Company Registration No. 01761813

Gain Capital UK Limited

Annual report and financial statements

31 December 2020

Contents

Strategic report

The principal activity of the Company during the year continued to be the provision of market-making and spread-trading services in a variety of financial products and markets. The product offerings currently include spread-trading on equities, equity indices, precious and base metals, soft commodities, exchange rates, interest rates, exchange traded futures and options on equities, equity indices, precious and base metals, soft commodities, exchange rates, interest rates and other financial instruments. There have not been any significant changes in the Company's principal activities in the year under review.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA"). The Company's FCA Register Number is 113942, for details see www.fca.org.uk/register.The immediate parent company is Gain Capital Holdings Limited ("GCHL"). The ultimate parent company and controlling party is StoneX Group Incorporated ("SXG"). The smallest and largest group into which the Company is consolidated is SXG.

Results

The profit for the year, after taxation, amounted to £32,522,000. During the year the company made a £60,000,000 (2019: £10,000,000) dividend to the parent company Gain Capital Holdings Ltd.

Business Review

Conditions in 2020 were the opposite to 2019, a year of prolonged muted volatility. The global coronavirus pandemic saw significant volatility across financial markets globally, driving the Companies key metrics to record highs, including client acquisition, active clients and trading volumes. The company faced tremendous challenges caused by the significance increase in activity combined with having to work from home for most of the year. However our employees all stepped up, ran towards the challenge and gave their very best to support our clients, our business and their team members.

We continued to focus on improving our client offering and service levels including:

- Improvements to application forms to further streamline the onboarding process, improving our client acquisition capabilities;
- A new mobile trading application, improving the ease of use of this channel for clients;
- A new performance analytics tool to help clients to review their trading behaviour;
- Integration of client management channels into our Client Relationship Management system to allow better prioritisation and allocation of cases, greatly improving the client service experience
- New thematic indices to support various events, including the US Election campaign

On February 27th 2020 StoneX Group Inc (formerly INTL FCStone Inc.) announced that it had entered into a definitive agreement to acquire GAIN Capital Holdings, Inc. and all of its subsidiaries, including GCUK. Following completion of the acquisition on July 31, 2020, planning commenced for an internal reorganisation of the global group of companies, including the transfer of GCUK business to its UK affiliate, StoneX Financial Ltd (SFL).

As part of the reorganisation, the employees of GCUK transferred across to SFL on November 30th 2020, with the clients and business transferring across from March 1st 2021. The Company remains a regulated entity and will look to commence a process to hand back its permissions to FCA and undertake an orderly wind down in the fullness of time.

Strategic Report *(continued)*

Financial Key Performance Indicators

The key performance indicators that management use in evaluating the Company's performance include:

	2020	2019
Gross Profit	£74.6m	£9.1m
Gross Profit margin	83%	55%
Administrative Costs	£123.7m	£90.6m
Profit / (loss) before taxation	£47.5m	£(14.1)m
Net Current Assets	£104.9m	£134.5m

Gross Profit

This is viewed by the Board as a measure of profitability reflecting its revenues less the variable costs associated with those revenues. In other words it is the amount retained from which it must fund its overheads, or administrative costs. In addition to the absolute measure, the gross profits ratio evidences the level of efficiency by which the variable costs are being controlled. Gross profit is up significantly in the year from 2019 as a result of increased volatility in the markets during 2020. The increase in volatility significantly drove up both client volumes and revenues.

Administrative costs

This is viewed by the Board as a measure of profitability, being the fixed overhead costs of the operation. In 2020 the company impaired the £16m receivable from the parent company Gain Capital Holdings Ltd. The remaining increase was due to increased staff costs as a result of an increase in staff bonus due to improved performance for 2020.

Profit/(loss) before taxation

This viewed by the Board as a key benchmark for overall operational performance. Due to the significant increase of revenue, partly offset by an increase in administrative costs the Company made a profit before taxation in the year.

Net Current Assets

The Board recognises the need to ensure that the Company has sufficient liquidity to meet its operational and regulatory objectives. During the year the net current assets of the Company reduced by £31m driven by the £60m dividend paid to the parent company. Offset by comprehensive income for the year of £32m

Strategic Report *(continued)*

Principal risks and uncertainties

The directors consider that the key financial risk exposures faced by the Company relate to customers' credit risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs.

The Company's financial risk management objectives are therefore to minimise the key financial risks through having clearly defined terms of business with customers and stringent credit control over transactions with them, and regular monitoring of cash flow and management accounts to ensure regulatory capital requirements are not breached and the Company maintains adequate working capital.

The principal non-financial risks faced by the Company relate to information technology failure. This is mitigated by having appropriate backup systems and procedures and a disaster recovery programme.

Regulatory challenges due to Brexit

Regarding the implementation of Brexit, the Company and Group have analysed its business activities within the EU and have setup a new company in Europe for onboarding new EU clients. It is the current intention that all existing EU clients will continue to trade with the UK company.

COVID-19 pandemic

The COVID-19 pandemic which emerged in early 2020 created wide and far reaching impacts across the global economies. These impacts have included global central banks reducing interest rates to historical low levels and unprecedented government support packages being offered to both businesses and individuals. National lockdowns have slowed economic growth and the timeframe for recovery remains uncertain.

Since the onset of the COVID-19 pandemic all businesses have been proactive in managing the change in the resulting risks. Because of the robust IT infrastructure the business has continued to operate without issue whilst ensuring that all staff remained safe and well at all times by working away from the offices. Business activity benefitted from the periods of high volatility, which resulted in significant increases in turnover and operating profits. The higher volatility resulted in bad debt provisions expense for the year of £1,659,000 (2019: £329,000)

Having operated for most of the year with the COVID-19 pandemic we have become more accustomed to a new operating environment including understanding the reliability of our internal processes. We are conscious that the longer lasting impacts of the COVID-19 pandemic will take some time to play-out and from our experience to date we remain confident that we able to remain resilient. The directors do not foresee any challenges with its operations and therefore its ability to service clients. There have been no significant increases in administrative expenses. Liquidity remains strong and regulatory capital excesses remain healthy.

The Company has robust processes to manage its exposures to credit risk , foreign exchange risk, liquidity risk and market risk as a result of COVID-19. These are summarised on page 3 and page 4 of the financial statements.

The Company's considerations in respect of the potential impact of COVID-19 on the going concern status of the Company are summarised on page 6 and in note 1.2 to the financial statements.

Treasury operations and financial instruments

The Company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the Company's activities. In accordance with the Company's treasury policy, derivative instruments are not entered into for speculative purposes.

The Company has various financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

Liquidity Risk

In the event of a significant movement in markets, the Company could have a short-term funding requirement to meet its payment obligations to counterparties and suppliers. The level of liquidity required is influenced by the level of client activity and volatility in the markets. In the event of a cash shortfall, additional liquidity would be provided by the ultimate parent, Gain Capital Holdings Inc.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

The Company's policy is to hold both its own and its clients' cash reserves with a diversified range of counterparties, each of which is a major clearing bank or a financial institution. Client money is held and accounted for in accordance with the FCA client money rules. The Company's own money is held almost entirely on demand, as it needs to be readily available to meet short-term funding requirements. Segregated client cash is also held entirely on demand.

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the businesses.

Foreign currency risk

The company has foreign currency intercompany loans with other group companies and is therefore exposed to currency exchange risk.

Credit risk

The Company's trading operations require a commitment of capital and involve risk of loss because of the potential that a customer's losses may exceed the amount of cash in their account. As a result, the Company requires that each trade must be collateralized in accordance with the margin policies described below. Each customer is required to have minimum funds in their account for opening positions, which is referred to as the initial margin, and for maintaining positions, which is referred to as maintenance margin, depending on the currency pair being traded.

Margin requirements are expressed as a percentage of the customer's total position in that currency, and the customer's total margin requirement is based on the aggregate margin requirement across all of the positions that a customer holds at any one moment in time. Each net position in a particular currency pair is margined separately. Accordingly, the Company does not net across different currency pairs, thereby following a fairly conservative margin policy.

The Company's systems automatically monitor each customer's margin requirements in real time and confirm that each customer has sufficient cash collateral in his or her account before the Company executes its trades. If at any point in time a customer has "negative equity" because his or her trading position does not comply with the applicable margin requirement, the position may be automatically liquidated, partially or entirely, in accordance with the Company's margin policies and procedures. This policy protects both the Company and the customer.

The Company is also exposed to potential credit risk relating to the counterparties with which both client and the company's own funds are placed. The Company mitigates these risks by depositing with several of the largest financial institutions in the world. The Company sets limits for its maximum acceptable exposure to each bank to which it has credit exposure. These limits are approved by the Risk Committee.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will impact the Company's financial statements. It is the Company's policy not to pay interest to customers on their cash balances; however on the rare occasions when customers are entitled to interest, the net interest revenue is directly affected by the spread between the short-term interest rates paid to customers on their balances and the short-term interest rates earned from re-investing their cash. These spreads can widen or narrow when interest rates change. In addition, a portion of interest income relates to customer balances on which we do not pay interest and, therefore, is directly affected by the absolute level of short-term interest rates. As a result, a portion of the Company's interest income will decline if interest rates fall, regardless of the interest rate spreads that affect the remaining portion of our interest income. Short-term interest rates are highly sensitive to factors that are beyond the Company's control, including general economic conditions and the policies of various governmental and regulatory authorities. The Company's cash and customer cash is held in cash and cash equivalents including cash at banks. The interest rates earned on these deposits and investments affects our interest revenue.

Market Risk

Market risk is the risk of loss arising from adverse movements in the level or volatility of market prices. Daily and intra-day margin calls are made on clients to reflect market movements affecting client positions. The Company's clients sign a terms of business agreement in which, under certain circumstances, the Company unilaterally reserves the right to close out client positions. Exposure management is dependent on the liquidity of the relevant markets and hedging policy. These policies include limits, or a methodology for setting limits, for every single liquid financial market in which the Company trades, and for markets which the Directors consider to be correlated. The limits determine the maximum net exposure arising from client activity and associated hedging.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Regulatory capital and regulatory risk

The Company's activities are regulated in the United Kingdom and are therefore subject to various regulation and legislation relating to conduct of business, technology, the provision of internet services and regulatory capital. This imposes extensive reporting requirements and continuing self-assessment and appraisal.

The Company has both a Compliance Department and a Regulatory Reporting Department which are responsible for ensuring that it meets the rules of the regulators of the jurisdiction. The Company maintains close working relationships with its regulators and continually seeks to improve its operating efficiencies and standards. The compliance officers are in regular contact with the Directors and Senior Executive Management.

The regulatory environment is constantly evolving and imposes significant demands on the resources of the Company. The Company continues to provide considerable resources to meet the regulatory requirements.

The Company is subject to prudential supervision by the FCA and has ensured adequate levels of capital have been maintained to support its activities and those of its regulated subsidiary during the year. The regulatory capital structure of the Company largely comprises share capital and reserves (net of intangible assets). Capital requirements are measured using standardised calculations for market risk, credit risk, counterparty credit risk, and operational risk. The Company performs an Internal Capital Adequacy Assessment Process ("ICAAP"), as required by the FCA, in order to assess on an on-going basis the amounts, types and levels of distribution of capital that the Company considers adequate to cover the level and nature of the risks to which it is, or might be, exposed to. The ICAAP gives consideration to both current and projected financial and capital positions and includes stress testing designed to test the resilience of the Company when faced with adverse economic conditions. The ICAAP is updated, at least annually, to reflect changes to the Company's structure and the business environment. Capital adequacy is monitored on an on-going basis by Management.

In October 2020 the FCA published their policy statement PS20/10 which confirmed that from 6 January 2021, a ban on the marketing, distribution and sale in or from the UK to all retail clients, of derivatives and ETNs that reference certain types of unregulated, transferable cryptoassets. The company undertook measures to prevent retail clients opening new trades on cryptos after this date. The ban does not affect professional clients.

In December 2020 the FCA published the first consultation to introduce the UK Investment Firm Prudential Regime (IFPR) for FCA prudentially-regulated investment firms (FCA investment firms). The new regime will streamline and simplify the prudential requirements for solo-regulated investment firms in the UK. This regime will be introduced from 1 January 2022. This will have no impact on the Company as the trading business was transferred to group company StoneX Financial Ltd on 1 March 2021.

Mr N Rose
Director
27 April 2021

Directors' report

The Directors present their annual report on the affairs of Gain Capital UK Limited (the "Company" or "GCUK"), together with the financial statements and auditor's report for the year ended 31 December 2020 (the "Financial Statements").

Going Concern

The Company's business activities, the key factors likely to affect its future development, profitability, cash flows, principal risks and uncertainties and financial position are outlined in the Strategic Report on page 1. Note 1.2 of the Financial Statements sets out the basis upon which the Directors have made their going concern assessment. The company trading business was transferred to the group entity StoneX Financial Ltd on 1st March 2021. After the transfer the company has net assets of £80,000,000. The Directors, after making due enquiries, consider there to be reasonable evidence that the Company has sufficient resources to continue in operational existence for the foreseeable future. The Directors have received confirmation that the group will continue to support the Company. For this reason, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

Directors

The following directors have held office during 2020, and changes since year end:

Timothy O'Sullivan	Resigned 12 April 2021
Nigel Rose	
Diego Rotsztain	
Christopher Calhoun	Resigned 29 January 2020
Alastair Hine	
Wendy Collins	Appointed 4 February 2020, resigned 9 June 2020
Ian Tyler	

Directors and officers

The Company has Directors' and Officers' Liability insurance policies which covers all Directors.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Donations

During the year charitable donations made principally to charities in which the Company or its employees have an interest, amounted to £nil (2019: £160).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons should as far as possible be identical to that of other employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate training is facilitated.

Directors' Report *(continued)*

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting current and future interests and developments.

Pensions

The Company offers all employees the opportunity to participate in a defined contribution scheme (see Note 17 to the Financial Statements).

Environmental reporting – streamlined energy and carbon reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. The Company meets the SECR qualification in the UK.

The reporting period for compliance was 1 January 2020 to 31 December 2020. The results show that the Company's total energy use and total gross Green House Gas (GHG) emissions amounted to 634,375 kWh and approximately 148 tonnes of CO2e respectively in the financial year in the UK. The Company has chosen Tonnes of CO2e per full time employee as an intensity metric as this is an appropriate metric for the business. As a result, the intensity metric for the financial year was 0.72.

Dividends

During the year the Board declared and paid a dividend of £60,000,000 (2019 : £10,001,000).

Post Balance Sheet Events

On 24 February 2021 the Company share capital was reduced from £86,948,098.14, divided into 8,694,809,814 ordinary shares of £0.01 each (of which have been issued and are fully paid) to £999,903.12861, divided into 8,694,809,814 ordinary shares of £0.000115 each, by reducing the nominal value of each issued share from £0.01 to £0.000115; and the share premium account of the Company was cancelled.

On the 1st March 2021 the business activities for the Company were transferred to StoneX Financial Ltd.

On 1 March 2021 the company paid a $65,000,000 dividend to the parent company Gain Capital Holdings Ltd.

On 23 April 2021 the company paid a $39,829,000 dividend to the parent company Gain Capital Holdings Ltd.

Matters of strategic importance

The company has chosen in accordance with Companies Act 2006 s.414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Sch.7 to be contained in directors' report

Section 172(1) statement

The Companies (Miscellaneous Reporting) Regulations 2018 requires the directors to demonstrate how they have had regard to matters set out in section 172(1) of the Companies Act 2006 when performing their duty to promote the success of the Company for the benefit of its shareholder(s) as a whole, and in doing so had regard, amongst other matters, to:

1. **The likely consequences of any decisions in the long term**: this is demonstrated through the nature of the strategic decisions made by the board and the day-to-day decisions made by the business referencing the embedded risk management process of the Company. These decisions focus on the sustainability of the Company in the long term by ensuring liquidity, capital and regulatory compliance are preserved. During COVD-19 many decisions at many levels were made that were aligned to the long term success and strategy of the Company;

Directors' Report *(continued)*

2. **The interests of the Company's employees**: this manifests itself through the board's acknowledgement of the Company's employees being their most valuable asset whom they are committed to develop and retain, ensuring that they share in the success of the business through award programmes including participation in share plans. The Company provides a choice of benefits and rewards that help employees develop their career and maintain well-being. The principal decisions during the year supported the intense focus on employee well-being and in March 2020 as the COVID-19 pandemic became more widespread included regular contact and interaction (informal and formal) by senior management and leaders. Employee surveys are held covering matters of concern to employees and considered by the board as well as regular updates on remuneration and human resources initiatives. The Company values diversity in its every sense and whole-heartedly rejects any form of prejudice-based actions in the workplace. In particular the Company actively supports the employment of people of disability. Senior management engage with employees through regular communication media and board attendance includes participants from the leaders across the Company. There are frequent communications to all employees regarding the financial and economic performance of the Company. There is also a well understood whistleblowing process. Our people are central to the Company achieving its strategic objectives and we are committed to developing a highly motivated workforce that provide excellent customer service through collaboration;
3. **The need to foster the Company's business relationships with suppliers, customers and others:**

a. we operate closely with many key suppliers in a way that they are aligned with our strategic objectives ensuring that all businesses continue to run optimally – supported by the strategic decisions from March 2020 onwards with key IT providers during the COVID-19 pandemic. We operate within a risk management framework including Anti-Bribery and Corruption policies and the board is made aware of any significant supplier issues. Suppliers provide expertise that we do we not currently possess in-house.

b. With customers we centre our strength of relationship on treating customers fairly and putting them at the heart of everything we do. We made the natural decision to ensure the necessary support was available to our clients at times of extreme market volatility driven by the COVID-19 pandemic. Feedback is actively sought from customers on how we can improve of service to them. We seek to build our brand by being a reliable and trusted partner to our customers.

c. We retain a very transparent and respectful dialogue with our regulators ensuring that we keep them updated as required on key strategic decisions such as the move to integrate the business of the Company with StoneX Financial Ltd in 2021. The board receives regular updates on developments in financial services regulation. Our regulators require us to comply with their rules to ensure the integrity of the financial markets in which we operate.

d. The StoneX Group Inc is represented by membership on the Company's board and many senior managers meet with the Company's directors and senior management team. There are service level agreements in place between group entities including the Company. We share StoneX Group's mission and vision and contribute to their realisation.

4. **The desirability of the Company maintaining a reputation for high standards of business conduct**: this is demonstrated through the 'tone from the top' in how the directors drive and support the right culture for a client facing regulated business and the how this cascades to all employees. In making board level decisions the impact on culture and the right behaviours are considered and were evidenced in recent integration plans (StoneX Financial Ltd); and
5. **The need to act fairly as between shareholders of the Company**: the Company is a wholly owned subsidiary and as such has one shareholder, Gain Capital Holdings Ltd, where there is a degree of overlap of board directors. This ensures that the information asymmetry between the shareholder and the Company's board is minimised and that the expectations of the ultimate shareholders of the Group are appropriately channelled.

On appointment, new directors receive induction training on their responsibilities which includes s172(1) matters.

The board understands the importance of ensuring that the Company's business is undertaken in a way that has regard to stakeholders' interests and seeks to align stakeholder and business interests. This approach has three strands: our corporate objectives, our stakeholders and our culture and values.

Directors' Report *(continued)*

Our corporate objectives focus on serving our growing diversified client base and building our offering to create value for clients and shareholder.

For our stakeholders the directors consider their views and interests as a wider set as discussed above.

In terms of our culture and values, the board believes that a strong and positive culture is the bedrock for appropriate conduct which leads us to protect our business, our clients and other stakeholders and helps preserve the integrity of the financial markets in which we operate.

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 he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board

Mr.N Rose

Director
27 April 2021

Registered Office: Devon House
58 St Katharine's Way
London, UK, E1W 1JP

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

The directors are responsible for preparing the Strategic Report, 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- prepare the financial statements on the going concern basis unless is inappropriate too presume the company will continue in business.

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 MEMBERS OF GAIN CAPITAL UK LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit 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.

We have audited the financial statements of Gain Capital UK Limited ("the Company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GAIN CAPITAL UK LIMITED (continued)

Other Companies Act 2006 reporting

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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
- 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.

Opinion on other matters prescribed by the Capital Requirements (Country by Country Reporting) Regulations 2013

In our opinion the information given in note 26 to the financial statements for the year ended 31 December 2020 has been properly prepared in all material respects, in accordance with the Capital Requirements (Country by Country Reporting) Regulations 2013.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We have obtained an understanding of the legal and regulatory frameworks applicable to the entity and we have enquired of management to identify how the entity is complying with those frameworks and whether there were any known instances of non-compliance.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GAIN CAPITAL UK LIMITED (continued)

We considered the entity's control environment that has been established to prevent, detect and deter fraud. We then assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

Our assessment of the company's revenue cycle identified that it is largely automated in nature. Our approach was therefore to perform testing on relevant IT general controls and application controls around revenue recognition.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger.

We consider the following to be risk areas for potential fraudulent financial reporting given the high level of judgement and estimation involved: impairment of non-current assets and deferred tax. Our audit procedures have focused on significant judgements made by management and we have evaluated whether there was any evidence of bias that represented a risk of material misstatement due to fraud.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date: 27 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and Loss Account and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 Total £'000	2019 Total £'000
Turnover	2	90,047	16,430
Cost of sales		(15,398)	(7,351)
Gross profit		74,649	9,079
Administrative expenses		(123,705)	(90,575)
Other income	3	96,554	67,064
Operating profit / (loss)	4	47,498	(14,432)
Interest receivable and similar income	5	-	351
Profit / (loss) before taxation		47,498	(14,081)
Tax on profit / (loss)	6	(14,976)	2,720
Profit / (loss) and total comprehensive income for the year		32,522	(11,361)

All financial results derived from continuing operations in the current and preceding period.

The notes on pages 17 to 44 form an integral part of these financial statements.

Balance Sheet

at 31st December 2020

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments	7		-		-
Tangible assets	8		4,577		3,858
Intangible assets	9		14,883		14,125
			19,460		17,983
Current assets					
Deferred tax assets	13	3,117		7,068	
Debtors - due within one year	10	108,318		125,345	
Cash at bank and in hand	11	52,989		58,274	
		164,424		190,687	
Creditors: Amounts falling due within one year	12	(59,535)		(56,198)	
Net current assets			104,889		134,489
Provision for other liabilities	14		(989)		(1,634)
Net assets			123,360		150,838
Capital and reserves					
Called up share capital	16		86,949		86,949
Share premium			44,388		44,388
Retained earnings			(11,353)		16,125
Special reserve			3,376		3,376
Total Equity			123,360		150,838

All financial results derived from continuing operations in the current and preceding period.
The notes on pages 17 to 44 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors.

Mr N Rose
Director
Company registered number: 01761813
27 April 20201

Statement of Changes in Equity

	Called up Share capital £'000	Share Premium £'000	Retained Earnings £'000	Special Reserve £'000	Total equity £'000
Balance at 1 January 2020	86,949	44,388	16,125	3,376	150,838
Total comprehensive income for the period	-	-	32,522	-	32,522
Contributions by and distributions to owners:					
Dividends	-	-	(60,000)	-	(60,000)
Balance at 31 December 2020	**86,949**	**44,388**	**(11,353)**	**3,376**	**123,360**

	Called up Share capital £'000	Share Premium £'000	Retained Earnings £'000	Special Reserve £'000	Total equity £'000
Balance at 1 January 2019	86,671	44,388	37,487	3,376	171,922
Total comprehensive income for the period	-	-	(11,361)	-	(11,361)
Issue of Shares	278	-	-	-	278
Contributions by and distributions to owners:					
Dividends	-	-	(10,001)	-	(10,001)
Balance at 31 December 2019	**86,949**	**44,388**	**16,125**	**3,376**	**150,838**

The notes on pages 17 to 44 form an integral part of these financial statements

Notes *(forming part of the financial statements)*

1 Accounting policies

Gain Capital UK Limited (the "Company") is a private company incorporated and domiciled and registered in England and Wales in the UK. The registered number is 01761813 and the registered address is Devon House, 58 St Katharine's Way, London, E1W 1JP

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's immediate parent undertaking is Gain Capital Holdings Ltd, a company incorporated in the United Kingdom. The Company's ultimate parent undertaking, StoneX Group Inc. (a Company incorporated in the United States of America) includes the Company in its consolidated financial statements. The consolidated financial statements of StoneX Group Inc. are prepared in accordance with US Generally Accepted Accounting Principles and may be obtained from the Investor relations website which can be found at ir.stonex.com. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and

As the consolidated financial statements of StoneX Group Inc. include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The accounting policy for website and software development assets was changed to classify these assets as intangible fixed assets in the current year rather than tangible fixed assets in the prior year. This change in classification was to allow the company classification to be in line with other industry competitors. Certain balances in the balance sheet, notes 8 and 10 have been re-presented to aid comparability with current year amounts.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

The consequences of the COVID-19 has caused a severe disruption to global economies. There has been no material reduction in workforce resulting from illnesses and quarantines and the Company has put into action its Business continuity plan whereby the majority of the workforce are able to work remotely. The volatility in the markets created by COVID-19 pandemic has led to positive performance for the year. As set out in the Strategic Report, the Company has robust processes to manage its exposures to credit risk , foreign exchange risk, liquidity risk and market risk. On the 1st March 2021 the business activities for the Company were transferred to StoneX Financial Ltd. The Company will continue to be active and will continue to operate the Dubai office.

On the basis of the company directors' assessment of the company's financial position, its future developments as set out in the Directors report and of the enquiries made by them of the ultimate parent company and confirmation it will not liquidate the Company, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency (GBP) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date 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 profit and loss account under other income.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. These balances exclude client monies held by the Company.

Client Money

The Company holds money on behalf of clients in accordance with the client money rules of the FCA, where required. Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Balance Sheet because the Company is not beneficially entitled to them.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities comprising open spread trades, contracts for difference and options are classified as derivative financial instruments. These derivatives are:

- acquired or incurred for the purpose of selling or repurchasing in the near term;
- a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; and are
- not designated and effective as a hedging instrument.

These financial assets and liabilities at fair value through profit or loss are stated at fair value with any resulting gains or losses recognised in the Profit and Loss Account.

Balances arising from the above are disclosed as either trade debtors or trade creditors. Trade debtors or trade creditors represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions result in an amount due to or from the Company. A credit valuation adjustment is established where there is objective evidence of non-collectability.

At the end of each reporting period, 'other' financial instruments are measured at fair value and recognised changes in fair value are recognised in the profit and loss account; except investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Fair value of financial assets and liabilities

Financial assets and liabilities purchased or sold are recorded on a trade date basis and include:

- spread trading on equities, equity indices, precious and base metals, soft commodities, exchange rates, interest rates, exchange traded futures and options; and
- Contract for difference on equities, equity indices, precious and base metals, soft commodities, exchange rates, interest rates and other financial instruments.

The estimated fair value of financial assets and liabilities is made in accordance with the requirements of FRS 102. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length conditions, other than in a forced sale or liquidation. The fair value of assets or liabilities that are actively traded in organised financial markets is determined by reference to quoted market bid or ask prices, respectively, at the close of business on the balance sheet date.

For assets where there is no active market, fair value is determined using valuation techniques, including valuation pricing models. Valuation pricing models consider time value and volatility factors underlying financial instruments as well as other relevant economic factors. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks and counterparty credit risk. The Company's Management believes that these valuation adjustments are necessary and appropriate to state the values of financial instruments carried at fair value on the Balance Sheet.

Amounts due to clients have been netted against amounts relating to open client spread bets, contracts for difference and options which are classified as financial liabilities at fair value through profit and loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

• Computer equipment	3 years
• Fixtures and fittings	3 years
• Leasehold improvements	Period to end of lease

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Costs related to repairs and renewals are charged to profit and loss when incurred and included in other operating expenses.

1.7 Provisions

A provision is recognised in the balance sheet 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 recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or 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. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax 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. The recoverable amount of an asset or cash-generating unit 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"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

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 profit or loss. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution 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 profit and loss account in the periods during which services are rendered by employees.

Holiday Pay

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The Company recognises the share based payment expense based on an allocation of its share of the group's total expense calculated in proportion to the number of participating employees and their share allocation.

1.10 Turnover

Trading revenue

Trading revenue includes gains and losses on the operation of the spread trading markets and trading in financial markets and foreign exchange gains or losses on positions, net of commissions expensed. Open positions are carried at fair value and unrealised gains and losses arising on this valuation are recognised in revenue together with gains and losses realised on positions that have closed. Dividends receivable relating to trading activities, are recognised when the right to receive the payment is established.

Net fee and commission income from clients are recognised over the service period. Cost of Sales include broker's commissions, payments to introducing brokers and clearing fees.

1.11 Other income

Transfer Pricing

The Company applies the transfer pricing policy set by the group. To reflect the level and quantity of key entrepreneurial functions performed by the Company, the transfer pricing policy shares global profits between the Company and the group company Gain Capital LLC, a joint entrepreneur. This transfer pricing policy and its associated documentation is reviewed at least once a year.

Transfer pricing is recognised in other income when the right to receive payments under the transfer pricing policy is established.

Notes *(continued)*

1 Accounting policies (continued)

1.12 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (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 are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Taxation (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.14 Intangible Assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense incurred.

Other intangible assets include purchased customer lists and non-compete agreements relating to the acquisition of client balances from an established competitor and are carried at historical cost less accumulated amortisation and accumulated impairment.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on de-recognition of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is included in the profit and loss account in the period of de-recognition.
Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

Non-compete agreement	2 years straight line
Customer list	6 years straight line
Website and software development cost	3 years straight line

Website development costs are capitalised only to the extent they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until further updates to the website, the development costs are charged to profit and loss as incurred. Software development expenditure incurred on the development of the Company's trading, settlement and risk management systems, including remuneration costs of relevant employees, is capitalised. Costs are only capitalised if the software development enhances current software or creates new functionality. All other software expenditure is charged to profit and loss in the period in which it is incurred.

Notes *(continued)*

2 Turnover

Segment Reporting

The principal activity of the Company during the year continued to be the provision of market making and spread trading services in a variety of financial products and markets.

The following tables provide a breakdown of the Company's Total Revenue broken down into two distinct business streams, that is, foreign exchange, or equities & other revenues. A further analysis is provided showing the Company's Total Revenue broken down into the two main geographical areas in which the Company operates, being EMEA and Asia Pacific being where clients are legally contracted.

The segment information presented is prepared according to the following broad methodologies:

- income directly associated with each segment are included in determining Total Revenue for that segment;
- income related to transactions involving multiple segments are allocated at internally agreed transfer prices or at transaction values.

	Equities & Other Revenues	Foreign Exchange	Total
For the year ended 31 December 2020	**£'000**	**£'000**	**£'000**
Trading revenues	83,512	(2,742)	80,770
Net financing income	9,099	178	9,277
Total business segment revenues	92,611	(2,564)	90,047

	Equities & Other Revenues	Foreign Exchange	Total
For the year ended 31 December 2019	**£'000**	**£'000**	**£'000**
Trading revenues	19,510	(19,262)	248
Net financing income	9,152	7,030	16,182
Total business segment revenues	28,662	(12,232)	16,430

Notes *(continued)*

2 Turnover

Segment Reporting (continued)

	EMEA	Asia Pacific	Total
For the year ended 31 December 2020	**£'000**	**£'000**	**£'000**
Trading revenues	42,068	38,702	80,770
Net financing income	9,277	-	9,277
Total geographic segment revenue	51,345	38,702	90,047

	EMEA	Asia Pacific	Total
For the year ended 31 December 2019	**£'000**	**£'000**	**£'000**
Trading revenues	91	157	248
Net financing income	16,182	-	16,182
Total geographic segment revenue	16,273	157	16,430

3 Other income

	2020	2019
	£'000	**£'000**
Transfer pricing	95,954	67,064
Research and development tax credits	600	-
	96,554	67,064

4 Operating profit / (loss)

	2020	2019
	£'000	**£'000**
Operating profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets	2,704	3,581
Amortisation of intangible fixed assets	6,105	6,104
Loss on disposal of fixed assets	330	9
Operating leases - other	359	314
Operating leases – land and buildings	1,602	1,998
Impairment loss on debtors and prepayments	1,659	329
Intercompany trade receivable written off	16,278	84
Exchange differences during year	872	346

Notes *(continued)*

4 Operating profit / (loss) (continued)

Auditor's remuneration

Amounts received or receivable by the company's auditor and its associates in respect of:

	2020 £'000	2019 £'000
Audit of these financial statements	239	159
Audit related assurance services	137	131
Audit related assurance services for prior year	8	-
KPMG audit related assurance services for prior year	-	21
Other assurance services	40	-
Audit related assurances services in respect of the Company's participation in the integrated audit of Gain Capital Holdings Inc.	-	21
Audit related assurances services in respect of the Company's participation in the integrated audit of Gain Capital Holdings Inc for prior year	23	-
	447	332

5 Interest receivable and similar income

	2020 £'000	2019 £'000
Income from investments	-	351
	-	351

Notes *(continued)*

6 Taxation

	2020 £'000	2019 £'000
Domestic current year tax		
UK corporation tax	8,179	(2,669)
Banking surcharge	2,846	-
Total current tax	11,025	(2,669)
Deferred tax		
Origination and reversal of timing differences (Note 13)	3,951	(51)
Total tax charge for the year	14,976	(2,720)
Factors affecting the current tax charge for the year		
Profit / (loss) before taxation	47,498	(14,081)
Profit / (loss) before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%).	9,025	(2,675)
Effects of:		
Non deductible expenses	3,568	325
Adjustment to tax charge in respect of prior years	352	(449)
Reduction in tax rate on deferred tax balances	(815)	79
Banking surcharge	2,846	-
Total tax charge for the year	14,976	(2,720)

7 Investments

	2020 £'000	2019 £'000
Balance at 1 January	-	-
Balance at 31 December	-	-

The Company has a 100% investment in the Company Trade Facts Limited. This investment was fully impaired in 2018.

Notes *(continued)*

8 Tangible fixed assets

	Leasehold Improvements	Furniture, fixtures, fittings and equipment	Computer & Other equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	6,382	2,244	11,220	19,846
Additions	830	1,078	1,927	3,835
Disposals	(6,205)	(2,241)	(3,244)	(11,690)
At 31 December 2020	1,007	1,081	9,903	11,991
Depreciation				
At 1 January 2020	5,401	1,797	8,790	15,988
Charge for the year	688	626	1,390	2,704
Disposals	(6,035)	(2,241)	(3,002)	(11,278)
Balance at 31 December 2020	54	182	7,178	7,414
Net Book Value				
At 31 December 2020	**953**	**899**	**2,725**	**4,577**
At 31 December 2019	981	447	2,430	3,858

Notes *(continued)*

9 Intangible fixed assets

	Website & Software Devt	Client List	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	53,616	728	20,908	75,252
Additions	6,951	-	-	6,951
Disposals	(88)	(728)	(20,908)	(21,724)
At 31 December 2020	60,479	-	-	60,479
Amortisation				
At 1 January 2020	39,491	728	20,908	61,127
Charge for the year	6,105	-	-	6,105
Disposals	-	(728)	(20,908)	(21,636)
Balance at 31 December 2020	45,596	-	-	45,596
Net Book Value				
At 31 December 2020	**14,883**	**-**	**-**	**14,883**
At 31 December 2019	14,125	-	-	14,125

Notes *(continued)*

10 Debtors

	2020 £'000	2019 £'000
Amounts owed by parent and fellow subsidiary undertakings	48,346	58,277
Amounts due from brokers and dealers	47,303	56,827
Amounts due from clients	746	1,057
Corporation tax receivable	5,248	2,862
Other debtors and accrued income	754	909
Prepayments	5,921	5,413
Due within one year	108,318	125,345

At the balance sheet date the Company had the following credit risk exposures in respect of amounts due from brokers and dealers:

	2020 £'000	2019 £'000
A+	5,728	11,633
A	1,213	4,791
A-	-	15
BBB+	32,952	37,777
Non-rated	7,410	2,611
Balance at 31 December	47,303	56,827

Amounts due from brokers and dealers include amounts comprising open spread trades, contracts for difference and options and are classified as financial assets at fair value through profit and loss.

	2020 £'000	2019 £'000
Financial assets at fair value through profit and loss	7,383	(5,871)
Financial assets measured at amortised cost	39,920	62,698
Amounts due from brokers and dealers at 31 December	47,303	56,827

Notes *(continued)*

11 Cash at bank and in hand

	2020 £'000	2019 £'000
Cash at bank and in hand	52,289	57,726
Bank deposits	700	548
Balance at 31 December	52,989	58,274

Represented by:

	2020 £'000	2019 £'000
OECD banks and regulated financial institutions	52,129	56,799
Non-OECD banks and regulated financial institutions	860	1,475
Balance at 31 December	52,989	58,274

At the balance sheet date the Company had the following credit risk exposures in respect of cash at bank:

	2020 £'000	2019 £'000
AAA	-	22,095
A+	20,951	163
A	31,703	32,571
A-	-	1,055
BBB+	325	2,376
Non-rated	10	14
Balance at 31 December	52,989	58,274

The category consists of cash in hand and deposits repayable on demand from financial institutions and are free from contractual encumbrances. These accounts with financial institutions earn interest at floating rates based on daily bank rates. The fair value of cash at bank and in hand is not materially difference from the book value. The balances above exclude client monies held by the Company.

	2020 £'000	2019 £'000
Client money which is segregated and not recognised in these financial	188,481	163,590

Notes *(continued)*

12 Creditors

Creditors: amounts falling due within one year	2020 £'000	2019 £'000
Amounts due to clients	46,599	42,886
Amounts owed to parent and fellow subsidiary undertakings	2,217	230
Amounts owed to group undertakings in which the company has a participating interest	2,900	2,903
Other taxes and social security costs	637	1,711
Accruals and deferred income	4,458	5,390
Other creditors	2,724	3,078
	59,535	56,198

Amounts due to clients include amounts comprising open spread trades, contracts for difference and options and are classified as financial assets at fair value through profit and loss.

	2020 £'000	2019 £'000
Financial liabilities at fair value through profit and loss	(32,889)	(4,670)
Financial liabilities measured at amortised cost	79,489	47,556
Amounts due to clients at 31 December	46,599	42,886

13 Deferred tax

	2020 £'000	2019 £'000
Accelerated capital allowances	2,773	3,366
Unused tax losses	1,293	3,581
Other	(949)	121
Deferred tax asset	3,117	7,068

Notes *(continued)*

14 Provisions

	2020 £'000	2019 £'000
Balance at 1 January	1,634	925
Provisions made during the year	446	1,136
Provisions used during the year	(475)	(427)
Provisions reversed during the year	(616)	-
Balance at 31 December	989	1,634

Provisions comprise of £462,000 of lease dilapidations for the Devon House London lease and £528,000 for global exchange provisions. These provisions are the estimated costs that may be payable in the future.

15 Financial instruments

The Company has the following financial instruments:

	Note	2020 £'000	2019 £'000
Financial assets that are debt instruments measured at amortised cost			
- Amounts due from brokers and dealers (1)	10	39,920	62,698
- Amounts due from clients	10	746	1,057
- Amounts owed by parent and fellow group undertakings	10	48,346	58,277
- Other receivables	10	754	909
Financial assets at fair value through profit or loss:			
- Open positions with brokers and dealers (1)	10	7,383	(5,871)
Financial liabilities measured at amortised cost:			
- Amounts due to clients	12	79,489	47,556
- Amounts owed to parent and fellow group undertakings	12	2,217	230
- Amounts owed to group undertakings in which the company has a participating interest	12	2,900	2,903
- Other creditors (excluding corporation tax liability) (2)	12	7,182	8,468
- Provisions	12	989	1,634
Financial liabilities at fair value through profit or loss:			
- Open positions with clients	12	(32,889)	(4,670)
- Other creditors (excluding corporation tax liability) (2)	12	-	-

(1) Amounts due from brokers and dealers are netted off with open positions with brokers and dealers in note 10.
(2) Amounts due from other creditors (excluding corporation tax liability) are netted off in note 12.

Notes *(continued)*

15 Financial instruments (continued)

Principal risks and uncertainties (including financial risk management policies)

The Board is responsible for determining and managing the principal risks and uncertainties of the Company. This is subject to periodic review, at least annually and is performed in consultation with its shareholders. The Company seeks to mitigate their risks through the application of limits and controls, a monitoring process at both a Company and operational level, and the use of hedging instruments and insurance policies. The Company has a Risk and Credit Committee, which meets at least monthly. The Company's existing risk management tools continue to be enhanced by the on-going development of a real-time risk management system across all products.

The principal risks and uncertainties faced by the Company are primarily financial risks. The principal non-financial risk faced by the Company is operational risk. All of these risks are summarised further below.

Credit risk

Credit risk represents the loss that the Company would incur if a client or counterparty failed to perform its contractual obligations. A client credit exposure exists where a client's net contractual payable to the Company is greater than the margin or other collateral received by the Company ("margin deficiency") net of any credit adjustments made against the margin deficiency. A counterparty exposure exists where the Company's net contractual receivable is greater than the margin or other collateral deposited by the Company with the counterparty ("excess margin"). Clients do not normally have external credit ratings. Market counterparties generally have published credit ratings. In addition to the regular credit review of counterparties and country limits, other measures are undertaken to mitigate credit risk including holding margin or other collateral against client positions. A small minority of clients are permitted to deal within specific credit terms.

The Company has a formal credit policy which determines the financial and experience criteria which a client must satisfy before being given an account which exposes the Company to credit risk, as well as determining the account limits which are allocated to a client. The Company also has potential credit risk arising from its exposure to market counterparties with which it hedges and with banks. The Company sets limits for its maximum acceptable exposure to each market counterparty and bank to which it has credit exposure. These limits are approved by the Risk Committee and are reviewed at least every six months.

Credit extended to clients is either by Credit Allocation or Waived Margin. Credit Allocations are a fixed amount allocated to an Account which is treated in the same way as if cash had been deposited against a client position and is utilised in the calculation of client's margin requirement and trading resource. Waived Margin is a fixed amount allocated to an account utilised in the calculation of the initial margin required. In effect initial margin is reduced and the client is only required to fund losses on an account.

The movement on bad debt provisions during the period was as follows:

	2020 £'000	2019 £'000
Opening credit	2,174	2,728
Net charges to profit and loss account in the period	1,659	329
Release of provisions no longer needed	(1,355)	(883)
Closing credit	2,478	2,174

Notes *(continued)*

15 Financial instruments (continued)

Market risk

Market risk is the risk of loss arising from adverse movements in the level or volatility of market prices. Daily and intra-day margin calls are made on clients to reflect market movements affecting client positions. The Company's clients sign a terms of business agreement, in which under certain circumstances, the Company unilaterally reserves the right to close out client positions. Exposure management is dependent on the liquidity of the relevant markets and hedging policy. These policies include limits, or a methodology for setting limits, for every single liquid financial market in which the Company trades, and for markets which the Directors consider to be correlated. The limits determine the maximum net exposure arising from client activity and associated hedging. During the year the Company significantly reduced its risk profile and increased hedging levels commensurate with market volatility.

Currency risk

The principal currencies in which the Company trades are British Pounds, Euros and United States Dollars. This gives rise to currency risk on the translation of its net current assets (mainly net funds held on behalf of clients) together with a currency risk on the conversion of its non-British Pounds income into British Pounds. The Company hedges this risk to the extent it considers appropriate in the circumstances.

The currency risk of the Company's net assets at the balance sheet date are as follows:

	2020	2019
	£'000	£'000
Net assets denominated in :		
United States Dollar	25,935	12,647
Euro	(1,078)	(427)
Sterling	79,230	121,002
Other currencies	(3,897)	(2,415)
Net Financial assets	100,190	130,807

If there was a 20% adverse movement in all exchange rates against Sterling with all other variables held constant net assets would reduce by £2,275,571 (2019: reduce by £1,756,527)

If there was a 20% favourable movement in all exchange rates against Sterling with all other variables held constant net assets would increase by £7,067,111 (2019: increase by £2,635,879)

Notes *(continued)*

15 Financial instruments (continued)

Liquidity risk

In the event of a significant movement in markets, the Company could have a short-term funding requirement to meet its payment obligations to counterparties. Any failure by the Company to meet its payment obligations could result in market counterparties closing the Company's hedge positions, which would have materially adverse consequences for the Company's business. The level of liquidity required is influenced by the level of client activity and volatility in the markets.

The contractual undiscounted maturities of the Company's financial liabilities based on the remaining period, at the balance sheet date, to the contractual maturity dates are as follows:

	Note	2020 £'000	2019 £'000
Financial Liabilities – Less than 3 months			
Other Creditors (excluding corporation tax liability)	12	59,535	56,198

The Company's policy is to hold both its own and its clients' cash reserves with a diversified range of counterparties, each of which is a major clearing bank or a financial institution. The Company's own money is held almost entirely on demand, as it needs to be readily available to meet short-term funding requirements. Segregated client cash is held primarily on demand but deposits of longer duration are also placed where this can increase returns within an agreed maturity risk profile.

Notes *(continued)*

15 Financial instruments (continued)

Regulatory capital and regulatory risk

The Company's activities are regulated in the UK and are therefore subject to various regulation and legislation relating to conduct of business, technology, the provision of internet services and regulatory capital. This imposes extensive reporting requirements and continuing self-assessment and appraisal. The Company has both a Compliance Department and a Regulatory Reporting Department which are responsible for ensuring that it meets the rules of the regulators of the jurisdiction. The Company maintains close working relationships with its regulators and continually seeks to improve its operating efficiencies and standards. The compliance officers are in regular contact with the Directors and Senior Executive Management. The regulatory environment is constantly evolving and imposes significant demands on the resources of the Company. The Company continues to provide considerable resources to meet the regulatory requirements.

The Company is subject to prudential supervision by the FCA and has ensured adequate levels of capital have been maintained to support its activities and those of its regulated subsidiary during the year. The regulatory capital structure of the Company largely comprises share capital and reserves (net of intangible assets). Capital requirements are measured using standardised calculations for market risk, credit risk, counterparty credit risk, and operational risk. The Company performs an Internal Capital Adequacy Assessment Process ("ICAAP"), as required by the FCA, in order to assess on an on-going basis the amounts, types and levels of distribution of capital that the Company considers adequate to cover the level and nature of the risks to which it is, or might be, exposed to. The ICAAP gives consideration to both current and projected financial and capital positions and includes stress testing designed to test the resilience of the Company when faced with adverse economic conditions. The ICAAP is updated, at least annually, to reflect changes to the Company's structure and the business environment. Capital adequacy is monitored on an on-going basis by Management.

The Company reported an unaudited regulatory capital ratio of 20.33% as at 31 December 2020 (2019 – 24.15%) The Company has not reported any breaches of regulatory capital in the period.

The Company's Pillar 3 disclosures are provided in the appendix to the accounts.

Operational risk

Operational risk, inherent in all businesses, is the potential for financial and reputation loss arising from failures in internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

Notes *(continued)*

15 Financial instruments (continued)

Fair value measurements recognised in the balance sheet

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

Level 1: The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid;

Level 2: When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. Where the last transaction price is not a good estimate of fair value (eg because it reflects the amount that an would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted; and

Level 3: If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

	2020 £'000	2019 £'000
Financial assets measured at fair value (Level 2):		
Open positions with brokers and dealers (Note 10)	7,383	(5,871)
Net Financial assets	7,383	(5,871)
Financial liabilities measured at fair value (Level 2):		
Open positions with clients (Note 12)	(32,889)	(4,670)
Net Financial liabilities	(32,889)	(4,670)

Notes *(continued)*

16 Capital and Reserve

Share capital

	2020	2019
In units of shares – Ordinary shares of £0.01 each	**Units '000**	**Units '000**
In issue at 31 December 2020 / 31 December 2019	8,694,810	8,694,810

	2020	2019
Allotted, called up and fully paid	**£'000**	**£'000**
8,694,809,814 ordinary shares of £0.01 each	86,949	86,949

In 2019 the Company issued 27,754,818 shares to the immediate parent company for £0.01 per share with a nominal value of £0.01 per share.

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.

Share premium

The share premium of £44,338,000 was created on shares issued greater than the nominal value.

Special reserve

The special reserve of £3,376,000 was created on the cancellation of the share premium on 24 February 1995.

17 Pension and other post-retirement benefit commitments

The Company operates a number of defined contribution pension plans for all qualifying employees. The total expense relating to these plans in the current year was £1,065,000 (2019: £1,176,000). At the end of year £nil (2019: £154,000) pension balances are payable.

18 Directors' remuneration

	2020	2019
	£'000	**£'000**
Remuneration for qualifying services	796	938
Company pension contributions to defined contribution schemes	24	20
Company contributions to money purchase pension plans	1	2
	821	960

Aggregate emoluments in respect of the highest paid director

	2020	2019
Remuneration for qualifying services	212	283
	212	283

Notes *(continued)*

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2020	2019
	No.	No.
Management and administration	136	160
Information technology	58	81
Dealing	10	18
	204	259

Employment costs

	2020	2019
	£'000	£'000
Wages and salaries	26,597	18,548
Social security costs	3,325	2,284
Other pension costs	1,065	1,176
	30,987	22,008

20 Share-based payments

Equity-settled share option schemes

Gain Capital Holdings, Inc ("GCH"), the ultimate parent company, has a share option scheme for all qualifying employees of the GCH group. Under the Group's 2010 Plan, the group's Compensation Committee will determine the exercise price of the options granted and may grant options to purchase shares of common stock in GCH in amounts as determined by the committee. The exercise price of a stock option granted under the 2010 Plan cannot be less than the fair market value of a share of GCH common stock on the date the option is granted. All options granted under the 2010 Plan expire seven years from the date of grant

Restricted stock units

The 2015 Plan provides for the issuance of RSUs that are convertible on a 1:1 basis into shares of the ultimate parent, GCH's common stock. GCH maintains a restricted stock unit account for each grantee. RSU grants typically vest evenly over three or four years, with the relevant percentage vesting on each anniversary date of the grant. After the RSUs vest, the grantee shall receive payment in the form of cash, shares of the GCH's common stock, or a combination of the two, as determined by GCH. Payment of cash and issuance of shares shall be made upon the vesting date, upon a predetermined delivery date, upon a change in control of GCH, or upon the employee leaving the Company. GCH has historically settled these awards through the issuance of common stock to recipients and intends to continue to do so. RSUs are assigned the value of the GCH's common stock at date of grant issuance, and the grant date fair value is amortized over a three or four year period.

In both 2020 and 2019, the GCH issued RSUs with performance-based vesting in addition to the time-based grants. The number of shares issuable upon vesting is determined by GCH's achievement relative to certain operating performance targets established by GCH. Vesting is contingent upon the recipient's continued service to the Company through the vesting period. A portion of these performance-based grants vest on the two year anniversary of the grant date, with the remainder vesting three years after the grant date. The Company recognised expense for these performance-based RSUs on the basis of the Company's best estimate of fair value.

The Company recognised total expenses of £2,213,228 (2019: £1,100,483) related to equity-settled share-based payment transactions in 2020. All outstanding RSU's vested in 2020 as GCH was acquired in the year.

Notes *(continued)*

21 Ultimate parent company and parent company of larger group

The immediate parent company is Gain Capital Holdings Ltd, incorporated in the United Kingdom, by virtue of its holding of 100% of the issued share capital. The Company is a subsidiary undertaking of StoneX Group Inc. The ultimate controlling party is StoneX Group Inc.

The smallest and largest group in which the results of the Company are consolidated is that headed by the ultimate parent company and controlling party, StoneX Group Incorporated ("SXG"), whose registered office address is 530 Fifth Avenue, 15th Floor, New York, NY 10036, United States. The consolidated financial statements of these groups are available to the public and may be obtained from the Investor relations website which can be found at ir.stonex.com.

22 Related party relationships and transactions

The Company is exempt from the requirement to disclose transactions with fellow wholly owned Group undertakings under Section 33 Related party disclosures FRS 102.

	Receivables outstanding 2020 £'000	2019 £'000	Creditors outstanding 2020 £'000	2019 £'000
Entities with control, joint control or significant influence	2,437	16,406	91	44
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption) in related party	-	-	2,900	2,903
Other related parties	45,909	41,871	2,126	186
	48,346	58,277	5,117	3,133

Transactions with key management personnel

Key management personnel includes all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The balances outstanding at the end of the 31 December 2020 were £42,000 (2019: £313,000). Details of revenue received for these personnel during the period are as follows:

	2020 £'000	2019 £'000
Net trading revenue	-	10
Net finance income	-	4
Total transactions	-	14

Notes *(continued)*

23 Accounting estimates and judgements

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- In respect of Provisions, determine the amount of potential liabilities arising from each potential provision and estimate the likelihood of liability, taking into account known factors from internal and external sources.
- Arriving at a reasonable deferred tax asset arising on tax losses carried forward and on differences between the book and tax carrying values of tangible fixed assets, by determining the likelihood and magnitude of future taxable profits.

24 Financial Commitments and Contingencies

Operating leases

Non-cancellable operating lease rentals in respect of land and buildings are payable as follows:

	2020	2019
	£'000	£'000
Less than one year	1,170	991
Between one and five years	3,316	4,487
	4,486	5,478

Non-cancellable operating lease rentals in respect of other leases are payable as follows:

	2020	2019
	£'000	£'000
Less than one year	272	359
Between one and five years	41	317
	313	676

During the year £1,961,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £2,312,000)

Notes *(continued)*

24 Financial Commitments and Contingencies (continued)

Capital Commitments

The Company has committed capital expenditure of £nil as of 31 December 2020 (2019: £307,000). This relates to leasehold improvement costs for new leasehold property. Deposit paid of £nil (2019: £307,000) is included in other debtors and accrued income as of 31 December 2020.

Guarantees

The Company has provided a guarantee in respect of Gain Capital Singapore PTE Limited ("CIA") to the Monetary Authority of Singapore ("MAS"), the financial services regulator in Singapore. The Company guarantees that it will, at the request of MAS make up any liquidity shortfall in CIA and ensure that CIA can continue to meet all of its obligations and liabilities up to a maximum of 10,000,000 Singapore dollars, which at the balance sheet date equated to approximately £4,800,000. The Management are confident that CIA is capable of meeting its obligations and liabilities for the foreseeable future.

25 Subsequent Events

On 24 February 2021 the Company share capital was reduced from £86,948,098.14, divided into 8,694,809,814 ordinary shares of £0.01 each (of which have been issued and are fully paid) to £999,903.12861, divided into 8,694,809,814 ordinary shares of £0.000115 each, by reducing the nominal value of each issued share from £0.01 to £0.000115; and the share premium account of the Company was cancelled.

On 1 March 2021 the business activities for the Company were transferred to StoneX Financial Ltd.

On 1 March 2021 the company paid a $65,000,000 dividend to the parent company Gain Capital Holdings Ltd.

On 23 April 2021 the company paid a $39,829,000 dividend to the parent company Gain Capital Holdings Ltd.

26 Country by Country Reporting

The disclosures set out in the tables below are required by The Capital Requirements (Country by Country Reporting) Regulations 2013. The requirements originate from Article 89 of the Capital Requirements Directive IV ("CRD IV"). The Group's country-by-country disclosures have been prepared on the basis of the geographical location of the legal entity booking the transaction and are for the year ended 31 December 2020.

Jurisdiction	Description of activity	List of entities
UK	Provision of market-making and spread-trading services in a variety of financial products and markets	Gain Capital UK Limited, Trade Facts Ltd

Jurisdiction	Number of employees (average for the year	Turnover (Net revenue) £'000	Profit before tax £'000	Accounting tax £'000	Cash tax paid on profit £'000	Public subsidies received £'000
UK	204	90,047	47,650	15,029	12,815	-