

Carlton Commodities 2004 LLP

Report and Financial Statements

Year Ended

31 March 2013

Registered number OC309249



Carlton Commodities 2004 LLP

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Carlton Commodities 2004 LLP

Partnership Information

Designated Members

Marex Financial Limited
I T Lowitt

Legal form

Limited Liability Partnership

Registered office

Level 5, 155 Bishopsgate, London, EC2M 3TQ

Partnership number

OC309249

Auditors

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Bankers

HSBC Bank Plc, P O Box 125, 2nd floor, 62-76 Park Street London, SE1 9DZ

Carlton Commodities 2004 LLP

Members' report

for the year ended 31 March 2013

The Members present their report and financial statements for the year ended 31 March 2013

Principal Activity

The principal activity of the Partnership is the provision of services of its Members to Marex Financial Limited in transacting and market making of agricultural products. The profit for the year before Members' remuneration and profit shares was £8,649,939 (2012 - £7,416,579)

Profits earned from the principal positions held at Marex Financial Limited, are apportioned between the Members, including Marex Financial Limited, in the relevant ratios stated in the partnership agreement

Designated Members

The following were Designated Members during the year

M A Scarlett (resigned 25 July 2012)
I T Lowitt (appointed 25 July 2012)
Marex Financial Limited

Members' Capital and Interests

The Partnership maintains capital appropriate to the requirements of the business. Details of Members' interests are set out on page 20 of these financial statements

Members' Profits and Drawings

Profits are allocated for division amongst the Members in accordance with the proportions and percentages set out in the Partnership Agreement. Partners' profits are distributed, to the extent drawn, within 20 working days following the end of each quarter to which they relate.

Going concern

After reviewing the Partnership's annual budget, liquidity requirements, plans and financial arrangements, the Members are satisfied that the Partnership has adequate resources to continue to operate for the foreseeable future and confirm that the Partnership is a going concern. For this reason they continue to adopt the going concern basis in preparing these financial statements

Risks and uncertainties

The Members consider that the principal risks to the performance of the partnership and the execution of the partnership's strategy are the volatility and volumes levels of the market in which that the Members transact, competition and retention of key personnel

Markets

To earn profits from their market making and proprietary trading activity, the Members of the Partnership are looking for healthy trading volume and volatility in the markets. Any decline in these could result in a decrease in trading profits. Also risk parameters are set for each individual partner and any trading beyond these parameters could result in an unacceptable increase in risks and reduce profits being earned

Carlton Commodities 2004 LLP

Members' report (Continued) for the year ended 31 March 2013

Markets (Continued)

These risks are addressed by continuous monitoring of the markets and continuous monitoring of the risk and positions, against agreed parameters, that the individual partners have undertaken

Financial risk management objectives and policies

The partnership's financial risk management and policies are disclosed in note 7

Auditors

A resolution proposing that Ernst & Young LLP be re-appointed as auditors will be put to the next Members' meeting

Statement of Members' responsibilities in respect of the Financial Statements

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 require the Members to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the LLP for that year

In preparing these financial statements, the Members are required to

- select suitable accounting policies in accordance with IAS8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosure when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance,
- state that the company has complied with IFRSs, 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

Regulations 2008 They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Carlton Commodities 2004 LLP

**Members' report (Continued)
for the year ended 31 March 2013**

Statement of Members' responsibilities in respect of the Financial Statements (Continued)

The Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) These responsibilities are exercised by the Designated Members on behalf of the Members

Members' statement as to disclosure of information to auditor

All of the current Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the partnership's auditors for the purposes of their audit and to establish that the auditors are aware of that information The Members are not aware of any relevant audit information of which the auditors are unaware

On behalf of the Members



I T Lowitt
For and behalf of Marex Financial Limited
Designated member

04 DECEMBER 2013

Carlton Commodities 2004 LLP

Independent auditor's report to the Members of Carlton Commodities 2004 LLP

We have audited the Partnership's financial statements ('the financial statements') for the year ended 31 March 2013 which comprise the Profit and loss account, the balance sheet, statement of cash flows and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Members and auditors

As explained more fully in the Members' Responsibilities Statement set out on page 5, the Designated Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Designated Members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Partnership's affairs as at 31 March 2013 and of its result for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Carlton Commodities 2004 LLP

Independent Auditors Report to the Members of Carlton Commodities 2004 LLP (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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 Members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Robert McCracken (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

5 December 2013

Carlton Commodities 2004 LLP

Profit and Loss Account

for the year ended 31 March 2013

	Note	2013 £	2012 £
Revenue	2	8,664,216	7,431,848
Administrative expenses		<u>(14,276)</u>	<u>(15,212)</u>
Operating profit	3	8,649,940	7,416,636
Interest payable		<u>(1)</u>	<u>(57)</u>
Profit for the financial year before		8,649,939	7,416,579
Members' remuneration and profit shares			
Members' remuneration charged as an expense	4	(8,649,939)	(7,416,579)
Profit for the financial year available		<u> </u>	<u> </u>
for discretionary division among Members		<u> </u> <u>-</u>	<u> </u> <u>-</u>

The Partnership had no recognised gains or losses for the current or previous year other than those shown above

The profit for the current and previous year was derived from continuing operations

The notes on pages 12 to 20 form part of these financial statements

Carlton Commodities 2004 LLP

Balance sheet

at 31 March 2013

	Note	2013 £	2012 £
Assets			
Current assets			
Debtors	5	221,299	102,408
Due from Marex Financial Limited		40,211,974	36,102,438
Cash and cash equivalents		4,221	157,606
Total current assets		40,437,494	36,362,452
Total assets		40,437,494	36,362,452
Members capital classified as a liability	8	-	155,700
Total current liabilities		-	155,700
Total liabilities		-	155,700
TOTAL ASSETS LESS CURRENT LIABILITIES		40,437,494	36,206,752
REPRESENTED BY:			
Amounts due to Members	8	40,437,494	36,206,752

The financial statements on pages 9 to 20 were approved by the Designated Members on 04 DECEMBER 2013 and were signed on its behalf by



I T Lowitt
For and behalf of Marex Financial Limited
Designated member

Carlton Commodities 2004 LLP**Cash flow statement****for the year ended 31 March 2013**

	Notes	2013 £	2013 £
Operating activities			
Net profit from ordinary activities		<u>8,649,939</u>	<u>7,416,579</u>
Cash generated by operating activities before changes in working capital and provisions		8,649,939	7,416,579
(Increase) / Decrease in amount due from Marex Financial Limited		<u>(4,109,535)</u>	<u>7,383,332</u>
		(4,109,535)	7,383,332
Net cash flows from operating activities		4,540,404	14,799,912
Transactions with Members			
Members capital contribution payable		(155,700)	155,700
Payments to members		<u>(4,538,089)</u>	<u>(14,798,548)</u>
Net Cash flows from financing activities		(4,693,789)	(14,642,848)
Net (decrease)/increase in Cash and Cash equivalents during the year		(153,385)	157,064
Cash and cash equivalents as at 1 April		<u>157,606</u>	<u>542</u>
Cash and cash equivalents as at 31 March		<u>4,221</u>	<u>157,606</u>

The notes on pages 12 to 20 form part of these financial statements

Carlton Commodities 2004 LLP

Notes to the financial statements

for the year ended 31 March 2013

1 Accounting policies

Basis of preparation

The financial statements are prepared on the historical cost basis

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by European Union and with those parts of the Companies Act 2006 as applicable to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 preparing their accounts under IFRS

The Members of the partnership were engaged in a single line of business as a commodity dealer throughout the year ended 31 March 2013

Revenue

Revenue comprises profits earned on commodities dealing, which are recognised on a fair value basis

Interest Income

Interest income is recognised on an accruals basis

Taxation

The taxation payable on profits during the year is the personal liability of the Members and is not provided for by the LLP

Members' remuneration

Profits are allocated for division amongst the Members in accordance with the proportions and percentages set out in the Partnership Agreement. Partners' profits are distributed within 20 working days following the end of each quarter to which they relate.

Members' capital

Loans and other debts due to Members represents profits that are to be paid out to Members. In the event of a winding up, Members' capital ranks after unsecured creditors.

Foreign currency translation

The financial statements are presented in sterling, which is the functional currency of the Partnership.

Transactions entered into by the partnership in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement.

Carlton Commodities 2004 LLP

Notes to the financial statements (Continued)

for the year ended 31 March 2013

1 Accounting policies (Continued)

Financial assets

The partnership classifies its financial assets as Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are recognised initially at fair value and are carried at amortised cost using the effective interest method less any provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative costs' in the income statement.

Financial liabilities

The partnership's classifies financial liabilities include the following item

- Trade payables and other short-term monetary liabilities, which are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Netting of financial assets and liabilities financial assets and liabilities are offset with a counterparty if a valid contractual netting agreement is in place and the company has an intention and ability to settle on a net basis with that counterparty. This creates a single obligation to pay (or receive) a net sum of cash.

Critical accounting estimates and judgements

No estimates and assumptions have been made that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Carlton Commodities 2004 LLP

Notes to the financial statements (Continued)

for the year ended 31 March 2013

1 Accounting policies (Continued)

Standards and Interpretations issued by the IASB and not endorsed by the EU

At 31 March 2013, there were a number of amendments to standards and interpretations issued by the IASB but not endorsed by the EU. However, our assessment is that none of these amendments are applicable to this entity, and that these changes will not have a material impact on the Company's financial statements.

New and amended standards and interpretations

None of the amendments to IFRS effective as of 1 January 2012 has any effect on the presentation of its financial statements.

Carlton Commodities 2004 LLP

Notes to the financial statements (Continued)

for the year ended 31 March 2013

2 Revenue

	2013	2012
	£	£
Revenue arises from Commodity trading	8,664,216	7,431,848

All revenues arose wholly in the United Kingdom

3 Operating profit

Operating profit

	2013	2012
	£	£
This has been arrived at after charging		
Auditors remuneration - auditors services	12,000	12,000
Bank charges	2,248	3,183
Foreign exchange differences	<u>26</u>	<u>29</u>

4 Information in relation to Members

Members' remuneration charged as an expense		
Non-discretionary profit share	8,649,939	7,416,579

The amount of profit attributable to the member with the largest entitlement was	3,911,975	3,534,395
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The average number of Members during the year was	32	32
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5 Trade and other receivables

	2013	2012
	£	£
Amounts due from Members (note 10)	221,299	102,408

Carlton Commodities 2004 LLP

Notes to the financial statements (Continued)

for the year ended 31 March 2013

6 Due from Marex Financial Limited

This balance represents a proprietary trading account and comprises all recognised and unrecognised trading profits and losses earned by the Partnership

7 Financial Instruments

Financial risk management objectives and policies

The Partnership's activities expose it to the following principal financial risks

- market risk (foreign currency risk, interest rate risk, volatility in financial markets in which the partnership operates), and
- Liquidity risk

The Partnership manages these risks through various control mechanisms and its approach to risk management is to be both prudent and evolutionary

Overall responsibility for risk management rests with the Designated Members. The Partnership uses the dedicated resources within the Risk Management department of Marex Financial Limited to control and manage the exposures to these risks on the basis of policies adopted by the Designated Members. The continued appropriateness of risk policies is reviewed by the Designated Members on a regular basis.

Foreign currency risk

The Partners' capital accounts are maintained in sterling ("GBP") at Marex Financial Limited. Whilst the majority of the revenue generated is in sterling ("GBP"), revenues are also generated in US\$ and Euros. These non-GBP revenues are translated into GBP at the prevailing rate at which the transactions occurred and then paid out to the Partners at the translated balance on a quarterly basis. This has the effect of Marex Financial Limited assuming the foreign exchange risk from the Partnership.

Interest rate risk

The Partnership earns interest at the standard bank variable rate on cash balances it holds at its bank. The Partnership does not hold cash on overnight or longer term deposit and therefore has no interest rate risk in relation to balances held at the bank.

The Partnership does not earn any interest on cash held at Marex Financial Limited. Any interest rate risk is borne by Marex Financial Limited.

Market Risk

As the principal activity of the Members of the Partnership is commodities trading, their profitability is linked to the volume, volatility and price levels of the underlying markets. As the individual partners are trading, within agreed risk parameters, for their own account, the key mitigant against market risk is the continuous monitoring against these key risk parameters and ensuring they are not exceeded.

Carlton Commodities 2004 LLP

Notes to the financial statements (Continued)

for the year ended 31 March 2013

7 Financial Instruments (Continued)

Liquidity risk

The Partnership deems liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cash flow requirements. However as Marex Financial Limited holds the Partnerships' trading accounts as cash and is responsible for making any margin payments, it, rather than the Partnership, bears any liquidity risk.

Other risk management

In addition to the financial risks above the partnership is also exposed to operational, compliance and legal risks.

Operational risk

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events. It is inherent in every business organisation and covers a wide spectrum of issues. First line operational risk is managed through systems and procedures in which processes are documented, authorisation is independent, and transactions are monitored and reconciled.

The Partnership, through Marex Financial Limited, maintains contingency facilities to support operations and ensure business continuity. These facilities are regularly and frequently tested.

Compliance and legal

Compliance or regulatory risk arises from a failure or inability to comply with the laws, regulations or codes applicable specifically to the Partnership. Non-compliance can lead to fines, public reprimands or enforced suspensions of services.

A key part of the role of the legal function is to identify and, in conjunction with management, manage the legal risks of the Partnership. Legal risk is managed by MFL as a Designated member for the LLP as the LLP does not perform these tasks.

Credit risk

All financial assets are neither past due nor impaired. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Credit risk in the partnership principally arises from cash and cash equivalents. The Partnership only has cash balances with a bank with a credit rating of A+ and with one of its Designated Members, Marex Financial Limited, which is an unrated financial institution.

The table below shows the credit quality of the Partnership's financial assets.

Carlton Commodities 2004 LLP

Notes to the financial statements (Continued)

for the year ended 31 March 2013

7 Financial Instruments (Continued)

Credit risk (Continued)

Credit Risk

The table below shows the credit quality of the Partnership's financial assets

(Ratings as measured by Fitch)	2013	2012
	£	£
Fair value of counterparty balances		
Counterparty rated	40,211,974	36,102,438

(Ratings as measured by Fitch)	2013	2012
	£	£
Fair value of Cash balances		
Bank		
- A+	4,221	157,606

Concentration risk

The cash exposure as at 31 March 2013 was 100% (2012 100%) to a UK based A+ rated banking group

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying amounts and fair value of the Partnership's financial instruments that are carried in the financial statements

	Book and Fair Value 2013 £	Book and Fair Value 2012 £
<i>Financial Assets</i>		
Other debtors	221,299	102,408
Due from Marex Financial Limited	40,211,974	36,102,438
Cash and cash equivalents	4,221	157,606
Total	40,437,494	36,362,452
<i>Financial Liabilities</i>		
Loans and other debts due to Members	40,437,494	36,206,752
Total	40,437,494	36,206,752

Carlton Commodities 2004 LLP

Notes to the financial statements (Continued)

for the year ended 31 March 2013

8 Loans and other debts due to Members

	2013	2012
	£	£
Amounts owed to Members in respect of profits	40,437,494	36,206,752
Members capital contribution payable	<u>-</u>	<u>155,700</u>

Members capital contribution payable represents amounts received from the Carlton Commodities Capital Corporate member which are due to Members

As at 31 March 2013 and 31 March 2012 these amounts fall due within one year and rank after payment of all money due to creditors in the event of a winding-up

9 Related party transactions

The Partnership clears its transactions through Marex Financial Limited. The amount receivable from Marex Financial Limited relates to these transactions and is as follows

	Amounts due from related parties 2013	Amounts due from related parties 2012
	£	£
Marex Financial Limited	<u>40,211,974</u>	<u>36,102,438</u>

Carlton Commodities 2004 LLP

Notes to the financial statements (Continued)

for the year ended 31 March 2013

10 Members' Interests

	Loans and other debts due to/(from) Members 2013 £	Loans and other debts due to/(from) Members 2012 £
Amounts due to Members	36,206,752	43,491,984
Amounts due from Members	(102,408)	(5,671)
As at 1 April	36,104,344	43,486,313
Members' remuneration charged as expense (<i>note 4</i>)	8,649,939	7,416,579
Members' remuneration allocated to debtors	-	-
Members' interest after profit for the year	44,754,283	50,902,892
Drawings	(4,538,089)	(14,798,548)
At 31 March	40,216,194	36,104,344
Comprises		
Amounts due to Members	40,437,493	36,206,752
Amounts due from Members	(221,299)	(102,408)
	40,216,194	36,104,344

Loans due to Members at the end of the current and prior financial years are payable within one year and would rank after payment of all money due to creditors in the event of a winding up

11 Ultimate Controlling Party

As at 31 March 2012 the immediate parent undertaking is Marex Financial Limited, a private limited liability company registered in England and Wales. The Partnership is included in the consolidated financial statements of Marex Spectron Group Limited, the immediate parent undertaking of Marex Financial Limited, which are available from its registered office at Level Five, 155 Bishopsgate, London, EC2M 3TQ.

In the Designated Members' opinion, the ultimate and controlling party is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.