including dividends)

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. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at fair value of the assets to be distributed with fair value measurement recognised directly in equity.

Accounting policies – *continued*

Upon distribution of on-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.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the Statement of Financial Position when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Client Money

The Company holds money on behalf of some clients with banks, exchanges, clearing houses and brokers in segregated accounts in accordance with the Financial Conduct Authority (**FCA**)'s Client Assets Sourcebook (**CASS**) rules. Such monies and the corresponding amounts due to clients are not shown on the face of the Statement of Financial Position as the Company is not beneficially entitled thereto.

Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future actual results may differ from the planned assumptions and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed. Revisions to estimates are recognised prospectively.

- *Fair value of financial instruments – Investments:* The Company determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used; including discount rates and estimates obtained from independent experts or quoted market prices of comparable instruments. The derived fair value estimates cannot be substantiated by comparison with independent markets and in some cases not be capable of being realised immediately. Further information on these financial instruments may be found at note 9.

- *Credit impairments:* Each quarter the Company considers whether an impairment should be recognised against its financial assets and other receivables. This impairment loss assessment is made using all relevant information available to management and by applying judgement on whether there is objective evidence that a financial asset or portfolio of assets is impaired. The calculation of an impairment loss is management's best estimate of losses incurred at a point in time and reflects the expected future cash flows likely.

- *Taxation:* The Company determines the provision for deferred tax on timing differences where tax recognition occurs at a different time from accounting recognition. Deferred tax liabilities are generally recognised to the extent that it is probable that there will be future taxable profits against which the timing differences can be utilised. The Company has considered the carrying value of the deferred tax asset as at the reporting date and concluded that sufficient taxable profits will be generated in future years to recover recognised deferred tax assets.

2. Particulars of Employees

	2019	2018
	$	$
Staff costs including directors consist of:		
Salaries and performance related remuneration	68,228,362	63,846,562
Share based payments	110,727	329,946
Social security costs	8,779,991	8,424,074
Pension contributions (defined contribution plans)	1,587,633	1,559,774
	78,706,713	74,160,356

The average number of employees of the Company including directors during the year analysed by category was as follows:

	2019	2018
	No.	No.
Traders and sales	135	133
Operations	63	67
Administration	97	71
	295	271

The Company does not have any defined benefit pension plans.

3. Directors' Emoluments

	2019	2018
	$	$
Directors' remuneration consists of:		
Emoluments for services as directors of the Company	2,815,538	3,325,048
Pension contributions (defined contribution plans)	17,312	32,394
	2,832,850	3,357,442
Emoluments of highest paid director:		
Emoluments	2,158,972	1,971,858
Pension (defined contribution plans)	17,312	32,394

During the year one of the directors participated in defined contribution pension schemes (2018: one). None of the directors participated in defined benefit pension schemes during 2019 (2018: none).

During the current year, one director (2018: one director) exercised share options that had been awarded in prior periods. The total gain, included in the figure above, made by the director was $16,645 (2018: $735,785).

The highest paid director received an interest free advance in the financial year 2019 of £1,488, of which £1,204 was repaid shortly after the year end (2018: £117,801, which was repaid in full prior to 30 September 2018).

4. Trading profit

Trading profit is wholly attributable to the principal activities of the Company and arises solely from activities within the United Kingdom and the Republic of Ireland.

Trading profit - *continued*

	2019	2018
	$	$
Trading and market making profits	131,439,682	111,271,563
Commission and fee income	64,922,446	63,954,495
Revenues received from affiliates	7,866,376	10,715,567
Costs recharged to affiliates	3,520,471	3,303,385
Foreign exchange profit	1,233,750	2,675,917
Interest receivable and similar income	11,423,204	7,196,256
	220,405,929	199,117,183

The Company has initially applied IFRS 15 using the cumulative effect method and there is no material impact on the accounting treatment and presentation on the above amounts. Under this method, the comparative information is not restated. Included within *Trading and market making profits* is $708,998 (2018: $436,030) in respect of profit on unpledged securities and $709,421 (2018: $642,505) in respect of pledged securities.

5. Profit before taxation

	2019	2018
	$	$
Profit before taxation is stated after charging:		
Depreciation and amortisation	1,965,736	2,126,103
Fees payable to auditor - audit of the annual accounts	264,321	215,387
Fees payable to the auditor and its associates for other services:		
- other non-audit services	6,147	6,517
Operating lease costs	1,905,856	1,886,792
Finance cost – Interest payable and similar expenses	1,036,557	776,221

6. Tax on profit

	2019	2018
	$	$
Analysis of charge in the year		
Current tax:		
In respect of the year		
UK corporation tax based on the results for the year	17,045,289	13,762,030
Adjustment to prior years	236,414	(87,218)
Total current tax	17,281,703	13,674,812
Deferred tax		
Origination and reversal of timing differences	(324,854)	(192,870)
Total deferred tax (note 15)	(324,854)	(192,870)
Tax on profit	16,956,849	13,481,942

Tax on profit – *continued*

The tax computed on the profit for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The difference is explained below.

	2019	**2018**
	$	**$**
Profit before taxation	72,707,505	61,178,260
Profit by rate of tax: Rate 22.85% (2018: 22.40%) *	16,613,665	13,680,492
Reconciling Items: *Tax effect of timing differences*		
Expenses not deductible for tax purposes	186,678	188,417
Withholding tax lost	6,511	-
Tax effect of share incentives provided by the ultimate parent	11,289	(255,703)
Depreciation for the year in excess of capital allowances	217,507	67,954
Other timing differences	9,639	80,870
Adjustment to prior years	236,414	(87,218)
Total current tax	17,281,703	13,674,812

* *the blended rate of tax applicable in the UK, including bank tax surcharge, and Ireland.*

Reductions in the UK Corporation Tax Rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's tax charge accordingly. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

7. Intangible assets

	Software
	$
Cost	
As at 1 Oct 2018	7,353,696
Additions	670,888
Carried forward	8,024,584
Amortisation	
As at 1 Oct 2018	3,922,788
Charge for the year	363,704
Carried forward	4,286,492
Net book value	
At 30 Sep 2019	3,738,092
At 30 Sep 2018	3,430,908

8. Property, plant and equipment

	Fixtures and Fittings	Non-Motorised Vehicles	Computer Equipment	Leasehold improvements & equipment	Total
	$	$	$	$	$
Cost					
As at 1 Oct 2018	1,133,280	24,748	3,229,799	4,016,372	8,404,199
Additions	122,690	6,461	198,921	696,164	1,024,236
Carried forward	1,255,970	31,209	3,428,720	4,712,536	9,428,435
Depreciation					
As at 1 Oct 2018	633,119	20,365	2,591,595	1,814,684	5,059,763
Charge for the year	254,966	7,492	383,697	955,877	1,602,032
Carried forward	888,085	27,857	2,975,292	2,770,561	6,661,795
Net book value					
At 30 Sep 2019	367,885	3,352	453,428	1,941,975	2,766,640
At 30 Sep 2018	500,161	4,383	638,204	2,201,688	3,344,436

9. Equity investments at FVOCI

The Company had investments as follows:

	2019	2018
	$	$
Shares in LME – B Shares	3,401,121	3,401,121
Shares in SWIFT	341,183	341,183
	3,742,304	3,742,304

The Company owns 25,000 'B' Shares of in LME Holdings Limited as required to become a Category 1 ring dealing and clearing member of the London Metal Exchange (**LME**).

The Company also holds shares in Society for Worldwide Interbank Financial Telecommunication (**SWIFT**) as required to access the secure financial messaging service.

Under IAS 39 these financial assets were designated as Available for Sale investments. In adopting IFRS 9, the financial assets are categorised as Equity investments at FVOCI.

Note 18 contains further information on the valuation of these items and note 26 details the transition to IFRS 9.

10. Trade and other receivables

	2019	2018*
	$	$
Trade receivables	303,095,743	224,942,358
Balances due from clearing houses	214,655,799	87,741,930
Amounts owed by group undertakings	54,517,619	20,858,407
Balances at clearing houses: default fund deposits	33,554,351	54,912,466
Other debtors	431,609	555,098
Accrued income	5,769,805	7,054,227
Financial assets	612,024,926	396,064,486
Other taxation and social security	754,947	1,091,702
Prepayments	2,721,295	3,132,929
	615,501,168	400,289,117

** Restated as a result of the Company's review of the presentation of its derivative contracts (note 25) and the changes in presentation as a result of IFRS 9 adoption (note 26).*

Trade receivables are represented by amounts due from banks, brokers and other counterparties as part of the Company's main activities. Balances due from clearing houses are represented by amounts due from such clearing houses as part of the Company's main activities.

11. Financial Instruments at FVTPL

The financial instruments comprise US Treasuries. At 30 September 2019, the Company had pledged $54,673,876 (2018: $31,775,832) US Treasuries as collateral with an affiliate company for financing transactions. Financial instruments that have been pledged in this way are held under certain terms and conditions set out in specific agreements. Additionally, the Company had $43,733,197 (2018: $35,745,844) of unpledged US Treasuries.

12. Trade and other payables

	2019	2018*
	$	$
Trade payables	507,691,368	379,634,574
Amounts owed to group undertakings	3,264,744	3,075,746
Accruals and deferred income	20,052,251	18,868,240
Financial liabilities	531,008,363	401,578,560
Taxation and social security	9,321,588	7,041,618
	540,329,951	408,620,178

** Restated as a result of the Company's review of the presentation of its derivative contracts (note 25) and the changes in presentation as a result of IFRS 9 adoption (note 26).*

Trade payables are represented by amounts due to banks, brokers and other counterparties as part of the Company's main activities.

13. Inventory

	2019	2018
	$	$
Precious Metals Inventory	7,057,616	42,080,351

Inventory - *continued*

Inventory is held at fair value less costs to sell with changes in fair value reported in the Income Statement for the year.

14. Derivative financial instruments

	2019	2018*
Derivatives financial instruments - assets	$	$
OTC derivatives	75,272,961	43,419,142
Exchange traded derivatives	204,573,491	206,684,467
	279,846,452	250,103,609
Derivatives financial instruments - liabilities		
OTC derivatives	(126,108,128)	(94,449,313)
Exchange traded derivatives	(273,254,384)	(188,115,626)
	(399,362,512)	(282,564,939)

** Restated as a result of the Company's review of the changes in presentation from the IFRS 9 adoption (note 26).*

15. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2019	2018
	$	$
Asset brought forward	699,322	506,452
Origination and reversal of temporary differences during the year	241,537	192,870
Asset carried forward	940,859	699,322

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2019	2018
	$	$
Accelerated capital allowances	323,029	181,886
Deferred share based payment	501,236	410,481
Other expenses to be claimed against future tax years	116,594	106,955
	940,859	699,322

The deferred tax asset at 30 September 2019 has been calculated based on the rates of 19% substantively enacted at the date of the Statement of Financial Position.

16. Share capital and reserves

Share capital

	Allotted, called up and fully paid			
	2019	2018	2019	2018
	No.	No.	$	$
Ordinary shares of $1 each	90,000,000	90,000,000	90,000,000	90,000,000

Share capital and reserves - *continued*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The following dividends were recognised during the year:

	2019	2018
	$	$
$0.03 (2018: $nil) per ordinary share	3,000,000	-
	3,000,000	-

Reserves
The following describes the nature and purpose of each reserve with shareholder's funds or equity:

- Share capital – the amount subscribed for share capital at nominal value; and
- Retained earnings – cumulative net gains and losses recognised in the Income Statement or Statement of Other Comprehensive Income.

17. Commitments

Operating leases

At 30 September 2019 the Company had total commitments under non-cancellable operating leases as follows:

	2019 Land and Buildings	Other	2018 Land and Buildings	Other
	$	$	$	$
Operating leases commitments:				
Within one year	1,972,379	35,727	2,310,835	45,456
After one year within five years	7,832,596	153,933	9,084,891	40,777
After five years	1,370,704	5,526	3,517,933	-
	11,175,679	195,186	14,913,659	86,233

The Company leases a number of office facilities under operating leases.

18. Financial instruments

2019

	Total	FVTPL	FVOCI	Amortised cost
	$	$	$	$
Non-current assets				
Equity investments at FVOCI	3,742,304	-	3,742,304	-
Current assets				
Derivative financial instruments	279,846,452	279,846,452	-	-
Trade and other receivables	612,024,926	-	-	612,024,926
Financial instruments at FVTPL	98,407,073	98,407,073	-	-
Cash at bank	225,778,984	-	-	225,778,984
Total financial assets	1,219,799,739	378,253,525	3,742,304	837,803,910
Current liabilities				
Derivative financial instruments	(399,362,512)	(399,362,512)	-	-
Trade & other payables	(531,008,363)	-	-	(531,008,363)
Total financial liabilities	(930,370,875)	(399,362,512)	-	(531,008,363)

NOTES TO THE ACCOUNTS

30 September 2019

Financial instruments – *continued*

2018*

	Total	Trading	Available for sale	Loans and receivables / Amortised cost
	$	**$**	**$**	**$**
Non-current assets				
Investments-available for sale	3,742,304	-	3,742,304	-
Current assets				
Derivative financial instruments	250,103,609	250,103,609	-	-
Trade and other receivables	396,064,486	-	-	396,064,486
Investments	67,521,676	67,521,676	-	-
Cash at bank	165,309,463	-	-	165,309,463
Total financial assets	882,741,538	317,625,285	3,742,304	561,373,949
Current liabilities				
Derivative financial instruments	(282,564,939)	(282,564,939)	-	-
Trade & other payables	(401,578,560)	-	-	(401,578,560)
Total financial liabilities	(684,143,499)	(282,564,939)	-	(401,578,560)

* *Restated as a result of the Company's review of the presentation of its derivative contracts (note 25) and the changes in presentation as a result of IFRS 9 adoption (note 26).*

Fair value hierarchy - fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- *Level 1 – Quoted market price:* Quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the Company can access.
- *Level 2 – Observable input:* Valuation techniques based on inputs, other than quoted Level 1 prices, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3 – Non observable input:* Valuation techniques based on inputs for the assets and liabilities that are not based on observable market data. The valuation is primarily based on generally accepted valuation techniques.

The carrying amount of assets and liabilities at amortised cost approximates to fair value because of their short term nature. The table below analyses financial instruments by valuation method.

Financial instruments – *continued*

30 September 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Cash at bank	-	225,778,984	-	225,778,984
Equity investments at FVOCI	-	-	3,742,304	3,742,304
Derivative financial instruments	-	279,846,452	-	279,846,452
Financial instruments at FVTPL	98,407,073	-	-	98,407,073
Trade receivables	-	612,024,926	-	612,024,926
Total	98,407,073	1,117,650,362	3,742,304	1,219,799,739
Liabilities				
Derivative financial instruments	-	(399,362,512)	-	(399,362,512)
Trade & other payables	-	(531,008,363)	-	(531,008,363)
Total	-	(930,370,875)	-	(930,370,875)

30 September 2018*	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Cash at bank	-	165,309,463	-	165,309,463
Investments-available for sale	-	-	3,742,304	3,742,304
Derivative financial instruments	-	250,103,609	-	250,103,609
Investments	67,521,676	-	-	67,521,676
Trade receivables	-	396,064,486	-	396,064,486
Total	67,521,676	811,477,558	3,742,304	882,741,538
Liabilities				
Derivative financial instruments	-	(282,564,939)	-	(282,564,939)
Trade & other payables	-	(401,578,560)	-	(401,578,560)
Total	-	(684,143,499)	-	(684,143,499)

** Restated as a result of the Company's review of the presentation of its derivative contracts (note 25) and the changes in presentation as a result of IFRS 9 adoption (note 26).*

Fair value – Level 1
The amounts falling within the level category are those represented by US Treasury Bills investments.

Fair value – Level 2
The amounts falling within the level 2 category are those contracts owing by and to the Company's clients and counterparties in the Global Payments business including the associated cash balances. Derivatives, receivables and payables are categorised as Level 2 because the inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Fair value – Level 3
The Company's investments consist of B Shares in London Metals Exchange Holdings Limited ($3,401,121) which enables the Company to trade directly on the London Metals Exchange. The Company holds additional investments which consist of shares in SWIFT ($341,183), both of these investments are treated as Equity investments at FVOCI.

19. Offsetting of financial assets and financial liabilities

In respect of transactions on CCPs, with brokers and with clients IAS 32 requires netting on the Statement of Financial Position subject to certain rules. Specifically, IAS 32:42 prescribes rules for the offsetting of financial assets and financial liabilities, such that a financial asset and a financial liability should be offset and the net amount reported on the Statement of Financial Position when, and only when, an entity:

- has a legally enforceable right to set off the amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

For financial assets and liabilities, the gross amounts are not shown on the Statement of Financial Position. The following table shows the gross amounts, the largest amounts of which are represented by derivative financial instruments. These comprise cleared derivative contracts that are subject to specific settlement rules at clearing houses and certain derivative contract agreements with clients.

The total receivables amount in note 10 includes the amount below of $267 million (2018: $97 million) subject to offset and $349 million ($303 million) not subject to offset. The total payables amount in note 12 includes the amount below of $307 million (2018: $230 million) subject to offset and $233 million ($179 million) not subject to offset. It should be noted that amounts represented in the amounts offset column are both cash and financial instruments in nature.

	Amounts subject to enforceable netting arrangements					
				Amounts not set off in the Statement of Financial Position		
	Gross amounts	**Amounts offset**	**Net amounts in the Statement of Financial Position**	**Financial instruments**	**Cash collateral**	**Net amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2019						
			Financial assets			
Derivative financial instruments	5,737,444	(5,457,598)	**279,846**	(249,240)	-	**30,606**
Trade receivables	306,912	(39,727)	**267,185**	-	(72,312)	**194,873**
			Financial liabilities			
Derivative financial instruments	(5,736,536)	5,337,173	**(399,363)**	248,369	68,681	**(82,313)**
Trade payables	(466,747)	160,152	**(306,595)**	-	4,502	**(302,093)**

Offsetting of financial assets and financial liabilities – *continued*

	Amounts subject to enforceable netting arrangements					
				Amounts not set off in the Statement of Financial Position		
	Gross amounts	Amounts offset	Net amounts in the Statement of Financial Position	Financial instruments	Cash collateral	Net amount
	$'000	$'000	$'000	$'000	$'000	$'000
2018*						
			Financial assets			
Derivative financial instruments	4,126,901	(3,876,797)	**250,104**	(207,590)	-	**42,514**
Trade receivables	144,121	(47,520)	**96,601**	-	(1,937)	**94,664**
			Financial liabilities			
Derivative financial instruments	(4,127,874)	3,845,309	**(282,565)**	204,431	-	**(78,134)**
Trade payables	(309,071)	79,008	**(230,063)**	-	5,096	**(224,967)**

** Restated as a result of the Company's review of the presentation of its derivative contracts and legal right of offset for London Metal Exchange contracts (note 25) and the changes in presentation as a result of IFRS 9 adoption (note 26).*

20. Country-by-country reporting

Trading profit represents realised and unrealised profits on customer trading, commissions receivable (after deduction of brokerage and similar charges), fee income from issuing contracts, and net interest receivable on trading balances, after deduction of the costs of trading, excluding value added tax.

Geographical analysis

The geographical analysis has been compiled on the basis of location of the office where the transactions are recorded.

Name	Nature of activities	Geographical	Trading profit	Profit before tax	Corporation tax paid	Average number of employees
2019			**$**	**$**	**$**	
INTL FCStone Ltd	Broker/Dealer	United Kingdom	212,658,196	69,527,870	14,425,071	285
INTL FCStone Ltd Dublin branch	Broker/Dealer	Ireland	7,747,733	3,179,635	522,068	10
			220,405,929	72,707,505	14,947,139	295

Name	Nature of activities	Geographical	Trading profit	Profit before tax	Corporation tax paid	Average number of employees
2018			**$**	**$**	**$**	
INTL FCStone Ltd	Broker/Dealer	United Kingdom	192,209,274	57,968,094	12,847,450	261
INTL FCStone Ltd Dublin branch	Broker/Dealer	Ireland	6,907,909	3,210,166	169,062	10
			199,117,183	61,178,260	13,016,512	271

Country-by-country reporting - *continued*

No public subsidies were received during the current or prior reporting periods. Corporation tax paid in any given year does not generally relate to the profits earned in the same 12 month period, as tax on profits is paid across multiple years and taxable profits are calculated based on tax legislation which can differ from accounting profits. The geographical analysis has been prepared in accordance with Capital Requirements (Country-by-Country Reporting) Regulations 2013.

21. Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to $1,587,633 (2018: $1,559,774).

There were contributions payable to the scheme at 30 September 2019 of $198,314 (2018: $184,030).

22. Financial risks review

The Company is exposed to the following financial risks:

- *Credit* – that clients or counterparties might default while being in debt to the Company
- *Liquidity* – that the Company will not be able to pay its liabilities as they fall due
- *Market* – that market values of positions in (mainly) foreign exchange move materially adversely to the cost of the Company
- *Operational* – that the failure of any processes negatively affect the efficient and profitable running of the Company

In addition, the Company recognises its exposure to *Capital* risk due its regulatory requirements.

The Company manages these risks through various control mechanisms. The overall responsibility for risk management rest with the board that utilising reported information from dedicated resources within the risk department to manage all risk exposures.

Credit risk

In managing credit risk, the Company considers its main exposures within two categories:

- In respect of derivative contracts, the amounts concentrated at LME.
- Other receivables across different clients and brokers in different jurisdictions.

The Company had placed $33,554,351 at clearing houses as default deposits (2018: $54,912,466). These might be wholly or partly at risk should a clearing member default and the initial margin fail to cover any losses incurred by that member. Management considers these balances to be held at investment grade institutions using external credit ratings and their own assessments where these do not exist. In a similar way cash at bank is placed with investment grade banks on a consistent basis wherever possible.

As at 30 September 2019 the Company's most significant combined credit-related exposure was to LME of $117.0m (2018: $80.0m) comprising $12.5m (2018: $15.9m) in respect of the required default fund contribution and $104.6m (2018:$64.7m) related to trade exposures.

Derivatives are marked to market daily with margining arrangements in place to collect collateral to support deficits from clients in the form of G8 currencies. Any credit facilities granted to clients is reviewed at least annually. Management does not consider there to be a material credit risk on these related balances.

Financial risks review - *continued*

The geographic distribution of Credit Risk (Credit Risk on non-trading books and Counterparty credit risk exposure to derivative contracts), calculated as per Capital Requirements Regulations, Regulation (EU) No. 575/2013, Part 3, Title II, including exposure to clearing houses, brokers and clients after deducting cash received as collateral and exposure to non-trading books as at 30 September was:

	2019	2018
Geographical location	**$**	**$**
Europe	413,621,879	313,943,084
Asia	70,836,859	37,311,692
North America	86,530,194	38,160,917
Latin America	31,689,733	10,083,926
Africa	11,871,321	688,034
Australasia	951,182	101,464
Total	615,501,168	400,289,117

An analysis of net amounts receivable, after deduction of any collateral received by type of counterparty was as follows:

	2019	2018
Type of counterparty	**$**	**$**
Clearing houses	248,210,150	142,654,396
Client and brokers	303,095,743	224,942,358
Affiliates	54,517,619	20,858,407
Other	9,677,656	11,833,956
Total	615,501,168	400,289,117

Subject to the adequacy of collateral received market moves might result in margin calls due to the Company the following day.

Liquidity risk

Liquidity risk arises mainly from timing differences between margin payments called on the Company by exchanges and brokers, and subsequent collection from clients. This is managed by parameters set by the Board to constrain total gross and net positions held with each such institution.

The Company is subject to the ILAS regime per the FCA's handbook (BIPRU 12), by which it is required to keep the certain buffers to handle potential margin call stress, and must manage its liquidity as a standalone entity, not dependent on any liquidity resources that are shared with other group companies. A maturity analysis of financial instruments as shown below.

Financial Risk Review – *continued*

	2019 Total	1 month	1 -3 months	3-12 months
	$	$	$	$
Liabilities				
Derivative financial instruments	(399,362,512)	(399,362,512)	-	-
Trade payables	(507,691,368)	(507,691,368)		
Other current liabilities	(32,638,583)	(32,638,583)	-	-
	(939,692,463)	(939,692,463)	-	-
Assets				
Derivative financial instruments	279,846,452	279,846,452	-	-
Trade and other receivables	615,501,168	581,824,268	102,963	33,573,937
Financial instruments at FVTPL	98,407,073	98,407,073	-	-
Deferred taxation	940,859	940,859	-	-
Inventory	7,057,616	7,057,616	-	-
Cash at bank	225,778,984	225,778,984	-	-
	1,227,532,152	1,193,855,252	102,963	33,573,937
Net Current Assets	287,839,689	254,162,789	102,963	33,573,937

	2018* Total	1 month	1 -3 months	3-12 months
	$	$	$	$
Liabilities				
Derivative financial instruments	(282,564,939)	(282,564,939)	-	-
Trade payables	(379,634,574)	(379,634,574)		
Other current liabilities	(28,985,604)	(28,985,604)	-	-
	(691,185,117)	(691,185,117)	-	-
Assets				
Derivative financial instruments	250,103,609	250,103,609	-	-
Trade and other receivables	400,289,117	345,121,070	36,037	55,132,010
Financial instruments at FVTPL	67,521,676	67,521,676	-	-
Deferred taxation	699,322	699,322	-	-
Inventory	42,080,351	42,080,351	-	-
Cash at bank	165,309,463	165,309,463	-	-
	926,003,538	870,835,491	36,037	55,132,010
Net Current Assets	234,818,421	179,650,374	36,037	55,132,010

** Restated as a result of the Company's review of the presentation of its derivative contracts (note 25) and the changes in presentation as a result of IFRS 9 adoption (note 26).*

Market risk

The Company does not take positional risk as a strategy but is able to take some risk as market maker if required in accordance with risk approved limits.

Financial Risk Review – *continued*

The largest ten foreign exchange positions in the Global Payments business (representing the main currency exposures on the Statement of Financial Position within the balances shown in notes 10 and 12) for each period end (the most active market maker in foreign exchange) expressed in absolute $ and a 5% upward or downward move against $:

		Net Position $
		2019
Currency	**Long**	**Short**
Afghan Afghani	-	(600,595)
Bolivian Boliviano	-	(1,084,276)
Brazilian Real	-	(611,407)
Euro	3,770,032	-
Gambian Dalasi	-	(2,101,771)
Kenyan Shilling	-	(995,920)
Malaysian Ringgit	-	(1,051,914)
Rwandan Franc	-	(553,812)
Central African CFA Franc	-	(2,868,092)
West African CFA Franc	-	(1,339,806)
Other	2,465,489	(6,042,650)
Total	6,235,521	(17,250,243)
5% move	*311,776*	*862,512*

		Net Position $
		2018
Currency	**Long**	**Short**
Afghan Afghani	-	(750,115)
Bangladeshi Taka	-	(2,838,158)
Brazilian Real	-	(569,810)
Indian Rupee	-	(745,731)
Jordanian Dinar	-	(974,966)
Laotian Kip	-	(378,357)
Papua New Guinean Kina	-	(449,914)
Paraguayan Guarani	-	(612,293)
Sierra Leonean Leone	-	(541,224)
New Taiwan Dollar	-	(2,164,407)
Other	1,345,701	(4,859,012)
Total	1,345,701	(14,883,987)
5% move	*67,285*	*744,199*

Operational Risk

Operational risk management (ORM) forms part of the day-to-day responsibilities of management at all levels. The ORM framework includes qualitative and quantitative methodologies and tools to assist management to identify, assess and monitor operational risks and to provide management with information for determining appropriate controls and mitigating measures. The framework is based around risk and control self-assessments (RCSA), key risk indicators (KRIs) and incident reporting. All incidents are reported to the executive directors, as are KRI reports. In addition, the Operational Risk Department escalates where appropriate to work with management to mitigate any risks.

Financial Risk Review – *continued*

While routine operational risk mitigation is embedded by application of necessary controls at all levels of management, and can be the subject of internal audit, the Company's Board continues to focus on all major risks.

All ORM incidents are logged, regardless of any losses incurred, and analysed to ensure that adequate management action is taken in respect of the cause of losses. ORM incident trends are included in the Company's regular assessment of the adequacy of the pillar 2 capital requirement.

Assessments are continuous but four specific operational risks are generally identified with a potential for the material adverse financial impact after mitigation. These are:

- Business continuity (failure of data lines, server centres, systems failure, inability to access offices)
- Regulatory changes (remaining current around many regulatory changes and their implementation)
- Failure if controls in the safeguarding of client assets and third party payments
- Client and Company data loss or compromise from external, third party, action including cyber attacks

Each of these risks has received the full attention of management, and effective mitigation designed and implemented, as have all others with the potential to incur material financial cost (pre mitigation). Mitigation includes back up data server centres across two continents with tested failover processes, duplicate data lines into London offices, operation across two offices, available serviced offices for critical staff, well-resourced internal audit and compliance departments, and a dedicated data security department.

New projects and products are subjected to Operational Risk review before proposals are accepted.

All identified risks are reviewed by the Operational Risk department and at least once a year the whole management team is invited to challenge the impact and effectiveness of mitigation, in a process overseen by the Board of the Company. The Company is in frequent communication with regulators on matters that arise from its normal business operations. While there are inherent difficulties in predicting the outcome of any of these communications, the directors of the Company consider that none of these matters will have a material adverse effect on the financial position or results of the Company.

Capital risk

This is the risk that the Company's capital and leverage ratios fall short of the requirements imposed by regulation. The Company calculates both in accordance with the EU's Capital Requirements Directive IV and associated Regulations frequently: typically, at least once a week, and has throughout the year held capital in excess of its Pilar 1 requirements. All the Company's capital is classed as valued Common Equity Tier 1 (**CET1**) for regulatory purposes, subject to minor adjustments:

	2019	**2018**
	$'000	**$'000**
Capital and retained earnings	298,087	245,336
Less: intangible assets	(3,738)	(3,431)
Less: Deferred Tax Assets relying on future profitability	(882)	(616)
Less: Free Deliveries	(5,985)	(521)
Own Funds (CET1 only) at 30 September	287,482	240,768

23. Subsequent events

On 1 October 2019 the Company's Irish branch was transferred to a Group affiliate, INTL FCStone Europe SA (**IFE**), to enable that office to continue to introduce EU business to the Company taking advantage of IFE's EU passport. The impact of the transfer of the Irish branch is not material to the Company.

On 16 December 2019, the Company executed a definitive sale and purchase agreement to acquire the brokerage business of Exotix Partners LLP (part of the Tellimer Group). At the date of this report the closing of this transaction was subject to regulatory approval.

24. Ultimate parent company

The Company is a subsidiary undertaking of and controlled by INTL Netherlands BV, a company registered in the Netherlands with its registered office at Krijn Taconiskade 430, 1087 HW Amsterdam, Netherlands. The ultimate controlling party and parent company of this Company is INTL FCStone Inc., a company registered in Delaware, United States of America and whose head office is registered in 708 Third Avenue, Suite 1500, New York, NY 10017, United States of America. INTL FCStone Inc. is considered to be the Company's ultimate controlling party by virtue of its 100% ownership of the ordinary share capital of the Company through intermediate subsidiaries.

The results and financial position of the Company are incorporated into the consolidated financial statements of the ultimate parent company, INTL FCStone Inc., and these may be obtained at https://www.intlfcstone.com/ in the section on Investor Relations. The intermediate parent company, INTL Netherlands BV, is exempt from filing consolidated group financial statements.

25. Statement of Financial Position restatement

The Company has carried out a review of its treatment of its derivative contracts. In previous years the Company separated certain of its foreign exchange derivatives and recognised the gross payable and receivable legs as separate assets and liabilities. However, the Company has determined that as the derivative represents a single 'unit of account' in line with IFRS 13, a derivative asset or liability for the fair value of the net cash in and outflows should have been recognised. These amounts were shown in the notes in previous years. The restatement resulted in a decrease of $4.7 billion in the trade receivables and trade payables.

In addition, the Company has re-evaluated its legal right of offset for certain contracts that are traded on the London Metal Exchange. Based on the underlying legal mechanism in which certain contracts are settled, the Company has re-assessed that there is not always a legal right of offset and as such, certain contracts should not be presented on a net basis but rather should be presented separately from each other. The restatement resulted in an increase of $188 million in the trade receivables and trade payables. Both of these adjustments result in a balance sheet adjustment only, with no impact on the Income Statement or equity. The resulting restatement to the prior year is as below.

	30 September 2018	Restatement	30 September 2018 (Restated)
	$'000	$'000	$'000
Current assets			
Trade receivables	5,221,519	(4,535,380)	686,139
Current liabilities			
Trade payables	(5,226,565)	4,535,380	(691,185)

26. Transition to IFRS 9

The effect of adopting IFRS 9 as at 1 October 2018 was as follows:

- In preparing for the transition an additional exercise was carried out which re-presented the Statement of Financial Position which may be seen in the table below. This included moving $35.7m of US Treasury bills from trade and other receivables to current assets investments. Additionally, $250.1m of derivative financial assets within trade and other receivables and $282.6m of derivative financial liabilities within trade payables were moved to derivative financials instruments assets and liabilities respectively;
- Investments (as disclosed in note 9) that were previously classified as available for sale financial assets under IAS 39, and carried at fair value, have been reclassified and measured at fair value through Other Comprehensive Income (**FVOCI**). The effect of this change is that, any fair value gains and losses accumulated in reserves will no longer be permitted to be reclassified to the Income Statement upon the asset derecognition or sale. The Company elected to classify this item under this category as it intends to hold these investments for the foreseeable future, and they are not held for the collection of contractual cashflows;
- All other financial assets and financial liabilities (including those designated as Trading) that were previously held at fair value (**FVTPL**) under IAS 39 are continued to be measured at fair value under IFRS 9, and there was no impact on financial assets held at amortised cost;

Transition to IFRS 9 - ***continued***

- The requirement for any recognition of impairment losses for financial assets under the expected credit loss approach was not material; and
- There was no re-measurement impact as a result of any changes to the classification of these financial instruments.

The table below shows the re-presentation and IFRS 9 transition for the financial assets and liabilities at 1 October 2018.

	IAS 39 measurement category	IFRS 9 measurement category	30 September 2018 as published under IAS 39	*Statement of* Financial Position presentation changes	Revised 30 September 2018 under IAS 39	IFRS 9 change in classification	1 October 2018 under IFRS 9
			$'000	$'000	$'000	$'000	$'000
Investments – available for sale	Available for sale	N/A	3,742	-	3,742	(3,742)	-
Investments	*Designated as* FVTPL	N/A	31,776	35,746	67,522	(67,522)	-
Trade & other receivables	Amortised cost	Amortised cost	686,139 [(1)]	(285,850)	400,289	-	400,289
Derivative financial instruments	Trading	FVTPL	-	250,104	250,104	-	250,104
Financial instruments at FVTPL	N/A	FVTPL	-	-	-	67,522	67,522
Equity investments at FVOCI	N/A	FVOCI	-	-	-	3,742	3,742
Cash at bank	Amortised cost	Amortised cost	165,309	-	165,309	-	165,309
Total assets			**886,966**	**-**	**886,966**	**-**	**886,966**
Derivative financial instruments	Trading	FVTPL	-	(282,565)	(282,565)	-	(282,565)
Trade payables	Amortised cost	Amortised cost	(691,185) [(1)]	282,565	(408,620)	-	(408,620)
Total liabilities			**(691,185)**	**-**	**(691,185)**	**-**	**(691,185)**

[(1)]As restated, see note 25.