

Registered number: OC376175

LUCID MARKETS LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR

THE YEAR ENDED 31 DECEMBER 2014

TUESDAY



L4GYPHLT

L16

29/09/2015

#133

COMPANIES HOUSE

LUCID MARKETS LLP

CONTENTS

	Page
Partnership Information	1
Strategic Report	2 - 3
Members' Report	4 - 6
Independent Auditors' Report	7 - 8
Profit and Loss Account	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Financial Statements	12 - 19

LUCID MARKETS LLP

PARTNERSHIP INFORMATION

CORPORATE MEMBER	Lucid Markets Trading Limited
ORDINARY MEMBERS	JMP Trading Limited Woolard Trading Limited Absu Limited C M H Trading Limited Catalina Algorithmic Investments Limited GQT Foresight Limited JWR Trading Limited KJA Trading LLC Latgate Limited Senior Trend Limited W S M Software Limited Hula Leap Inc.
LLP REGISTERED NUMBER	OC376175
REGISTERED OFFICE	12th Floor, 30 Crown Place, London, EC2A 4EB
INDEPENDENT AUDITORS	Emst & Young LLP Chartered Accountants & Statutory Auditors 1 More London Place London SE12AF
COMPLIANCE OFFICER	Michael Grant

LUCID MARKETS LLP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The members present their strategic report Lucid Markets LLP ("the Partnership") for the year ended 31 December 2014.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Partnership is an electronic market maker and trader in the institutional foreign exchange spot and futures markets, headquartered in the United Kingdom ("UK"). The Partnership is an UK Financial Conduct Authority ("FCA") regulated entity and has been designated as a Securities & Futures Broadscope Firm/Exempt BIPRU Commodities Firm.

Business review

The key financial and other performance indicators during the year are as follows:

	Period ended		% Change
	31 December	31 December	
	2014	2013	
	\$	\$	
Turnover	51,031,701	81,682,520	-38%
Profit for the financial period, excluding amortisation	30,270,596	55,243,092	-45%
Loss for the period before Member's remuneration and profit shares	(47,794,085)	(22,817,144)	109%
Net Assets attributable to Members	168,117,102	266,485,974	-37%
Capital resources	35,448,820	77,281,153	-54%
Capital requirements	5,857,005	39,706,487	-85%

The partnership continues to operate its strategy of delivering a compelling liquidity offering for FX markets.

Profit for the year, excluding amortisation dropped \$24.9 million or 45% to \$30.3 million from \$55.2 million for the year ended December 31, 2013 as a result of a reduction in turnover of \$30.7 million from \$81.7 million to \$51 million for the year ended December 31, 2014. The decline in revenues is attributable to the decrease in currency volatility and less attractive order flow for the year ended December 31, 2014 versus the year ended December 31, 2013.

The strategies of the partnership are under constant review and may be modified in the context of ordinary business. This may include adding new instruments, securities or futures from time to time.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks arising from the Partnership's use of financial instruments are as follows:

Market risk

Market risk can arise from open contracts with counterparties. Exposure to market risk is closely monitored in accordance with prescribed limits.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Partnership has potential credit risk exposure to banks and clearing firms. The Partnership has a defined risk appetite and management policy for each such counterparty.

LUCID MARKETS LLP

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014**

Interest rate risk

The Partnership has a policy to manage any exposure to interest rate fluctuations so as to finance its operations through retained earnings.

This report was approved by the members on 27 April 2015 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'B. Callan', with a stylized flourish at the end.

Brendan Callan - Director

On behalf of Lucid Markets Trading Limited

LUCID MARKETS LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The members present their annual report together with the audited financial statements of Lucid Markets LLP ("the Partnership") for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The Partnership's trading activities had an operating profit excluding amortisation of \$30.3 million for the year ended 31 December 2014, compared to \$55.2 million for the year ended 31 December 2013.

The results of the Partnership are set forth on page 9. There is no loss for the year after the allocation in accordance with the partnership agreement.

FUTURE DEVELOPMENTS

As noted in the Strategic Report, the members constantly review the strategies of the partnership, which may be modified in the context of ordinary business. This may include adding new trading instruments from time to time. There are currently no changes planned that would dramatically change the partnerships approach to business.

EVENTS AFTER THE BALANCE SHEET DATE

On January 15 2015, customers of affiliates of the Company's ultimate parent suffered significant client losses and generated negative equity balances ("debit balances") of approximately \$276.0 million. This was due to the unprecedented volatility in the EUR/CHF currency pair after the Swiss National Bank ("SNB") discontinued its currency floor of EUR/CHF 1.2.

On January 16 2015, FXCM Holdings LLC ("Holdings"), a wholly owned subsidiary of Inc., and FXCM Newco, LLC ("Newco"), a newly-formed wholly-owned subsidiary of Holdings, entered into a Credit agreement (the "Credit Agreement") with Leucadia National Corporation ("Leucadia"), and a related financing fee agreement (the "Fee Letter"), pursuant to which Leucadia provided Holdings and Newco a \$300 million term loan. The net proceeds of the loan (approximately \$279 million) were contributed to the affiliates of the Company's ultimate parent in order for those affiliates to maintain compliance with regulatory capital requirements and to continue normal operations.

In connection with the Credit Agreement and the Fee Letter, on January 16, 2015, Inc., Holdings, Newco and Leucadia also entered into an agreement (the "Letter Agreement") that, among other things, sets the terms and conditions upon which Inc., Holdings and Newco will pay in cash to Leucadia and its assignees a percentage of the proceeds received in connection with certain transactions. In connection with this transaction, Holdings formed Newco and contributed all of the equity interests owned by Holdings in its subsidiaries to Newco.

The Credit Agreement and Letter Agreement were finalised on January 24, 2015.

The Company's operations were not impacted by the events above. In addition, none of the transactions mentioned above will affect the operations of the business, including any disposal of interest in Lucid by FXCM.

FINANCIAL ASSETS

The Partnership has no financial assets other than short term and long term debtors.

LUCID MARKETS LLP

MEMBERS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

GOING CONCERN

The members have a reasonable expectation that the Partnership has adequate resources to ensure that the Partnership will be able to meet its on-going obligations for at least 12 months from the date of signing the statutory accounts and will have enough capital to meet all of its regulatory requirements. Thus, they continue to adopt a going concern basis of accounting in preparing the annual report and financial statements.

CORPORATE MEMBER

Lucid Markets Trading Limited ("LMT")

ORDINARY MEMBERS

JMP Trading Limited, Woolard Trading Limited, Absu Limited, C M H Trading Limited, Cambridge Cedar Limited, Catalina Algorithmic Investments Limited, GQT Foresight Limited, JWR Trading Limited, KJA Trading LLC, Latgate Limited, Senior Trend Limited, W SM Software Limited and Hula Leap Inc (admitted 1 September 2014) were designated members throughout their periods of membership of the Partnership.

MEMBERS' CAPITAL AND INTERESTS

Each member's subscription to the capital of the Partnership is determined by their share of the profit and is repayable following retirement from the Partnership.

Details of changes in members' capital in the year ended 31 December 2014 are set out in the financial statements.

Members are remunerated from the profits of the Partnership and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members after finalisation of the financial statements. Ordinary members may draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year, subsequent to the cash requirements of the business. The Corporate member may draw on account of its profit entitlement, such sums and at such time as the Board of Directors of LMT may determine. If any member has a negative balance on his current account as a result of having withdrawn funds in excess of his or its agreed profit share, that member shall repay the negative balance to the LLP immediately. Profits are allocated as described further in the notes to the financial statements.

MEMBERS' RESPONSIBILITIES STATEMENT

The members are responsible for preparing the strategic report, members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, as applied to LLPs, the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;

LUCID MARKETS LLP

MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

MEMBERS' RESPONSIBILITIES STATEMENT (continued)

- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow members and the Company's auditor, each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

REAPPOINTMENT OF AUDITOR

In accordance with S.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the LLP.

This report was approved by the members on 27 April 2015 and signed on their behalf by:



Brendan Callan

On behalf of Lucid Markets Trading Limited

LUCID MARKETS LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCID MARKETS LIMITED LIABILITY PARTNERSHIP ('LLP')

We have audited the financial statements of Lucid Markets LLP for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MEMBERS AND AUDITOR

As explained more fully in the Members' Responsibilities Statement set out on page 6, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Members Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

LUCID MARKETS LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCID MARKETS LLP (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us 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
- we have not received all the information and explanations we require for our audit.



Simon Michaelson (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 27 April 2015

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

		Period ended	
	Note	31 December 2014	31 December 2013
		\$	\$
TURNOVER	2	51,031,701	81,682,520
Cost of sales		<u>(19,449,398)</u>	<u>(25,466,578)</u>
GROSS PROFIT		31,582,303	56,215,942
Administrative expenses		<u>(79,376,388)</u>	<u>(79,037,530)</u>
OPERATING LOSS	3	(47,794,085)	(22,821,588)
Interest receivable and similar income		<u>—</u>	<u>4,444</u>
LOSS FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		(47,794,085)	(22,817,144)
Members' remuneration credited/charged as a gain/(expense)	12	<u>47,794,085</u>	<u>22,817,144</u>
LOSS FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		—	—

All amounts relate to continuing operations.

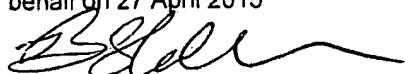
There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 12 to 19 form part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Note	\$	2014 \$	2013 \$
FIXED ASSETS				
Intangible assets	6		145,354,469	223,419,150
Tangible assets	7		429,098	468,224
Investments	8		100,000	100,000
			<u>145,883,567</u>	<u>223,987,374</u>
CURRENT ASSETS				
Debtors	9	2,109,468	2,365,503	
Cash at bank		21,432,930	43,043,693	
		<u>23,542,398</u>	<u>45,409,196</u>	
CREDITORS: amounts falling due within one year	10	(1,308,863)	(2,910,596)	
NET CURRENT ASSETS			<u>22,233,535</u>	<u>42,498,600</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS			<u>168,117,102</u>	<u>266,485,974</u>
REPRESENTED BY:				
Loans and other debts due to members within one year				
Members' capital classified as a liability	11	341,440,490	341,440,490	
Other amounts	11	2,322,143	22,626,334	
			<u>343,762,633</u>	<u>364,066,824</u>
Members' other interests				
Other reserves classified as equity			(175,645,531)	(97,580,850)
			<u>168,117,102</u>	<u>266,485,974</u>
TOTAL MEMBERS' INTERESTS				
Amounts due from members (included in debtors)				
Loans and other debts due to members			343,762,633	364,066,824
Members' other interests	12		(175,645,531)	(97,580,850)
			<u>168,117,102</u>	<u>266,485,974</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 27 April 2015



Brendan Callan - Director
On behalf of Lucid Markets Trading Limited

The notes on pages 12 to 19 form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

		<i>Period ended</i>	
		31 December	31 December
		2014	2013
		\$	\$
Net cash flow from operating activities	13	29,216,450	42,019,080
Returns on investments and servicing of finance	14	—	4,444
Capital expenditure and financial investment	14	(252,424)	(343,882)
Net cash flow from transactions with members	14	(50,574,789)	(32,944,769)
(DECREASE) INCREASE IN CASH IN THE YEAR		(21,610,763)	8,734,873

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2014**

		<i>Period ended</i>	
		31 December	31 December
		2014	2013
		\$	\$
(Decrease) Increase in cash in the year		(21,610,763)	8,734,873
MOVEMENT IN NET DEBT IN THE YEAR		(21,610,763)	8,734,873
Net debt at 1 January	15	(298,396,797)	(307,131,670)
NET DEBT AT 31 DECEMBER		(320,007,560)	(298,396,797)

The notes on pages 12 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The Partnership is itself a subsidiary undertaking and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. These financial statements therefore present information about the Partnership as an individual undertaking and not about its group.

1.2 TURNOVER

Turnover represents profits and losses resulting from being a market maker and trader in the institutional foreign currency exchange spot and futures markets.

1.3 COST OF SALES

Cost of sales is primarily comprised of broker fees and contractor fees.

1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

The carrying value of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised as an expense immediately.

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated average useful economic life of 5 years.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment	over 3 years
--------------------	--------------

1.6 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 OPERATING LEASE COMMITMENTS

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.8 FOREIGN CURRENCIES

Both the Partnership's functional and presentational currency are USD.

The Partnership transacts business in currencies other than USD.

Transactions in foreign currencies are initially recorded at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the balance sheet date. All exchange differences are taken to the income statement and are shown in administrative expenses. Non-monetary assets and liabilities denominated in foreign currencies are measured in terms of historical costs using the exchange rate at the date of the initial transaction.

1.9 DEBTORS

Debtors are stated at their recoverable value. At each balance sheet date debtors are reviewed to determine whether there is an indication of impairment. If such indication exists, the recoverable amount is estimated. A provision for impairment is recognised when it is evident that full recovery is unlikely. The provision is subject to management review.

1.10 CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits which may be accessed without penalty. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

1.11 RELATED PARTY TRANSACTIONS

The Partnership had transactions and balances with other members of the FXCM Inc. group during the year. In addition the monies were also advanced funds to two Directors of LMT. The nature of the transactions and details of balances at year end are provided in Note 18.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	<i>Period ended</i>	
	31 December	31 December
	2014	2013
	\$	\$
Trading Profits	51,031,701	81,682,520

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

3. OPERATING LOSS

The operating loss is stated after charging:

	<i>Period ended</i>	
	31 December 2014	31 December 2013
	\$	\$
Amortisation - Intangible fixed assets	78,064,681	78,064,678
Depreciation of tangible fixed assets:		
- owned by the Partnership	291,550	320,272
Operating lease rentals:		
- other operating leases	256,553	235,672
Difference on foreign exchange	132,349	60,863

4. AUDITORS' REMUNERATION

	<i>Period ended</i>	
	31 December 2014	31 December 2013
	\$	\$
Fees paid for the audit of the annual accounts	106,131	20,526
Fees paid for other assurance services	134,653	16,574

5. STAFF COSTS

The Partnership has no employees other than members. Members receive remuneration, which is charged as an expense.

6. INTANGIBLE FIXED ASSETS

	Goodwill
	\$
Cost	
At 1 January 2014 and 31 December 2014	321,000,000
Amortisation	
At 1 January 2014	(97,580,850)
Charge for the year	(78,064,681)
At 31 December 2014	(175,645,531)
Net book value	
At 31 December 2014	145,354,469
At 31 December 2013	223,419,150

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

7. TANGIBLE FIXED ASSETS

	Computer equipment \$
Cost	
At 1 January 2014	1,416,131
Additions	252,424
At 31 December 2014	1,668,555
Depreciation	
At 1 January 2014	(947,907)
Charge for the year	(291,550)
At 31 December 2014	(1,239,457)
Net book value	
At 31 December 2014	429,098
At 31 December 2013	468,224

8. FIXED ASSET INVESTMENTS

	Investments in Subsidiary companies \$
Cost or valuation	
At 1 January 2014 and 31 December 2014	100,000
Net book value	
At 31 December 2014	100,000
At 31 December 2013	100,000

Subsidiary undertakings

The following were subsidiary undertakings of the Partnership:

Name	Class of shares	Holding
Lucid Markets US LLC	Ordinary stock	100%

9. DEBTORS

	2014 \$	2013 \$
Amounts owed by Lucid Markets US LLC	186,907	141,412
Other debtors	921,279	2,101,025
Prepayments and accrued income	526,947	123,066
Amount due from LMT	305,578	—
Amount due from group undertakings	168,757	—
	<u>2,109,468</u>	<u>2,365,503</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. CREDITORS

Amounts falling due within one year

	2014	2013
	\$	\$
Trade creditors	299,191	1,889,413
Amounts owed to group undertakings	43,501	—
Amounts owed to parent company directors	—	—
Accruals and deferred income	966,171	1,021,183
	<u>1,308,863</u>	<u>2,910,596</u>

11. LOANS AND OTHER DEBTS DUE TO MEMBERS

	2014	2013
	\$	\$
Member capital classified as a liability	341,440,490	341,440,490
Other amounts	2,322,142	22,626,334
	<u>343,762,632</u>	<u>364,066,824</u>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a dissolution.

Within Other amounts, \$2,322,142 (2013: \$21,465,772) relates to money owed to members in respect of profits.

12. RECONCILIATION OF MEMBERS' INTERESTS

	Amortisation reserve	Loans and Debts due to members	Total
Members Interests: balance @ 1 January 2014	(97,580,850)	364,066,826	266,485,976
Ordinary members remuneration charged as an expense	—	(10,189,909)	(10,189,909)
Corporate members remuneration charged as an expense	—	(45,000,000)	(45,000,000)
Ordinary members loss charged as an expense	—	(47,794,085)	(47,794,085)
Corporate members loss from amortisation	(78,064,681)	78,064,681	—
Contributions by Members	—	4,615,120	4,615,120
	<u>(175,645,531)</u>	<u>343,762,633</u>	<u>168,117,102</u>
		31 December 2014 \$	31 December 2013 \$
Amounts due to members		343,762,633	364,066,824
Amounts due from members		—	—
		<u>343,762,633</u>	<u>364,066,824</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12. RECONCILIATION OF MEMBERS' INTERESTS (continued)

Ordinary members receive a monthly draw and are also entitled to a discretionary amount based on their performance. For the year ended 31 December 2014, the total amount allocated to ordinary members totals as remuneration is reflected below.

	31 December 2014	31 December 2013
	\$	\$
The average number of members during the year was	13	13
Ordinary members' remuneration charged as an expense	10,189,909	8,605,331
Amount of profit attributable to the member with the largest entitlement was	6,093,965	2,763,366
Average Ordinary members' remuneration during the year was	783,839	661,949

Members' capital is considered a liability due to the fact that if the Board of Directors resolves to liquidate the Partnership, the Partnership will repay the capital contributions to the Corporate member and to any other Ordinary members who have made capital contributions. This payout will occur only if a surplus remains after paying all creditors and all of the expenses of the wind up. The amortisation reserve has been allocated to the Corporate member.

13. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 December 2014	31 December 2013
	\$	\$
Operating loss	(47,794,085)	(22,821,588)
Amortisation of intangible fixed assets	78,064,681	78,064,678
Depreciation of tangible fixed assets	291,550	320,272
Decrease/(Increase) in debtors	470,287	(867,343)
Increase in amounts owed by group undertakings	(214,252)	(32,868)
Decrease in creditors	(1,645,232)	(9,516,958)
Increase/(Decrease) in amounts owed to group undertakings	43,501	(3,127,113)
Net cash inflow from operating activities	29,216,450	42,019,080

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

14. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	<i>Period ended</i>	
	31 December 2014	31 December 2013
	\$	\$
Returns on investments and servicing of finance		
Interest received	—	4,444

	<i>Period ended</i>	
	31 December 2014	31 December 2013
	\$	\$
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(252,424)	(343,882)
Net cash outflow from capital expenditure	(252,424)	(343,882)

	<i>Period ended</i>	
	31 December 2014	31 December 2013
	\$	\$
Transactions with members		
Payments to members	(55,189,908)	(34,105,331)
Contributions by members	4,615,120	1,160,562
Net cash outflow from transactions with members	(50,574,788)	(32,944,769)

15. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2014	Cash flow	31 December 2014
	\$	\$	\$
Cash at bank and in hand	43,043,693	(21,610,763)	21,432,930
Debt:			
Loans and other debts due to members	(341,440,490)	—	(341,440,490)
Net debt	(298,396,797)	(21,610,763)	(320,007,560)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16. OPERATING LEASE COMMITMENTS

At 31 December 2014 the Partnership had commitments under a cancellable operating lease. The cancellation period for the lease is two months and the minimum monthly commitment is \$22,674.

The aggregate rental expense for operating leases, for the year ended 31 December 2014 and the period ended 2013, respectively was \$256,553 and \$235,672.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the Partnership is LMT, a limited liability company incorporated in England and Wales.

LMT is 50.1% owned by FXCM UK Merger Limited, which in turn is 100% owned by FXCM Holdings LLC, ("Holdings") a limited liability corporation incorporated in Delaware, in the United States of America.

FXCM Inc. is the ultimate controlling undertaking and operates and controls all of the businesses and affairs of Holdings and its subsidiaries. The Partnerships financial statements have been included in the group financial statements of the ultimate parent company, FXCM Inc. The group financial statements of FXCM Inc. may be obtained from the website www.fxcm.com.

18. RELATED PARTY TRANSACTIONS

All the members are designated members, so all the transactions and balances with these parties are reflected in the reconciliation of members' interest note above.

In addition the Partnership had the following transactions and balances with other members of the FXCM Inc. group during the period;

	\$
LMT	305,578
Lucid Markets (US) LLC ("LM US")	186,907
FXCM Markets Limited ("Markets")	168,757
V3 Markets LLC ("V3")	<u>(43,501)</u>

LMT is the immediate parent of the partnership. Transactions between the Partnership and LMT relate to day to day activities of the business and the transfer of costs. The balance outstanding is reflected in Debtors.

LM US is a 100% owned subsidiary of the Partnership. Transactions between the entities relates to the transfer of cost of sales expenses incurred by the Partnership on behalf of LM US. The balance outstanding is reflected in Debtors.

Markets is an other FXCM Group entity. The relationship between the Partnership and Markets pertains to that of a Markets acting as a broker, whereby the Partnership generates revenue from the transactions. The balance outstanding is reflected in Debtors.

V3 is an other FXCM Group Entity, where certain costs are shared with the Partnership and those costs are recharged between the entities. The balance outstanding is reflected in Creditors.

The Partnership also advanced funds to two Directors of LMT. The nature of the transactions relating to balances owed from prior years and expenses paid by the Partnership. Balances as at 31 December 2014 were as follows;

	\$
Dierk Reuter	783,622
Matthew Wilhelm	<u>15,073</u>