ADM Investor Services International Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2021

Company Registration No. 02547805

ADM Investor Services International Limited

COMPANY INFORMATION

DIRECTORS	M Boulaie S P Jackson T R Kadlec D C O'Hegarty F J D Somerville-Cotton
SECRETARY	D C O'Hegarty
COMPANY NUMBER	02547805
REGISTERED OFFICE	The Minster Building 3rd Floor 21 Mincing Lane London EC3R 7AG
AUDITOR	Ernst & Young LLP 25 Churchill Place London E14 5EY
BANKERS	JP Morgan Chase Bank 1 Chaseside Bournemouth BH7 7WH

The Directors present their Strategic Report of ADM Investor Services International Limited ('the company' or 'ADMISI', Company Registration No. 02547805) for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Archer Daniels Midland (UK) Limited.

The company's principal activity is to act as an Institutional and Corporate brokerage business in the Commodities and Securities Markets. ADMISI specialises in managing, executing and clearing primarily Exchange cleared listed derivatives, Futures and Options for clients. Our primary products are commodity futures and options, financial and equity futures and options, foreign exchange and fixed income derivatives. These products are offered for investment businesses who are predominantly hedging, trading, or both. There have been no significant changes to the company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely changes in the company's activities or focus in the coming year.

The company is regulated by the Financial Conduct Authority (FCA) to conduct activities regulated by the Financial Services and Markets Act 2000.

The company has a subsidiary company, ISI Nominees Limited, which acts as nominee for ADM Investor Services International Limited in respect of securities registered in its name.

The company reduced losses substantially in 2021 as the actions taken by the Directors mitigated the impact of the Covid-19 pandemic and the effect of the significantly reduced interest income. The company has rigorously focussed on disciplined management of risk and costs and this has underpinned the greatly improved results. As we move into 2022 inflation has begun to challenge central banks and the direction of travel on interest rates is upwards again, particularly in both the key US Dollar (USD) and Pound Sterling rates (GBP) where the company has the majority of its exposure. Customer balances are significantly higher than before the pandemic and the Directors are confident that the company will return to consistent profitability as interest rates rise.

The Directors continue to assess the feasibility of opening an office in the European Union (EU) to ensure continuity of service of existing business and to support marketing to potential new European clients within the EU itself. This will remain in a holding pattern until business has returned to consistent profitability and indeed the EU authorities determine the long-term relationship with the UK in terms of equivalence and financial services in general.

The company continues to operate a small branch office in Gibraltar. The development of business from the company's branch office has continued to grow steadily throughout 2021 with the outlook into 2022 positive.

The company's balance sheet remains strong and the company continues to meet all regulatory capital requirements. The company continues to enjoy the support of the network of ADM Investor Services companies and an exceptionally strong sole shareholder in Archer Daniels Midland Company (ADM).

KEY PERFORMANCE INDICATORS

The company's performance overall was significantly weaker versus the previous year.

Gross profit decreased by 7% despite a small increase in net commission income. Net interest earnings decreased by 29%. The year was characterised by pockets of market volatility interspersed with extended periods of reduced volatility and the company is pleased to have grown the underlying level of commission income against this market background. The ongoing reduction in interest income as key rates are effectively below zero was mitigated to the maximum extent possible by adjustments to the company's interest policy. As the Directors look forward into the rest of 2022 we have now had a 25 basis point rise in US interest rates and 3 rises in UK rates totalling 65 basis points. This has an immediate positive impact on profitability with the prospect of further rate rises to come through the remainder of the year and into 2023.

KEY PERFORMANCE INDICATORS (Continued)
The business recovered strongly in 2021 and the Directors expect the rate of recovery to strengthen in 2022. The underlying business remains healthy and we have a promising pipeline of new business. The level of financial gearing to a cycle of rising interest rates is high and the Directors expect to see a rapid improvement in profitability as interest rates rise. We work ever more closely with colleagues in the other ADM Investor Services locations globally and expect to realise operating and capital efficiencies as this work develops.

Customer origination was substantial during the period with the company able to on board some significant new business. The pipeline of potential new business is strong and continues to grow into 2022. We continue to believe that the strength of our parent gives us a key competitive advantage over our peer group and that this will continue to help us win new business.

Customer funds rose in 2021 to £1,121 million as at 31 December 2020 (2020: £1,004 million).

Administrative costs decreased in 2021, falling by 26%. This fall reflected several items in 2020 that did not recur including a material single customer default, legacy legal and regulatory costs and a redundancy programme. The Directors expect costs to remain at a similar level in 2022.

The company is required to maintain an adequate level of financial resources, in accordance with rules set by its regulator, the Financial Conduct Authority 'FCA'. The company reviews the usage of capital on an ongoing basis and has implemented a structured programme of improvements to reduce regulatory capital requirements and conduct business in a more efficient manner. The utilisation of margin facilities offered to trade customers in regard to their hedging remains a key part of our business strategy. The Directors continue to carefully monitor this area; the number of, and the total amount of approved facilities continued to be reduced during the year with returns strictly monitored and seen to be increasing in line with the internal expectation for a meaningful Return on capital (ROC).

PRINCIPAL RISKS AND UNCERTAINTIES
In keeping with the size of the company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. However, a number of sub-committees focus on components of these risks, including an Enterprise Risk Management Committee, a Market Risk Committee and a Credit Risk Committee. All these governance functions enjoy Board Director participation at all times. The policies set by the Board of Directors are implemented by the company's risk and finance departments. These departments have policy and procedural guidelines that set out specific methods to manage credit risk and liquidity risk. The Directors have considered the exposure of the company to price risk, credit risk, market risk, liquidity risk, operational risk, business risk and interest rate risk, in order that an overall assessment can be made of the company's assets, liabilities, its financial position and its results for the year.

Additionally, consideration is given to operational risk and ongoing regulatory change. The company has continued to operate a continuous improvement approach across the entire corporate governance framework throughout 2021 with key Committees becoming further embedded in the business supported by high quality and experienced personnel. The Committee structure is reviewed on an ongoing basis by the Directors to ensure that the company is always following best practice and maintaining regulatory compliance.

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)
The company does not trade for its own account. Price risk is therefore not a primary concern. Credit risk and market risk do arise from customer trading activities and positions. The majority of transactions are executed in markets with adequate liquidity and on Recognised investment exchanges (RIE), cleared through authorised Central Counterparties (CCPs). Individual client trading limits and position limits are in place where necessary, in order to control exposures to credit risk and adverse market price movements. Liquidity risk is managed on a daily basis to ensure that the company has adequate funding available to meet its obligations. The company continues to utilise and expand its technology in risk management and related platforms to further enhance the visibility of intraday risk generated by our clients trading activities and margin requirements. This significant investment is illustrative of our continuing strategy to invest heavily in technology to improve systems and controls across all aspects of the business over the long term.

In order to ensure the stability of cash flows and manage interest rate risk the company has a policy of maintaining the majority of its financing at fixed rates where possible or based on applicable money market rates plus a margin. The company has enhanced its treasury management function further during the reporting period with the addition of a dedicated treasury manager. The company has financing available from a Group undertaking, ADM International Sarl, on a money market plus margin interest rate basis. The company does not use financial derivative instruments to manage interest rate costs and therefore no hedge accounting is applied.

The company has no exposures to Russian or Russia adjacent countries or to Ukraine.

REGULATORY MATTERS
The Board of Directors and key Committees have given extensive consideration to the likely future developments that may impact on the business. Regulatory changes and continued regulatory compliance remain at the forefront of the Directors concerns and focus. ADMISI has successfully implemented the Investment Firms Prudential Review (IFPR) which came into effect on 1 January 2022. These regulatory challenges and the associated compliance requirements will always remain a primary focus for ADMISI. Any self-generated developments may involve proposals to grow the business either through organic growth, strategic alliance or adjacent acquisition.

OUTLOOK FOR 2022 & FUTURE DEVELOPMENTS
Notwithstanding the impact of COVID-19, the company continued with a programme of continuous improvement in its risk management, compliance, finance and operational processes and is well positioned to grow its' business in both a COVID and post COVID environment. The company has a significant pipeline of new business and its Directors are confident that the client base will continue to grow. The challenges of evolving regulation and compliance continue to make it difficult for smaller businesses to meet regulatory expectations and ADMISI is in the advantageous position of having sufficient scale to meet these challenges. This allows the company to win clients that are either being discarded from the Tier 1 players on grounds of scale or poor return on equity, or clients that are no longer able to be supported by the smaller brokerage firms that lack the critical mass to operate in a much increased cost base environment. The Directors do not anticipate any material changes in the principal activities of the business. The Directors consider the company is well placed to meet the future demands on the business and realise the opportunities in the marketplace as they arise.

COVID-19

At the time of writing many part of the world are still embroiled in managing the COVID-19 pandemic albeit the UK situation is now considerably improved with daily life back to something much closer to normal.

Archer Daniels Midland (ADM), as one of the largest global food processing companies, is at the forefront of endeavouring to deliver nutrition to the world by unlocking nature to enrich life and the business continues to thrive. While ADMISI has seen a significant adverse impact on its specific business as the world economy was disrupted and interest rates reduced to near zero, the rising interest rate cycle will have a substantial positive impact on the business and the Directors expect profitability to continue to improve in 2022. The worst of the Covid-19 crisis is now behind us and we have returned to a way of working that balances the needs of our business with an appropriate level of flexible working for our employees. The financial services industry is emerging back into normal life again as the ability to travel and hold face to face meetings with customers returns.

The Directors view the medium and long-term prospects of the company with considerable optimism. Notwithstanding recent geopolitical events the company is well positioned as we move into a rising interest rate cycle and we look forward to delivering substantially improved results in 2022.

The company's Pillar 3 disclosure (unaudited) can be found at www.admisi.com.

S(172) STATEMENT BY THE DIRECTORS IN THE PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH s172(1) COMPANIES ACT 2006

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of The Companies Act 2006:

Who? **Stakeholder group**	**Why** **Is it important to engage?**	**How** **Are management and directors engaged?**	**What** **What were the key topics of engagement and what feedback/input was obtained?**	**Outcomes and Actions** **What was the impact of the engagement including any actions taken?**
Investors Our sole shareholder is the Archer Daniels Midland Company (ADM)	ADM is our source of capital and liquidity ADM is a key customer A key strategic goal is to generate sustainable returns for ADM over the long term	Two ADM employees sit on our Board as Non-Executive Directors one of whom is Chairman of ADMISI Regular interaction between our Directors, Managers and other employees with ADM A number of key governance committees are in place to support our objectives and ensure compliance with all regulatory and governance requirements We participate in ADM training and follow ADM corporate policies where appropriate as well as ADMISI specific training	Our response to COVID-19 was agreed with ADM including remote working and other office safety measures Strategic plan discussed with ADM including how we address the commercial challenges from COVID-19 Key liquidity support agreement maintained to support our commitments as a member of several clearing houses	We follow UK government requirements first and then ADM policy on COVID-19 safety including social distancing and mask wearing at work ADM continues to support investment in our business to generate growth. ADM provided support to our redundancy programme and the new office location/lease
Customers	Our customers are the key to our success as a business. We must support their commercial priorities while controlling risk and remaining fully compliant with regulatory standards	Directors and senior managers meet with customers regularly All customers have an Account Executive who is responsible for managing the day to day relationship Directors set the tone from the top to deliver outstanding customer service	Meet with key existing customers and significant new business prospects to discuss their commercial requirements Regular reviews of the financial, risk and compliance performance of key customer relationships Engagement with risk management issues to ensure customer risk is appropriate and well controlled	Continued support for margin finance arrangements for trade customers hedging physical commodity exposure Maintain relationships with customers that fit with our own business standards and risk appetite Day to day management of risk issues with our customers. Margin requirements increased in conditions of market stress

Workforce	Our success as an organisation depends on the engagement and dedication of a skilled workforce Our workforce must meet our standards and values for our business to support our customers and remain compliant with regulatory standards Our people are a significant asset of our business. Their wellbeing and welfare is of paramount importance	We operate an organisational structure that gives our workforce constant exposure to Directors and other senior managers on a daily basis Directors communicate regularly with our workforce through town hall and other events that facilitate and encourage a two way discussion We run a full CSR programme that supports events and activities to maintain and enhance workforce wellbeing while enabling colleagues to contribute to the local and national community through ADM Cares UK	Our response to COVID-19 and how that impacted on the work environment both remotely and in the office particularly as we moved towards a wider return to work in 2021 The wellbeing of our whole workforce as we worked through another challenging year	Regular meetings of Directors and senior managers. Regular Q&A events for the whole workforce to understand current and future positions Q&A events, encouraging managers to check in with their staff, regular competitions and other activities and weekly remote drop in meetings for workforce with Directors and senior managers
Regulators	Regulatory compliance is fundamental to what we do Our business cannot succeed over time without being fully compliant with regulatory standards and expectations set by the FCA our primary regulator and other regulators where applicable	Directors have responsibility for defining policies and processes to meet regulatory standards Directors appoint senior managers and delegate appropriate authority to those senior managers in accordance with regulatory standards Directors attend all relevant governance committees to review and ensure regulatory compliance	The implementation of the Investment Firms Prudential regime which came into effect on 1 January 2022. The impact of the COVID-19 pandemic on financial markets and our business Ongoing open communication with the FCA	Directors were involved in the impact assessment and implementation planning. Advice was taken from appropriately experienced third party consultants to ensure compliance with the new rules. The Directors provided regular feedback to the FCA through informal and formal returns The Directors ensure that they consider and discuss any issues within the business that the FCA should be made aware of. These are usually communicated to the FCA by the Compliance Director

S(172) STATEMENT BY THE DIRECTORS IN THE PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH s172(1) COMPANIES ACT 2006 (CONTINUED)

Communities and environment
The company is committed to managing the social and environmental impact of its operations. The company's carbon footprint is discussed in the Directors' report (page 10). ADM commits to communities where ADM colleagues work, live and operate through ADM's corporate social investment program, ADM Cares.

Principal Decisions
We define principal decisions as those which have a material impact on the company and our stakeholder groups. The principal decisions that the directors consider to have been made during 2021 were:

1) Operational response to the COVID-19 Pandemic

- We saw another disrupted year in 2021. The UK came into the year with another lockdown in place and many of our employees returned to working remotely for a considerable period of the year.
- We considered the impact on the safety and wellbeing of our workforce as of paramount importance. All of our workforce were consulted individually and encouraged to return to remote working where the role could be carried out effectively. Support in terms of IT equipment and office furniture where required was provided. We have communicated with our workforce continuously throughout the pandemic.
- Continuity of service to our customers and operational resilience was critical. As a clearing member of key financial markets we were highly sensitive to our obligations to both markets and our customers to maintain uninterrupted access to trade. A skeleton staff, consisting of those whose roles were necessary to guarantee network connectivity and continuity of service, was retained in the office to facilitate this goal.
- We communicated with the FCA throughout this process explaining our approach and how we were supporting our customers and managing risk.
- We are continually engaged with our parent, ADM, to ensure that our operational plans are consistent with their policy as well as UK government regulations and guidance. In the event of a conflict we follow UK government policy first.
- As the year progressed we were able to return to the workplace in full albeit with an appropriate hybrid working policy in place. We encouraged and facilitated a return to remote working in December in line with government guidance and have been able to have a full return to the office in 2022.

2) Strategic Response to the COVID-19 Pandemic

- We have explained the impact of COVID-19 on our business in the Strategic Report. The loss of interest income following the dramatic reductions in central bank interest rates to near zero was significant and highly damaging to our near term profitability. This has implications both for our workforce and for our ability to generate returns for our parent, ADM. It also invites questions from our regulator, the FCA, as to how we propose to recover.
- We continued to work hard throughout 2021 on improving the performance of the business. We particularly focussed on highly disciplined risk management together with control of costs. As we move into 2022 we will focus on continued growth in our customer base and on engaging with other ADM colleagues globally to identify and realise operating and capital efficiencies. We will also work to closely analyse the return from existing business and focus our use of capital in areas where the financial return meets our internal benchmarks.
- The Board has communicated regularly with the FCA throughout the pandemic and they have asked regular questions as to the financial health of the firms that they regulate. Notwithstanding the challenges to profitability in 2021we have been able to emphasise the ongoing strength of our balance sheet together with our recovery actions as explained above. The Board is confident that the worst impact is behind us.

This report was approved by the board of Directors on 4 April 2022.

Signed on behalf of the board:

....

FJD Somerville-Cotton
DIRECTOR

Dated: 4 April 2022

The Directors present their report together with the financial statements of ADM Investor Services International Limited ('the company' or 'ADMISI', Company Registration No. 02547805) for the year ended 31 December 2021, which have been prepared in accordance with the provisions of the Companies Act 2006.

The company has a foreign operation, the Gibraltar Branch, which is disclosed in the Strategic Report.

RESULTS AND DIVIDENDS

The details of the loss for the year are set out in the income statement on page 18. The loss of £1,786,810 (2020: loss of £11,486,388) has been transferred to reserves. The Directors proposed and paid a dividend of £Nil (2020: £Nil) to Archer Daniels Midland (UK) Limited.

GOING CONCERN

The Directors have recently conducted a further review of the company as a going concern, and are satisfied to report positively on this matter. The review considered the adequacy of capital reserves, the liquidity available for business operations, and the future prospects for the company in accordance with its strategy. The company will continue to maintain financial resources in excess of its regulatory requirements. At 31 December 2021 the Pillar 1 requirement was £31.0 million (2020: £31.6 million) compared to actual resources of £72.7 million (2020: £78.8 million).

The Directors are confident in the medium and long term prospects for the business.

DIRECTORS

The following Directors have held office since 1 January 2021:

M Boulaie
S P Jackson
T R Kadlec
D C O'Hegarty
F J D Somerville-Cotton

CHARITABLE DONATIONS

In the financial year, the company made charitable contributions of £15,000 (2020: £15,000).

PRINCIPAL RISKS AND UNCERTAINITIES

Full details of the Company's financial risk management objectives and policies, including any associated use of financial instruments, are provided in Note 24 of these financial statements.

STREAMLINED ENERGY & CARBON REPORTING (SECR)

Under the new SECR legislation we are mandated to include energy consumption, emissions, intensity metrics and all energy efficiency improvements implemented in our most recent financial year.

Methodology

Scope 1 and 2 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting year 01/01/2021 – 31/12/2021:

For properties where ADMISI is indirectly responsible for utilities (i.e. via a landlord or service charge), and invoices were not available, consumption was estimated based on consumption data from normal operations in 2020. For properties where consumption was not available for a portion of the year, consumption data was estimated based on previous consumption recorded in both 2020 and 2021. These full year estimations were applied to one electricity supply.

Energy consumption (kWh) and Greenhouse Gas emissions (tCO_2e)

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets. Scope 3 emissions related to grey fleet are also reportable under SECR for ADMISI.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

STREAMLINED ENERGY & CARBON REPORTING (SECR)

The total consumption (kWh) and emission (tCO_2e) figures for energy supplies reportable by the company are as follows:

Utility and scope	**2021 UK Consumption (kWh)**	**2021 UK Consumption (tCO_2e)**	**2020 UK Consumption (kWh)**	**2020 UK Consumption (tCO_2e)**
Grid-Supplied Electricity (Scope 2)	634,996	134.83	434,866	101.38
Gaseous and other fuels (Scope 1)	137,269	25.14	85,740	15.77
Transportation (Scope 3)	-	-	3,399	0.80
Total	**772,265**	**159.97**	**524,005**	**117.95**

Intensity metric

An intensity metric of tCO_2e per £m revenue has been applied for the annual total emissions of the company.

Intensity metrics have been calculated utilising the 2021 reportable figures for the following metrics, and tCO2e for both individual sources and total emissions were then divided by this figure to determine the tCO2e per metric. Total turnover in 2021 was £40.73m and in £40.79m in 2020.

The intensity metric reported in 2020 financial statements has been updated from 3.16 to 2.89 tCO2e / £m revenue to reflect the 2020 revenue value in this report, as 2020 final revenue amount was not available at the time of report production in 2021.

The intensity metrics for the year ended 2021 and 2020 were following:

Utility and scope	**Intensity metrics (tCO_2e per £m revenue) based on 2021 revenue**	**Intensity metrics (tCO_2e per £m revenue) based on 2020 revenue**
Grid-Supplied Electricity	3.31	2.48
Gaseous and other fuels (Scope 1)	0.62	0.39
Transportation (Scope 3)	-	0.02
Total	**3.93**	**2.89**

Energy efficiency improvements

We are committed to year-on-year improvements in our operational energy efficiency as far as is possible, given the nature of the leased portfolio that ADM ISI occupy, and limitations on the extent to which physical efficiency measures can be implemented within the portfolio. ADM ISI make reasonable efforts to ensure that properties we occupy are of a high standard of energy efficiency with regard to installed plant.

Measures ongoing through 2021 and onwards:

Behavioural Change Programme:

ADM ISI are aware that the controlling element we have over our energy consumption is how our staff utilise the equipment within the offices. Following the gradual return to office work over the reporting year, we have been working through the implementation of behavioural change programme to ensure good practice with regards equipment and operations in the office.

EMPLOYEE INVOLVEMENT
Employees are provided with information about the company from the Human Resources and Compliance department. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the company through incentive payments and bonuses, which are related to the results.

DIRECTORS' LIABILITIES
The company has granted an indemnity to one or more Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

DISCLOSURE OF INFORMATION TO THE AUDITOR
So far as each person who was a Director at the date of approving this report is aware there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquires of fellow Directors and the auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

RE-APPOINTMENT OF AUDITORS
In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the re-appointment of Ernst & Young LLP as auditor of the company.

This report was approved by the board of Directors on 4 April 2022.

Signed on behalf of the board:

S P Jackson
DIRECTOR

Dated 4 April 2022

ADM Investor Services International Limited
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 the affairs of the company and of the profit or loss for that period. In preparing those 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, comprising the FRS 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADM INVESTOR SERVICES INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of ADM Investor Services International Limited for the year ended 31 December 2021 which comprise Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 30, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 up to 30 April 2023, being not less than 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the regulations, licence conditions and supervisory requirements of the Company's primary regulator the Financial Conduct Authority. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the United Kingdom Generally Accepted Accounting Practice and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employment data protection and anti-bribery and corruption.

- We understood how the Company is complying with those frameworks to prevent override of controls designed to prevent fraud by enquiry of management and the directors to understand how the Company maintains and communicates its policies and procedures as well as through the evaluation of corroborating documentation. We also reviewed correspondence with relevant authorities.

- We identified a management override of control risk around revenue recognition. Our procedures involved testing controls that exist at the entity level, as well as controls at the individual transaction level.

- We tested specific manual adjusting journal entries, where we exercised a heightened level of professional scepticism and included an element of unpredictability in the nature, timing and extent of our testing.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by making enquiries of management, and those charged with governance, and by considering their incentives to manage earnings or influence the perceptions of stakeholders. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations, and to address the risk of management override of controls.

- The Company operates in the financial services industry which is a highly regulated environment. As such the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of experts where appropriate.

- As the financial services industry is highly regulated, we have obtained an understanding of the regulations and the potential impact on the Company and in assessing the control environment we have considered the compliance of the Company to these regulations as part of our audit procedures, which included a review of correspondence received from the regulator i.e. FCA.

A further description of our responsibilities for the audit of the financial statements is located 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.

Ernst & Young LLP

Nicholas Dawes (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
05 April 2022

ADM Investor Services International Limited
INCOME STATEMENT
For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	6	40,729,712	40,792,466
Cost of sales	7	(26,563,870)	(26,850,043)
Interest receivable and similar income	9	5,839,620	8,245,926
Interest payable and similar charges	10	(1,282,341)	(1,935,484)
GROSS PROFIT		18,723,121	20,252,865
Administrative expenses		(20,672,517)	(28,034,455)
Impairment gains/ (losses)	17	77,602	(4,850,539)
OPERATING LOSS	8	(1,871,794)	(12,632,129)
Interest payable on subordinated loan		(152,796)	(196,051)
Interest payable on lease liabilities		(296,902)	(323,560)
LOSS BEFORE TAX		(2,321,492)	(13,151,740)
Taxation	13	534,682	1,665,352
LOSS AFTER TAX		(1,786,810)	(11,486,388)

Turnover and operating loss are derived from the company's continuing operations.

ADM Investor Services International Limited
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	2021 £	2020 £
Loss for the financial year		(1,786,810)	(11,486,388)
Other comprehensive income:			
Items that cannot be reclassified to profit or loss:			
Fair value movements of FVOCI investments – net of tax	16	92,970	(126,748)
Tax on items relating to components of other comprehensive income		28,756	(38,203)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		121,726	(164,951)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,665,084)	(11,651,339)

ADM Investor Services International Limited
BALANCE SHEET
As at 31 December 2021

	Notes	2021	2020
		£	£
NON-CURRENT ASSETS			
Intangible assets	14	224,240	224,240
Tangible assets	15	10,655,636	12,004,586
Investments	16	1,550,375	1,356,769
Deferred tax asset	21	104,115	127,320
		12,534,366	13,712,915
CURRENT ASSETS			
Debtors	17	818,164,404	784,291,729
Cash at bank and in hand		39,389,252	19,585,784
		857,553,656	803,877,513
CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR	19	(784,937,824)	(729,163,672)
PROVISIONS FOR LIABILITIES	22	(2,700,000)	(3,389,910)
NET CURRENT ASSETS		72,615,832	71,323,931
TOTAL ASSETS LESS CURRENT LIABILITIES		85,150,198	85,036,846
CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR	20	(14,585,230)	(15,489,682)
NET ASSETS		67,864,968	69,547,164
CAPITAL AND RESERVES			
Called up share capital	26	32,000,000	32,000,000
Fair value reserve		1,093,379	1,000,409
Share-based payments reserve	27	789,106	764,048
Retained earnings		33,982,483	35,782,707
SHAREHOLDERS' FUNDS		67,864,968	69,547,164

The financial statements on pages 18 to 56 were approved by the board of Directors on 4 April 2022.

Signed on its behalf by:

F J D Somerville-Cotton
DIRECTOR

S P Jackson
DIRECTOR

ADM Investor Services International Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Called up share capital £	Fair value reserve £	Share-based payments reserve £	Retained earnings £	Total £
1 January 2020	32,000,000	1,127,157	709,939	47,209,900	81,046,996
Loss for the financial year	-	-	-	(11,486,388)	(11,486,388)
Other comprehensive loss for the year	-	(126,748)	-	(38,203)	(164,951)
Total comprehensive loss for the year	-	(126,748)	-	(11,524,591)	(11,651,339)
Charge for share-based payments for the year	-	-	293,016	-	293,016
Impact of ADM recharge	-	-	(141,509)	-	(141,509)
Transfer to retained earnings	-	-	(97,398)	97,398	-
	-	-	54,109	97,398	151,507
31 December 2020	32,000,000	1,000,409	764,048	35,782,707	69,547,164
Loss for the financial year	-	-	-	(1,786,810)	(1,786,810)
Other comprehensive income for the year	-	92,970	-	28,756	121,726
Total comprehensive loss for the year	-	92,970	-	(1,758,054)	(1,665,084)
Charge for share-based payments for the year	-	-	295,128	-	295,128
Impact of ADM recharge	-	-	(312,240)	-	(312,240)
Transfer to retained earnings	-	-	42,170	(42,170)	-
	-	-	25,058	(42,170)	(17,112)
31 December 2021	32,000,000	1,093,379	789,106	33,982,483	67,864,968

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

ADM Investor Services International Limited (ADMISI) is a private company limited by share capital, incorporated and domiciled in England and Wales. The company is registered in England (Company Registration No. 02547805). The principal activity of the company is to act as a managing, clearing and executing broker for clients carrying out commodity and financial futures, equities and options investment business and trading, foreign exchange business, and broking in fixed income products.

2 BASIS OF PREPARATION

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with UK GAAP FRS 101 (Financial Reporting Standard) Reduced Disclosure Framework and the Companies Act 2006.

These financial statements have been prepared on a going concern basis and in accordance with FRS 101 Reduced Disclosure Framework. They have been prepared under the historical cost convention modified to include fair value accounting for certain financial instruments in accordance with applicable accounting standards.

The company is exempt by virtue of section 401 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. The company does not produce consolidated financial statements as these are produced by its ultimate parent undertaking, Archer-Daniels-Midland Company (ADM).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46-52 of *IFRS 2 Share-based Payment*, because the share-based payment arrangement concerns the instruments of another group entity; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer-Daniels-Midland Company.

(b) the requirement in paragraph 38 of *IAS 1 Presentation of Financial Statements* to present comparative information in respect of:
(i) paragraph 79(a)(iv) of *IAS 1*;
(ii) paragraph 73(e) of *IAS 16 Property, Plant and Equipment*;
(iii) paragraph 118(e) of *IAS 38 Intangible Assets*;

(c) the requirements of paragraphs 10(d), 10(f)of *IAS 1 Presentation of Financial Statements;*

(d) the requirements of *IAS 7 Statement of Cash Flows;*

(e) the requirements of paragraphs 30 and 31 of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;*

2 BASIS OF PREPARATION (Continued)

(f) the requirements of paragraph 17 of *IAS 24 Related Party Disclosures;* and the requirements in IAS 24 to disclose related party transactions between two or more members of a group, provided that any subsidiary which is a party to the transactions entered into is wholly owned by such a member; and

(g) the requirements of paragraphs 130(f) (ii), 130 (f)(iii),134(d)-134(f) and 135(c)-135(e) of *IAS 36 Impairment of Assets*, on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels-Midland Company.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following new standards and amendments became effective as at 1 January 2021:

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Conceptual Framework for Financial Reporting.

New standards and amendments did not have any impact on the company's financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 FOREIGN CURRENCY TRANSLATION

The presentation currency of the company is Great British Pounds (GBP), which is also the company's functional currency. The company has a foreign operation, the Gibraltar Branch, the activities of which are based in a functional currency of GBP. The functional currency of the company and its foreign operation are determined based on the primary economic environment in which the entity operates.

Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Any foreign exchange differences are taken to the income statement in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are carried on the balance sheet and translated into the functional currency at historical rates of exchange determined using the period end rate of exchange for the period in which they were acquired. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.
The company follows a five-step model for revenue recognition that focuses on the transfer of control: 1) identify the contract with a customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract and 5) recognise revenue when (or as) the company satisfies a performance obligation.

The revenue recognition rules for different streams of revenue in the company are described below:

Clearing and execution income
Clearing and execution income are derived from its principal activity wholly undertaken in the United Kingdom and is attributable to acting as managing, clearing and executing broker for clients. Revenue is recognised on the trade date, being the trade date that the company commits to purchase or sell the financial assets.

Commission sharing agreement
Revenue is recognised upon receipt of payment which is considered to be when the service has been completed. The income arises from monies allocated to the company periodically by fund managers. Revenue is allocated to the company when the amounts are notified and paid by the fund manager.

Custody income
Revenue is recognised at the end of the month when the custody fee is charged.

Interest receivable and similar income
Revenue is recognised as interest accrues.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 INTANGIBLE ASSETS AND AMORTISATION

Under IFRS 3 Business combinations goodwill is not amortised. Consequently, the company does not amortise goodwill but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known.

Goodwill and intangibles have been initially measured at the carrying amounts that would have been reported in the financial statements of the company. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the company's cash generating units (CGU). Each unit to which goodwill is allocated represents the lowest level within the company at which the goodwill is monitored for internal management purposes.

4.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings – right-of-use assets	- asset is depreciated over the term of the lease (see paragraph 4.8)
Leasehold improvements	3 - 5 years
Computer equipment	2 years
Fixtures & fittings	2 - 6 years

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

4.5 FINANCIAL INSTRUMENTS

4.5.1 Initial recognition of financial instruments

The company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost (AC),
- Fair value through other comprehensive income (FVOCI),
- Fair value through profit or loss (FVPL).

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial liabilities are classified, at initial recognition, as financial liabilities measured at amortised cost or at FVPL.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 FINANCIAL INSTRUMENTS (CONTINUED)

4.5.1 Initial recognition of financial instruments (continued)

The company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company changes its business model for managing financial assets. Financial liabilities are never reclassified. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus directly attributable transaction costs. Purchases and sales of financial instruments are recognised on the trade date, being the date that the company commits to purchase or sell the financial instruments.

4.5.2 Subsequent measurement of financial instruments

The subsequent measurement of financial instruments depends on their classification, as described below:

Financial assets measured at amortised cost

The company measures financial assets at amortised cost if both of the following conditions are met: 1) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost include: collateral paid presented in trade debtors, amounts owed by group undertakings, other debtors and cash at bank. Such assets are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets measured at FVOCI

Upon initial recognition, the company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The company elected to classify irrevocably its non-listed equity investments under this category. Fair value changes of the investments at FVOCI are recognised in the fair value reserve in other comprehensive income.

Financial assets designated at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for sale in the short term. Derivatives are also classified as held for trading. Assets are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes: foreign exchange open spot and forward, contracts for difference, exchange traded derivatives which are presented in the trade debtors and in amounts owed by group undertakings.

Financial liabilities at amortised cost

After initial recognition, such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. This category applies to collateral received presented in trade creditors, amounts owed to group undertakings, interest-bearing loans and borrowings, accruals and other financial liabilities.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 FINANCIAL INSTRUMENTS (CONTINUED)

4.5.2 Subsequent measurement of financial instruments (continued)

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. This category includes: foreign exchange open spot and forward, contracts for difference, exchange traded derivatives which are presented in the trade creditors and amounts owed to group undertakings.

4.5.3 Client money

As required by the UK FCA's Client Assets Sourcebook rules, the company maintains certain balances on behalf of clients with banks, clearing houses and brokers in segregated accounts. The assets and related liabilities to clients, whose recourse is limited to segregated accounts, are not included in the balance sheet as the company is not beneficially entitled thereunto.

4.5.4 Offsetting of financial instruments

Financial assets and financial liabilities are presented on a gross basis unless the company has a current legally enforceable right to set off the financial asset and financial liability and the company intends to settle the financial asset and financial liability on a net basis.

4.5.5 Derecognition

A financial asset is primarily derecognised when: 1) the rights to receive cash flows from the asset have expired or 2) the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either a) the company has transferred substantially all the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.5.6 Impairment of financial assets

IFRS 9 requires the company to record an allowance for ECLs ('Expected credit losses') for all assets held at amortised cost or debt instruments at fair value through other comprehensive income. Equity instruments are not subject to impairment under IFRS 9. Under ECL model, the company calculates the allowance for credit losses by considering a forward looking credit risk management. Detailed presentation of ECL can be found in Note 24. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

In accordance with the general approach, ECLs are recognised based on either 12-month ECLs or lifetime ECLs. For credit exposures where there have not been significant increases in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

A client is on default if it fails to pay its margin call. A default event is essentially a failure to make margin calls payment.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market (or most advantageous market, in the absence of a principal market) as at balance sheet date.

In determining the fair value of its financial instruments, the company uses various valuation techniques. Based on the observability of the inputs used in those techniques, the financial instruments are classified and disclosed according to the fair value hierarchy in the following categories:

Level 1
Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments and exchange traded derivatives.

Level 2
Inputs other than quoted prices included within level 1 that are observable for the asset or liability or unobservable inputs that are corroborated by market data.

Level 3
Inputs for the asset or liability that are not based on observable market data (unobservable inputs not corroborated by market date) such as equity investments and debt instruments with significant unobservable components.

Investments are subject to a fair value review each year. The fair value is determined by reference to the current price offered by certain purchasers to current shareholders. Where the management of the company believe that is it not possible to disclose a range of estimates within which the fair values are likely to lie due to shares being in an inactive market, the investments are held at cost. Investments in unquoted shares have been valued with reference to a range of recently traded prices.

4.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

4.8 LEASES

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases for low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right-of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease. The depreciation starts at the commencement date of the lease.

The company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 LEASES (CONTINUED)

The right-of-use assets are presented within 'Tangible assets' in the statement of financial position and are disclosed separately in note 28.

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate.

The lease liability is presented under "Amounts falling due within one year" and "Amounts falling due after more than one year" in the statement of financial position and is disclosed separately in the notes 19, 20 and 28.

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

The company uses the incremental borrowing rate (IBR) as a discount rate. IBR is determined by the company's treasury department as the sum of: appropriate regional political risk premium + appropriate regional risk free rate difference + indicative lease spread + benchmark rate + credit premium.

Lease expenses

The interest expense on lease liabilities is a component of interest payable and depreciation charge for the right-of-use is a component of administrative expenses in the statement of profit or loss and are disclosed separately in the notes 8, 10 and 28.

4.9 EMPLOYEE BENEFITS

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

4.10 SHARE-BASED PAYMENTS

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised in the income statement over the period the service conditions of the grant are met with the amount changing according to the number of awards expected to vest.

The cumulative expense recognised for equity–settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not recognised for the award is recognised immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement.

The company has recharge agreements with certain group companies in respect of the share-based payment schemes whereby, the company is charged for the benefit of share-based compensation.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 DEFERRED TAXATION

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the period for which the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise deferred tax is recognised in the income statement.

4.12 STATEMENT OF CASH FLOW

As described in the basis of preparation, the company is exempt under FRS 101 Reduced Disclosure Framework from the requirement to prepare a statement of cash flow.

4.13 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 Reduced Disclosure Framework from the requirement to disclose transactions with fellow group undertakings where 100% of the voting rights are controlled within the Group.

Other related party balances have been disclosed in the relevant notes.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The items in the financial statements where these judgements and estimates have been made include:

TAXATION

Uncertainties exist with respect to the amounts of current tax expected to be paid or recovered due to the interpretation of tax legislation, changes in tax regulations, and the amount and timing of future taxable income, resulting in the establishment of provisions by the company depending upon reasonable estimate of the outcome to treatment of certain transactions by the responsible tax authority. The amount of current tax provisions is based on factors, such as experience of previous tax assessments and differing interpretations of tax laws by the company and the tax authority in the country of operation.

The directors exercise judgement in determining the amount of deferred tax assets that can be recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

SHARE-BASED PAYMENTS

The cost of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

MEASUREMENT OF THE EXPECTED CREDIT LOSS ALLOWANCE

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires a number of significant judgements such as determining criteria for significant increase in credit risk, choosing appropriate models and assumptions and for the purpose of measuring ECL and grouping of financial assets based on shared risk characteristics for losses measured on a collective basis.

PROVISIONS AND CONTINGENT LIABILITIES

The company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. When the company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

LEASES

Application of IFRS 16 requires significant judgements and certain key estimations which, among others, include identifying whether a contract includes a lease, determination of the incremental borrowing rate, assessment of whether a right-of-use asset is impaired.

6 TURNOVER

TURNOVER BY AREA OF ACTIVITY	2021 £	2020 £
Clearing and execution income	40,721,527	40,774,362
Commission sharing agreements	8,185	18,104
	40,729,712	40,792,466

7 COST OF SALES

	2021 £	2020 £
Brokerage and market fees	17,750,656	16,930,999
Rebates and incentive costs	8,683,575	9,668,970
Other variable costs	129,639	250,074
	26,563,870	26,850,043

8 OPERATING LOSS

	2021 £	2020 £
This is stated after charging:		
Depreciation of tangible assets		
- Owned assets	485,628	253,422
- Right-of-use assets	981,815	1,446,091
Loss on foreign exchange transactions	500,909	947,807
Impairment (gains)/losses	(77,602)	4,850,539
Auditor's remuneration		
- Audit fee	307,290	253,244
- Audit related assurance services	52,500	106,546
- Other non-audit services	-	12,500

Included in the audit fee is an amount of £40,000 (2020: £40,000) borne by the ultimate parent Company.

9 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £	2020 £
Interest income from Group undertakings	53,642	730,739
Bank interest	-	7,894
Interest receivable from counterparties	5,785,978	7,507,293
	5,839,620	8,245,926

10 INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Interest payable to Group undertakings	49,527	405,869
Bank interest	260,977	-
Interest payable to counterparties	971,837	1,529,615
	1,282,341	1,935,484

11 DIRECTORS' EMOLUMENTS

	2021	2020
	£	£
Emoluments	803,890	894,285
Company pension contributions to defined contribution schemes	30,000	30,000
	833,890	924,285

	Number	Number
The number of directors for whom retirement benefits are accruing under defined contribution pension schemes was:	3	3
The number of directors who exercised share options during the year was:	-	-

	£	£
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments	320,844	369,041
Company pension contributions to defined contribution pension schemes	10,000	10,000

The highest paid Director exercised share options during the year and also received shares under the Group's long term incentive scheme.

The emoluments disclosed relate to all the directors except two (2020: two). These directors hold management positions in other group companies. It is considered that there is no appropriate basis to apportion the remuneration between their services as directors of this company and positions held in other group companies. Disclosure in respect of this remuneration, where applicable, is given in the relevant group companies' financial statements.

12 EMPLOYEES

Number of Employees	2021 Number	2020 Number
The average monthly number of employees (including directors) during the year was:		
Sales and broking	41	46
Administrative	71	78
	112	124

EMPLOYMENT COSTS	2021 £	2020 £
Wages and salaries	8,006,737	8,741,974
Social security costs	1,567,613	1,745,369
Pension costs - defined contribution scheme	674,342	707,667
Share-based payments expense	295,128	293,016
	10,543,820	11,488,026

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension contribution payable as at 31 December 2021 was £Nil (2020: £Nil).

13 TAXATION

	2021 £	2020 £
CURRENT TAX		
Current tax charge/(credit)	3,251	(28,786)
Group relief receivable	(469,910)	(1,653,215)
UK current year tax	(466,659)	(1,682,001)
Prior year adjustment	(56,989)	4,670
Foreign tax - current year	40,892	68,680
TOTAL CURRENT TAX CREDIT	(482,756)	(1,608,651)
CURRENT TAX (CREDIT)/CHARGE (SOCE)	(3,251)	28,786
DEFERRED TAX		
Deferred tax credit for current year	(37,952)	(32,352)
Effects of changes in tax rates and laws	(49,445)	(24,349)
Deferred tax adjustments for prior years	35,471	-
DEFERRED TAX CREDIT (Note 21)	(51,926)	(56,701)
DEFERRED TAX CHARGE (SOCE) (Note 21)	75,131	4,434
TOTAL TAX CREDIT THROUGH INCOME STATEMENT	(534,682)	(1,665,352)
TOTAL TAX CHARGE THROUGH SOCE	71,880	33,220

13 TAXATION (CONTINUED)

FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than the effective rate of UK corporation tax 19 % (2020 – 19%) as explained below:

Loss before taxation	(2,321,492)	(13,151,740)
Loss before taxation multiplied by the effective rate of UK corporation tax of 19% (2020 – 19%)	(441,083)	(2,498,831)
Effects of:		
Fixed assets differences	5,065	-
Non-taxable income	(28,500)	-
Non-deductible expenses	799	853,158
Adjustment for prior years – current tax	(56,989)	4,670
Adjustment for prior years – deferred tax	35,471	-
Adjustment for change in tax rates	(49,445)	(24,349)
	(93,599)	833,479
TOTAL TAX CREDIT	(534,682)	(1,665,352)

Nature of activities	UNITED KINGDOM		GIBRALTAR	
	Managing, clearing and executing broker for clients carrying out commodity and financial futures, equities and options investment business and trading, foreign exchange business, and broking in fixed income products		Managing for clients carrying out commodity and financial futures, equities and options, investment business and trading and foreign exchange business	
	2021 £	2020 £	2021 £	2020 £
Turnover	39,007,194	38,381,723	1,722,518	2,410,743
Employees	110	122	2	2
(Loss)/profit before tax	(2,730,414)	(13,838,535)	408,922	686,795
Tax credit/(charge) on profits	575,574	1,734,032	(40,892)	(68,680)

As enacted on 24 May 2021, the corporation tax rate will increase to 25% effective 1 April 2023. The tax rate change to 25% was substantively enacted on 24 May 2021.

As a result, existing temporary differences on which deferred tax has been provided may unwind in periods subject to the 25% rate. The impact of the post balance sheet date change in tax rate is not expected to be material.

14 INTANGIBLE ASSETS

	Goodwill	Total
	£	£
COST		
1 January 2021 and 31 December 2021	224,240	224,240
AMORTISATION AND IMPAIRMENT		
1 January 2021	-	-
Charge for the year	-	-
31 December 2021	-	-
NET BOOK VALUE		
31 December 2021	224,240	224,240
31 December 2020	224,240	224,240

The company performed its annual impairment test as at 31 December 2021 and 2020. The recoverable amount of the CGU has been determined based on a value-in-use calculation using a five year cash flow projection. As a result of this analysis, the Directors did not identify impairment for the goodwill amount.

The calculation of value in use is most sensitive to the following assumptions:

- Income (net of variable costs) from transactions undertaken by customers increasing initially by 11.2% per annum from 2021 and reducing to 5% thereafter (2020: increasing initially by 11.2% per annum from 2020 and reducing to 5% thereafter),
- A pre-tax discount rate applied of 6.50% per annum (2020: 6.64%).

The Directors do not believe there is any impairment resulting from this review.

15 TANGIBLE ASSETS

	Buildings – right-of-use	Computer equipment (including right-of-use)	Fixtures & fittings	Total
	£	£	£	£
COST				
1 January 2021	10,692,999	1,828,399	3,845,908	16,367,306
Additions	-	111,970	6,523	118,493
Adjustments	-	-	-	-
Disposals	-	-	(1,168,313)	(1,168,313)
31 December 2021	10,692,999	1,940,369	2,684,118	15,317,486
DEPRECIATION				
1 January 2021	2,234,265	1,074,210	1,054,245	4,362,720
Charge in the year	981,815	139,927	345,701	1,467,443
Disposals	-	(30,224)	(1,138089)	(1,168,313)
31 December 2021	3,216,080	1,183,913	261,857	4,661,850
NET BOOK VALUE				
31 December 2021	7,476,919	756,456	2,422,261	10,655,636
31 December 2020	8,458,734	754,189	2,791,663	12,004,586

Right-of-use assets include buildings with the cost of £10,692,999, accumulated depreciation of £3,216,080 and net book value of £7,476,919 (2020: cost of £10,692,999 accumulated depreciation of £2,234,265 and net book value of £8,458,734) and computer equipment with the cost of £85,271, accumulated depreciation of £85,271 and net book value of £Nil (2020: cost of £85,271, accumulated depreciation of £85,271 and net book value of £Nil). Right-of-use movements are disclosed in note 28.

16 INVESTMENTS

Investments at FVOCI:

	LME Holdings Limited	ISI Nominees	Total
	£	£	£
31 December 2020	1,355,769	1,000	1,356,769
Revaluation	193,606	-	193,606
31 December 2021	1,549,375	1,000	1,550,375

Details of the investments are as follows:

Company	Principal activity	Registered address	Class	Shares held %
ISI Nominees Limited	Nominee holder of investments	The Minster Building 3rd Floor 21 Mincing Lane London EC3R 7AG	Ordinary	100
LME Holdings Limited	Holder of investment in The London Metal Exchange	10 Finsbury Square London EC2A 1AJ	'B' shares	1.83

Income tax effect on revaluation gain (2020: loss) amounted to £100,636 (2020: £4,983).

Movement on the fair value reserve net of tax amounted to a gain of £92,970 (2020: loss of £126,748) and was credited (2020: debited) to OCI.

17 DEBTORS

	2021	2020
	£	£
Trade debtors	685,243,943	627,499,076
Amounts owed by Group undertakings	111,506,007	132,947,298
Other debtors	23,429,054	24,755,794
	820,179,004	785,202,168
Impairment losses	(2,484,068)	(2,563,654)
	817,694,936	782,638,514
Group tax relief (Note 13)	469,468	1,653,215
	818,164,404	784,291,729

Trade debtors and amount owed by Group undertakings includes derivatives with a fair value of £509,589,955 (2020: £491,123,648) and cash margin receivable of £284,114,662 (2020: £269,239,238).

17 DEBTORS (CONTINUED)

Impairment losses:	2021 £	2020 £
At 1 January	(2,563,654)	(2,113,903)
Decrease/(increase) of provision	77,602	(4,850,539)
Amounts written off	-	4,670,568
Reclassification of impairment from accruals(reversed in 2021)	1,984	(269,780)
As at 31 December	(2,484,068)	(2,563,654)

18 CLIENT MONEY

The company maintains certain balances on behalf of clients with banks, clearing houses and brokers in segregated accounts in accordance with the FCA's Clients Assets Sourcebook rules.

The balance as at the 31 December 2021 which is not recognised in the balance sheet was £1,047,897,000 (2020: £631,613,000).

19 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	522,640,573	506,012,527
Amounts owed to Group undertakings	257,893,533	218,253,751
Corporation tax	-	32,784
Lease liabilities (Note 28)	973,448	941,139
Other creditors	244,157	275,557
Accruals	3,186,113	3,647,914
	784,937,824	729,163,672

Included within trade creditors and amounts owed from Group undertakings are derivatives with a fair value of £479,560,120 (2020: £417,063,877) and cash margin payable of £299,816,850 (2020: £305,519,693).

Amount owed to Group undertakings includes a credit facility of £Nil (2020: £ Nil).

20 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR:

	2021 £	2020 £
Lease liabilities (Note 28)	7,195,233	8,168,680
Amounts owed to Group undertakings	7,389,997	7,321,002
	14,585,230	15,489,682

The amounts owed to Group undertakings include a subordinated loan of £7,388,997 and a liability of £1,000 due to other group entity.

A subordinated loan of USD 10,000,000 (£7,388,997) was introduced on 2 March 2017 and incurs interest at a rate of the one month LIBOR plus 2.00%. It has a repayment term of 10 years.

21 DEFERRED TAX ASSET

	2021	2020
	£	£
Opening balance	127,320	75,053
Credited to income statement	51,926	56,701
Charged to other comprehensive income	(75,131)	(4,434)
Closing balance	104,115	127,320

The deferred tax asset is made up as follows:	2021	2020
		£
Fixed assets	(729,893)	(409,404)
Capital allowances	738,636	456,231
Share-based payments	225,960	148,347
Expense adjustments trade		2,990
Unrealised gains due to revaluations	(266,047)	(165,410)
Tax credit and loss carried forward	135,459	94,566
	104,115	127,320

As enacted on 24 May 2021, the corporation tax rate will increase to 25% effective 1 April 2023.

As a result, existing temporary differences on which deferred tax has been provided may unwind in periods subject to the 25% rate. The impact of the post balance sheet date change in tax rate is not expected to be material.

22 PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Opening balance	3,389,910	542,782
Charged to income statement	-	2,847,128
Released in the year	(689,910)	-
Closing balance	2,700,000	3,389,910

As a regulated investment firm, from time to time, the company is required to deal with inquiries from its UK regulator, the Financial Conduct Authority ('FCA'). A total provision of £2.7 million has been made in 2021 in respective to this.

23 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	IFRS 9 measurement category	2021 Carrying values	2020 Carrying values
		£	£
Trade debtors:			
Foreign exchange open spot and forward	FVPL	10,319,066	31,461,494
Contracts for difference	FVPL	21,103,458	30,883,663
Exchange traded derivatives	FVPL	425,046,525	334,683,679
Collateral paid	AC	228,774,894	230,470,240
		685,243,943	627,499,076
Amounts owed by Group undertaking:			
Foreign exchange open spot and forward	FVPL	77,585	1,154,713
Exchange traded derivatives	FVPL	53,043,321	92,940,099
Collateral paid	AC	55,339,768	38,768,998
Other	AC	3,045,333	83,488
		111,506,007	132,947,298
Investments	FVOCI	1,550,375	1,356,769
Other debtors	AC	22,182,867	23,356,669
Cash and cash equivalents	AC	39,389,253	19,585,784
		859,872,445	804,745,596

FINANCIAL LIABILITIES	IFRS 9 measurement category	2021 Carrying values	2020 Carrying values
		£	£
Trade creditors:			
Foreign Exchange open spot and forward	FVPL	8,808,430	29,864,000
Contracts for difference	FVPL	22,152,862	20,195,409
Exchange traded derivatives	FVPL	373,003,870	286,275,743
Collateral received	AC	118,675,411	169,677,375
		522,640,573	506,012,527
Amounts owed to Group undertaking:			
Foreign exchange open spot and forward	FVPL	390,008	339,551
Exchange traded derivatives	FVPL	75,204,950	80,389,174
Collateral received	AC	181,141,439	135,842,318
Credit facility – short term	AC	-	-
Other group creditors	AC	1,157,136	1,683,708
Loan payable - subordinated loan	AC	7,389,997	7,320,002
		265,283,530	225,574,753
Other creditors, accruals and provisions	AC	6,130,270	7,313,379
Lease liabilities	AC	8,168,681	9,109,819
		802,223,054	748,010,478

23 FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments

The company has entered into the following non-regular way transactions that are accounted for as derivative transactions

2021	Positive fair value £	Notional value relating to positive fair values £	Negative fair value £	Notional value relating to negative fair values £
Foreign exchange open spot and forward	10,396,651	1,017,634,551	9,198,438	1,193,066,867
Contracts for difference	21,103,458	135,212,697	22,152,862	144,193,120
Exchange traded derivatives	478,089,846	15,411,046,788	448,208,820	8,680,108,967
	509,589,955	16,563,894,036	479,560,120	10,017,368,954

2020	Positive fair value £	Notional value relating to positive fair values £	Negative fair value £	Notional value relating to negative fair values £
Foreign exchange open spot and forward	32,616,207	1,002,306,546	30,203,551	1,134,611,178
Contracts for difference	30,883,663	124,462,067	20,195,409	144,428,509
Exchange traded derivatives	427,623,778	15,463,293,749	366,664,917	13,912,875,023
	491,123,648	16,590,062,362	417,063,877	15,191,914,710

The difference between the positive and negative fair values of exchange traded derivatives represents the cash held at Clearing Houses/Brokers.

23 FINANCIAL INSTRUMENTS (Continued)

Financial instruments not measured at fair value

A comparison by category of carrying values and fair values of all the company's financial instruments not measured at fair value is presented below:

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
	£	£	£	£
Trade debtors – collateral paid	228,774,894	228,774,894	230,470,240	230,470,240
Amounts owed by Group undertaking – collateral and other	58,385,101	58,385,101	38,852,487	38,852,487
Other debtors	22,182,867	22,182,867	23,356,669	23,356,669
Cash and cash equivalents	39,389,253	39,389,253	19,585,784	19,585,784
	348,732,115	348,732,115	312,265,180	312,265,180
Trade creditors – collateral received	118,675,411	118,675,411	169,677,375	169,677,375
Amounts due to Group undertaking – collateral and other	182,298,575	182,298,575	137,526,026	137,526,026
Group credit facility	-	-	-	-
Subordinated loan	7,389,997	7,389,997	7,320,002	7,320,002
Lease liabilities	8,168,681	8,168,681	9,109,819	9,109,819
Other creditors, accruals and provisions	6,130,270	6,130,270	7,313,379	7,313,379
	322,662,934	322,662,934	330,946,601	330,946,601

24 RISK MANAGEMENT

The main risks arising from the company's financial instruments are operational risk, credit risk, liquidity risk, market risk which includes interest rate risk, foreign currency risk and price risk.

Operational risk

The company is aware that there are many risks of an operational nature both internal and external, which could affect its business. A framework has been developed to identify, monitor, and report upon any incidences which may occur. This is a continuous process which receives an appropriate level of management attention. One quantifiable area of operational risk relates to transactional and/or administrative errors. During 2021, such errors amounted to £129,638 (2020: £239,554).

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities.

The main source of credit risk is counterparty credit risk, and it is monitored on a daily basis. The company is exposed to credit risk from a counterparty to a financial instrument transaction during the period between the trade date and the settlement date.

Counterparty risk arises primarily from two activities:

- customers that trade financial instruments with the company
- the company executes trades through local brokers.

The company has policies in place that require appropriate credit checks on potential customers before transactions are initiated. Counterparty exposure limits are reassessed periodically by management. Some customers are provided with credit facilities to cover an agreed amount of margin requirement which for certain trade customers is unsecured. The amount of unsecured credit in use at 31 December 2021 was £70,434,965 (2020: £54,637,935), all of which is unrated.

The company enters into legal agreements, such as the International Swap and Derivatives Association, Inc. ("ISDA") agreements or equivalent (referred to as "Master Netting Agreements"), with some of its counterparties. Master Netting Agreements allow netting of receivables and payables and reduce losses that would potentially be incurred as a result of a counterparty default. The company further reduces its exposure to credit risk by entering into collateral agreements. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Exposure to credit risk

The company's maximum exposure to credit risk at the balance sheet date is disclosed below as gross assets before netting, based on the carrying amount of the financial assets the company believes is subject to credit risk, without taking account of any collateral held or other credit enhancements. In addition to the trading assets disclosed below, the company had a maximum credit exposure to banks in respect of cash held of £39,388,968 as at balance sheet date (2020: £19,585,784).

Collateral is held in respect of financial assets valued at fair value through profit or loss (FVPL). The company also holds non-cash collateral from counterparties which amounted to £336.2 million (2020: £343.1 million) as at year end held in the company's own name and a further £0.44million (2020: £1.8 million) of non-cash collateral held in the name of ISI Nominees to which the company has beneficial ownership. Non-cash collateral is rehypothecable although the company has not posted any with counterparties - Nil (2020: Nil). The exercise of collateral would lead to a significant reduction in the potential loss in value of the corresponding financial asset in the event of a counterparty default.

24 RISK MANAGEMENT (Continued)

Credit risk (Continued)

Exposure to credit risk (Continued)

Other credit enhancements include netting agreements which provide protection to reduce the risks of counterparty default and, in some cases, offset the company's exposure with the same counterparty, which provides a more meaningful presentation of credit exposure on the balance sheet. The master netting agreements table on page 48 also shows the net derivative position recognised on balance sheet following netting adjustments made in accordance with IAS 32.42.

Recognition and measurement of expected credit losses

On initial recognition, the credit loss allowance/provision must be equal to twelve months' expected credit losses. This is calculated by multiplying the probability of a default occurring in the next twelve months by the total lifetime expected credit losses that would result from that default.

If the credit risk increases significantly since initial recognition this amount will be replaced by lifetime expected credit losses.

The financial instruments are categorized in the following stages to calculate expected credit losses:

Stage 1: Financial instruments whose credit quality has not significantly deteriorated since their initial recognition. The impairment represents the present value of expected credit losses that will result if a default occurs in the 12 months after the reporting date (12 months expected credit losses).

Stage 2: Financial instruments whose credit quality has significantly deteriorated since their initial recognition. Stage 2 is any exposure where the account has been on call for 5 to 10 business days.

Stage 3: Financial instruments for which there is objective evidence of an impairment as at the reporting date. Stage 3 is any exposure where the account has been on call for more than 10 days.

For financial instruments in stage 2 and 3, an impairment is recognized at the present value of the expected credit shortfalls over their remaining life (lifetime expected credit loss).

Identifying a significant increase in credit risk

The company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria has been met:

- Increase in the remaining lifetime PD
- Significant adverse changes in business or results of the customers.

Inputs, assumptions and estimation techniques used for recognition and measurement of ECL

Expected Credit Loss (ECL) is calculated by multiplying three components: Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) defined as follows:

EAD – Exposure at Default which is the amount of money that is invested in certain financial instrument that is exposed to the credit risk.

LGD – Loss Given Default is a share of the asset that would be lost in the event of default. Loss Given Default has been set at 100% in all cases.

24 RISK MANAGEMENT (Continued)

Credit risk (Continued)

Inputs, assumptions and estimation techniques used for recognition and measurement of ECL (Continued)

PD – Probability of Default represents likelihood of a default of a counterparty over an observed period, usually 12 months. For stage 1 when credit risk is low, a 12-month PD can be used to estimate probability of default in the next 12 months. For stage 2 and 3, the PD is estimated over the remaining life of the financial instrument.

In order to determine the Probability of Default (PD), the company referred to Article 160 of the Capital Requirements Regulation that provides the basis of regulatory capital calculations and used a 12 month PD of 0.03% for all Stage 1 exposures. For Stage 2 a PD of 1% was used and for Stage 3 we used PD of 100%.

Concentration of credit risk

The company's concentrations of risk of financial assets measured at FVPL are managed by credit exposure of individual counterparty, geographical region and sector/market. The concentrations of risk of collateral paid, other debtors and cash and cash equivalents are managed by individual counterparty.

The following table shows the risk concentration of financial assets measured at FVPL by geographical region.

Total carrying values 2021 by Region

FINANCIAL ASSETS	Asia	Europe	North America	UAE/Africa	UK	Total
FX Open Spot and Forward	97,296	3,806,638	1,076,785	-	5,415,932	10,396,651
Contracts for Difference	690,083	11,930,351	468,024	479,812	7,535,188	21,103,458
Exchange Traded Derivatives	108,278,734	79,801,607	73,251,039	96,985,479	119,772,987	478,089,846
	109,066,113	95,538,596	74,795,848	97,465,291	132,724,107	509,589,955

Total carrying values 2020 by Region

FINANCIAL ASSETS	Asia	Europe	North America	UAE/Africa	UK	Total
FX Open Spot and Forward	-	12,767,966	8,942,590	-	10,905,651	32,616,207
Contracts for Difference	64,875	16,752	208,500	-	30,593,536	30,883,663
Exchange Traded Derivatives	70,877,877	82,611,354	114,566,081	89,486,272	70,082,194	427,623,778
	70,942,752	95,396,072	123,717,171	89,486,272	111,581,381	491,123,648

24 RISK MANAGEMENT (Continued)

The financial assets recorded in each stage have the following characteristics:

- Stage 1: The credit risk has not increased significantly since their initial recognition on which 12-month ECL is recognised.
- Stage 2: The credit risk has increased significantly since their initial recognition on which lifetime ECL is recognised.
- Stage 3: Objective evidence of impairment exists at the reporting date on which a lifetime ECL is recognised.
- POCI: Purchased or originated credit impaired financial assets on which a lifetime ECL is recognised.

No ECL was recognised in 2021 and in 2020 with respect to debtors valued at amortised cost. The following table presents the carrying amounts of financial assets which were in scope of the ECL model.

	Carrying amount					Expected credit losses				
31 December 2021	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
FINANCIAL ASSETS	£	£	£	£	£	£	£	£	£	£
Trade debtors – collateral paid	228,774,894	-	-	-	228,774,894	-	-	-	-	-
Amounts owed by Group undertaking – collateral and other	58,385,101	-	-	-	58,385,101	-	-	-	-	-
Other debtors	22,182,867	-	-	-	22,182,867	-	-	-	-	-
Cash and cash equivalents	39,389,253	-	-	-	39,389,253	-	-	-	-	-
	348,732,115	-	-	-	348,732,115	-	-	-	-	-

	Carrying amount					Expected credit losses				
31 December 2020	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
FINANCIAL ASSETS	£	£	£	£	£	£	£	£	£	£
Trade debtors – collateral paid	230,470,240	-	-	-	230,470,240	-	-	-	-	-
Amounts owed by Group undertaking – collateral and other	38,852,487	-	-	-	38,852,487	-	-	-	-	-
Other debtors	23,356,669	-	-	-	23,356,669	-	-	-	-	-
Cash and cash equivalents	19,585,784	-	-	-	19,585,784	-	-	-	-	-
	312,265,180	-	-	-	312,265,180	-	-	-	-	-

24. RISK MANAGEMENT (Continued)

Master netting or similar agreements:

2021	Gross Assets/(liabilities) before netting	IFRS Netting with gross liabilities/assets	Net derivative position recognised on balance sheet	Non-derivatives receivables/ payables	Carrying value per balance sheet
	£'000	£'000	£'000	£'000	£'000
Trade debtors and amounts owed by Group undertaking	640,814	(131,224)	509,590	287,160	796,750
	640,814	(131,224)	509,590	287,160	796,750
Trade creditors and amounts due to Group undertaking	(610,784)	131,224	(479,560)	(300,974)	(780,534)
	(610,784)	131,224	(479,560)	(300,974)	(780,534)

2020	Gross Assets/(liabilities) before netting	IFRS Netting with gross liabilities/assets	Net derivative position recognised on balance sheet	Non-derivatives receivables/ payables	Carrying value per balance sheet
	£'000	£'000	£'000	£'000	£'000
Trade debtors and amounts owed by Group undertaking	677,591	(186,467)	491,124	269,323	760,447
	677,591	(186,467)	491,124	269,323	760,447
Trade creditors and amounts due to Group undertaking	(603,531)	186,467	(417,064)	(307,203)	(724,267)
	(603,531)	186,467	(417,064)	(307,203)	(724,267)

24 RISK MANAGEMENT (Continued)

Credit quality of financial assets at balance sheet date:

2021

	Not past due	Past due (0-30 days)	Past due (31-120 days)	Past due (more than 120 days)	Total
	£	£	£	£	£
Trade debtors	684,903,927	60,067	90,277	189,672	685,243,943
Amounts owed by Group undertaking	111,506,007	-	-	-	111,506,007
Other debtors	22,182,867	-	-	-	22,182,867
Cash and cash equivalents	39,389,253	-	-	-	39,389,253
	857,982,054	60,067	90,277	189,672	858,322,070

2020

	Not past due	Past due (0-30 days)	Past due (31-120 days)	Past due (more than 120 days)	Total
	£	£	£	£	£
Trade debtors	624,759,814	231,035	74,631	2,433,596	627,499,076
Amounts owed by Group undertaking	132,947,298	-	-	-	132,947,298
Other debtors	23,356,669	-	-	-	23,356,669
Cash and cash equivalents	19,585,784	-	-	-	19,585,784
	800,649,565	231,035	74,631	2,433,596	803,388,827

The credit quality of financial assets that are neither past due nor impaired is considered by the Directors to be high. Trading counterparties are institutions or corporates; cash and cash equivalents are held with short term maturities with banking institutions of high credit quality.

A provision of £2,484,068 (2020: £2,563,654) has been made for impaired trade debtors measured at FVPL at the balance sheet date. Decrease in the provision in 2021 is related to the movement on impairment of individual receivables.

24 RISK MANAGEMENT (Continued)

Liquidity risk

Financial risk management
Liquidity risk is the risk that the firm does not have available, sufficient financial resources to enable it to meet its obligations as they fall due.

The company has a high level of liquidity. Funds are placed on deposit with very short maturities. In addition, the company monitors and evaluates the composition and size of assets and operating liabilities. Assets generally consist of cash and cash equivalents and debtors.

Other than the long term debt, as described below, the company's only funding requirement is for short term finance for its operations and any planned expansions. This is provided by other ADM group undertakings who charge interest on a floating rate basis.

The table below shows the un-discounted maturity profiles of the company's financial liabilities:

2021

	Payable on demand	Less than 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
	£	£	£	£	£
Trade creditors	522,640,573	-	-	-	-
Amounts owed to Group undertaking					
Amounts owed to Group undertaking – credit facility agreement	257,892,533	-	-	-	1,000
Amounts owed to Group undertaking – subordinated loan	-	7,389,997	-	-	-
Lease liabilities	-	-	973,447	4,239,626	2,955,608
Other creditors	6,130,270	-	-	-	-
	786,663,376	7,389,997	973,447	4,239,626	2,956,608

2020

	Payable on demand	Less than 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
	£	£	£	£	£
Trade creditors	506,012,527	-	-	-	
Amounts owed to Group undertaking	218,252,751	-	-	-	1000
Amounts owed to Group undertaking – credit facility agreement	-	-	-	-	-
Amounts owed to Group undertaking – subordinated loan	-	38,139	117,090	761,587	7,615,338
Lease liabilities	-	309,510	928,530	6,190,200	3,095,100
Other creditors	7,313,379	-	-	-	-
	731,578,657	347,649	1,045,620	6,951,787	10,711,438

24 RISK MANAGEMENT (Continued)

Market risk

Financial risk management
Market risk represents the risk of loss that may result from a change in value of a financial instrument due to fluctuations in its market price. The company's exposure to market risk arises from customer trading activities, although the company's business model is to act as back-to-back principal. Market risk is inherent in financial instruments.

Market risk – foreign currency risk
The company's exposure to foreign currency risk arises predominantly in US dollars and Euros. The exposure is based on the carrying amount of currency balances as follows:

	2021	2020
	£	£
US Dollar	3,980,091	511,720
Euro	398,281	252,027
	4,378,372	763,747

The impact of a 10% change these currencies against the Pound Sterling (all other things held constant) on profit or loss would be as follows:

	Impact on profit	
	Increase	Decrease
2021		
US Dollar	(361,826)	442,232
Euro	(36,207)	44,253
2020		
US Dollar	(46,520)	56,858
Euro	(22,912)	28,003

Market risk - interest rate risk
The company has interest bearing liabilities, and the company has a policy of maintaining long term debt at fixed rates, where possible, to ensure certainty of future interest payments.

The company has a funding of £Nil (2020: £ Nil) and subordinated loan of £7,389,997 (2020: £7,320,002) from another ADM group undertaking, as described in Notes 19 and 20. The interest rate charged is set at one month LIBOR plus 0.9% and LIBOR plus 2% respectively. At the balance sheet date the interest rate profile of the company's interest-bearing financial instruments was:

	2021	2020
	£	£
Variable rate instruments		
Subordinated loan	7,389,997	7,320,002
	7,389,997	7,320,002

The sensitivity of the income statements to a reasonably possible change in US and UK interest rates (1%), based on the floating rate-non-trading financial assets and financial liabilities held at 31 December 2021, is a gain or loss of $125,000 (2020: gain or loss of $125,000).

24 RISK MANAGEMENT (Continued)

Market risk - price risk
The company has immaterial price risk as transactions executed on behalf of clients are primarily matched on recognised exchanges or with other major investment firms. The company does not undertake proprietary transactions.

Capital management

The company follows its parent undertaking's approach with regard to capital management which is that the group manages its capital to ensure that every entity within the group will be able to continue as a going concern while maximising returns to stakeholders.

The company manages its capital structure and makes adjustments to it in light of changes in economic conditions. There were no significant changes on the company's objectives, policies or processes during the year. When appropriate, the company manages capital using a gearing ratio which is calculated as net debt (intercompany loans less cash and cash equivalents and net current intercompany receivables) divided by capital (equity attributable to the equity holders) plus net debt.

The company will continue to maintain financial resources in excess of its regulatory requirements. As at 31 December 2021 the requirements were £45.3million (2020: £46.1 million) compared to actual resources of £72.7million (2020: £78.8 million).

	2021 £	2020 £
Share capital	32,000,000	32,000,000
Retained earnings	33,982,483	35,782,707
Subordinated loan	7,389,997	7,320,002
	73,372,480	75,102,709

25 FAIR VALUE

Fair value measurement

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market (or most advantageous market, in the absence of a principal market) as at balance sheet date.

In determining the fair value of its financial instruments, the company uses various valuation techniques. Based on the observability of the inputs used in those techniques, the company is required to provide the information set forth in the tables below according to the fair value hierarchy. Financial instruments at fair value have been classified and disclosed in one of the following three categories:

Level 1
Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments and exchange traded derivatives.

Level 2
Inputs other than quoted prices included within level 1 that are observable for the asset or liability or unobservable inputs that are corroborated by market data.

Level 3
Inputs for the asset or liability that are not based on observable market data (unobservable inputs not corroborated by market date) such as equity investments and debt instruments with significant unobservable components.

The carrying amount of cash and cash equivalents, collateral paid and received, amounts owed by and due to group undertakings, other debtors and creditors as well as subordinated loan represents a reasonable approximation of their fair value. The carrying amount and fair value of these instruments are disclosed in Note 23.

Analysis of the financial assets and liabilities recorded at fair value shown in accordance with the fair value hierarchy:

	2021	2020
	£	£
ASSETS		
Level 1		
Exchange traded derivatives	478,089,846	427,623,778
Level 2		
Foreign exchange open spot and forward	10,396,651	32,616,207
Contracts for difference	21,103,458	30,883,663
Level 3		
Unlisted investments	1,550,375	1,356,769
	511,140,330	492,480,417

Level 3 assets consist of LME unlisted investment. LME securities are valued based on the average trade price during the year. The revaluation gain of LME shares in 2021 amounted to £193,606 (2020: loss of £131,731) which increased the value of investments to £1,550,375.

25 FAIR VALUE (Continued)

	2021	2020
LIABILITIES	£	£
Level 1		
Exchange traded derivatives	448,208,820	366,664,917
Level 2		
Foreign exchange open spot and forward	9,198,438	30,203,551
Contracts for difference	22,152,862	20,195,409
	479,560,120	417,063,877

26 SHARE CAPITAL

	2021	2020
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
32,000,000 ordinary shares of £1 each (2020: 32,000,000 ordinary shares of £1 each)	32,000,000	32,000,000

There were no changes in the share capital during the financial year.

27 SHARE-BASED PAYMENTS

INCENTIVE COMPENSATION PLAN

Certain officers and key employees of the company are entitled to participate in the Archer-Daniels-Midland Company 2002 Incentive Compensation Plan. Awards of options and restricted shares are made under this scheme. Options are granted at market value on the date of grant, and vest over five years in equal annual tranches and expire ten years after the date of grant. Restricted shares are granted at no cost to the employee and vest after a three year restriction period.

The vesting period for the options is 5 years with vesting occurring in equal tranches over years 1 to 5. The vesting period for the restricted shares is 3 years. Accelerated vesting terms apply to employees over the age of 53 at the date of grant.

The expense recognisable under IFRS 2 for equity share-based payments in respect of employee services received during the year to 31 December 2021 is £295,128 (2020: £293,016). At the balance sheet date, the share based payments reserve balance amounted to £789,106 (2020: £764,048).

No share options were granted during the year.

28 LEASES

The company has entered into a commercial lease on an office building. The lease has a duration of 10 years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into the lease.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	Total
	£	£
As at 1 January 2021	8,458,734	8,458,734
Depreciation expense	(981,815)	(981,815)
As at 31 December 2021	7,476,919	7,476,919

Set out below are the carrying amounts of lease liabilities:

	Buildings	Total
	£	£
As at 1 January 2021	9,109,819	9,109,819
Accretion of interest	296,902	296,902
Payments	(1,238,040)	(1,238,040)
As at 31 December 2021	8,168,681	8,168,681
Current	973,448	973,448
Non-current	7,195,233	7,195,233

The maturity analysis of lease liabilities is disclosed below:

	Lease payments
	£
Payable on demand	-
Less than 3 months	309,510
Between 3 and 12 months	928,530
Between 1 and 5 years	6,190,200
Over 5 years	1,857,060
	9,285,300

The company had total cash outflows for leases of £1,238,040 in 2021 (£1,019,195 in 2020).

29 CONTROL

The company's immediate parent undertaking is Archer Daniels Midland (UK) Limited. The company's ultimate parent undertaking and controlling party is Archer-Daniels-Midland Company, which is incorporated in Delaware, United States of America. The consolidated financial statements of Archer-Daniels-Midland Company are both the smallest and largest consolidated financial statements drawn up for the groups of which the company is a member. Copies of the consolidated financial statements are available upon application to the directors at PO Box 1470, Decatur, Illinois 62525, United States of America.

30 NON-ADJUSTING POST BALANCE SHEET EVENTS

Subordinated loan

The subordinated loan in amount of 10,000,000 USD was repaid on 4 March 2022.