

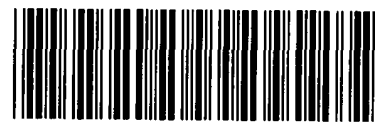
Carlton Commodities 2004 LLP

Annual Report and Financial Statements

Year ended 31 March 2021

Registered number: OC309249

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Carlton Commodities 2004 LLP

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Carlton Commodities 2004 LLP

PARTNERSHIP INFORMATION

Designated members	Marex Financial N Grace
Legal form	Limited Liability Partnership
Registered office	Level 5 155 Bishopsgate London EC2M 3TQ
Partnership number	OC309249
Auditor	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
Bankers	HSBC Bank Plc P O Box 125 2 nd floor 62-76 Park Street London SE1 9DZ

Carlton Commodities 2004 LLP

MEMBERS' REPORT

The members present their members' report and audited financial statements of Carlton Commodities 2004 LLP ('LLP') for the year ended 31 March 2021.

Principal activity

The principal activity of the LLP is the transacting and market making of agricultural products by its members as a provision of services to Marex Financial, its parent company in the Marex Group ("the Group"), which consists of Marex Group plc and its direct and indirect subsidiaries.

Designated members

The following were designated members during the year:

Marex Financial
N Grace

Results

The LLP made a profit before members' profits of £11,788,418 (2020: £12,183,705). Of this £11,788,418 (2020: £12,183,705) has been charged as an expense for members remuneration.

Policy in relation to members' capital

Under the terms of the Limited Liability Partnership Agreement, each member shall contribute ordinary capital on becoming a member of the LLP. Ordinary capital is allocated to the member's ordinary capital account and may only be withdrawn by the member in the event that the member leaves the LLP. Members may also contribute special capital with the consent of the operating committee. Special capital is allocated to the member's special capital account. Special capital may be reallocated between members' special capital accounts in accordance with the terms of the Limited Liability Partnership Agreement. Members may withdraw any special capital upon notice to the operating committee, unless restricted from doing so under the terms of the Limited Liability Partnership Agreement.

Policy in relation to members' profits and losses

Members' profits and losses are allocated in accordance with the Limited Liability Partnership Agreement. The profit of the LLP is allocated to the members at the discretion of the operating committee by reference to the contribution to the profit of the LLP of the trading activities of the relevant member during the relevant financial year, subject to (i) any deferrals of distribution to members made by the operating committee and (ii) any required for working capital purposes for the following financial year, in accordance with the terms of the Limited Liability Partnership Agreement.

Policy in relation to members' drawings

The Limited Liability Partnership Agreement governs the rights of members' drawings. Subject to the retention policy in relation to members' profits and losses all members are entitled to draw down the balance in full on their current account. If statutory financial statements for any accounting period as audited and approved indicate drawings in excess of profit share or agreed advances, the said sums must be repaid forthwith.

Carlton Commodities 2004 LLP

MEMBERS' REPORT (CONTINUED)

Going concern

After reviewing the LLP's resources, liquidity requirements, plans and financial arrangements, the members are satisfied that the LLP has adequate resources to continue to operate for the foreseeable future and for at least 12 months from the date of signing of the balance sheet and confirm that the LLP is a going concern. For this reason, the members continue to adopt the going concern basis in the preparation of these financial statements.

Risks and uncertainties

The members consider that the principal risks to the performance of the LLP and the execution of the LLP's strategy are the volatility and volume levels of the market in which the members transact, competition and retention of key personnel.

Disclosure of information to auditors

The members who were designated members at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware; and each designated member has taken all the steps that he ought to have taken as a member to make himself aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Financial risk management objectives and policies

The LLP's financial risk management objectives and policies are disclosed in note 6.

Auditor

The auditor is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of members' responsibilities in respect to the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

Carlton Commodities 2004 LLP

MEMBERS' REPORT (CONTINUED)

Statement of members' responsibilities in respect to the financial statements (continued)

International Accounting Standard 1 requires that financial statements present fairly for each financial year the LLP's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Operating Committee of the LLP on behalf of the members.

By Order of the Operating Committee of the LLP:



N Grace
For and on behalf of Marex Financial
Designated member

155 Bishopsgate
London EC2M 3TQ

18 January 2022

Carlton Commodities 2004 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLTON COMMODITIES 2004 LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CARLTON COMMODITIES 2004 LLP (the 'limited liability partnership'):

:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2021 and of its results for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheets;
- the statement of changes in members' interests;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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 limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 members' 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 limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Carlton Commodities 2004 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLTON COMMODITIES 2004 LLP (CONTINUED)

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 members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership 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.

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

Carlton Commodities 2004 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLTON COMMODITIES 2004 LLP (CONTINUED)

We obtained an understanding of the legal and regulatory framework that the limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Carlton Commodities 2004 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLTON COMMODITIES 2004 LLP (CONTINUED)

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Rhys, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
18 January 2022

Carlton Commodities 2004 LLP

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
	Notes	£	£
Revenue	2	11,841,370	12,244,207
Operating expenses		(52,952)	(60,502)
Operating profit	3	<u>11,788,418</u>	<u>12,183,705</u>
Total comprehensive income before members' remuneration and profit share		11,788,418	12,183,705
Members' remuneration charged as an expense	4	(11,788,418)	(12,183,705)
Profit for the financial year available for discretionary division among members		<u>-</u>	<u>-</u>

All operations are continuing for the current and prior years.

The notes on pages 13 to 20 form part of these financial statements.

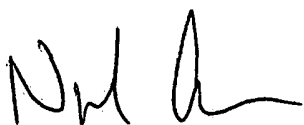
Carlton Commodities 2004 LLP

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Assets			
Current assets			
Due from Marex Financial		31,776,764	24,060,462
Cash and cash equivalents	5	30,587	13,141
Total current assets		31,807,351	24,073,603
Total assets		31,807,351	24,073,603
Liabilities			
Current liabilities			
Accruals		24,600	16,800
Total current liabilities		24,600	16,800
Net assets		31,782,751	24,056,803
Represented by:			
Amounts due to members	8	31,782,751	24,056,803

The notes on pages 13 to 20 form part of these financial statements.

These financial statements on pages 10 to 20 were approved by the Operating Committee of the LLP on 18 January 2022 and signed on its behalf by:



N Grace
For and behalf of Marex Financial
Designated member

Date: 18 January 2022

Carlton Commodities 2004 LLP

STATEMENT OF CHANGES IN MEMBERS' INTERESTS FOR THE YEAR ENDED 31 MARCH 2021

	Loans and other debts due to / (from) members £	Members' other interests- Members' capital £	Total £
Balance at 1 April 2019	14,818,004	18,000	14,836,004
Profit for the financial year available for discretionary division among members	12,183,705	-	12,183,705
Members' interest in the profit for the period	27,001,709	18,000	27,019,709
Repayment of LLP Capital	6,000	(6,000)	-
Drawings	(2,962,906)	-	(2,962,906)
Balance at 31 March 2020	24,044,804	12,000	24,056,804
Profit for the financial year available for discretionary division among members	11,788,418	-	11,788,418
Members' interest in the profit for the period	35,833,222	12,000	35,845,222
Repayment of LLP Capital	3,000	(3,000)	-
Drawings	(4,062,197)	-	(4,062,197)
Balance at 31 March 2021	31,774,025	9,000	31,783,025

Carlton Commodities 2004 LLP

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Operating activities			
Net profit from ordinary activities		11,788,418	12,183,705
Operating cash flows before changes in working capital		11,788,418	12,183,705
Increase in accruals		7,800	7,050
Decrease in due to Marex Financial		(7,716,302)	(9,228,112)
		(7,708,502)	(9,221,062)
Net cash flows from operating activities		4,079,916	2,962,643
Cash flows from financing activities			
Receipts from members		-	-
Payments to members		(4,062,471)	(2,962,906)
Net cash flows from financing activities		(4,062,471)	(2,962,906)
Net increase in Cash and Cash equivalents during the year		17,446	(263)
Cash and cash equivalents as at 1 April		13,141	13,404
Cash and cash equivalents as at 31 March	5	30,587	13,141

Carlton Commodities 2004 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the LLP have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the IFRS Interpretations Committee ('IFRIC') as endorsed by the UK Endorsement Board ('UKEB').

The financial statements have been prepared on a going concern basis and under the historical cost basis. The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied during the years presented unless otherwise stated.

(b) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received by the LLP.

The members of the LLP were engaged in a single line of business as a commodity dealer throughout the year. Revenue comprises profits earned on commodities trading.

(c) Going concern

The members have, at the time of approving the financial statements, a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. As a part of this conclusion the members took into consideration the recent developments caused by the Coronavirus Covid-19 and the potential impact on the LLP's liquidity and financial performance through the Group's pandemic stress and reverse stress tests. The members considered the results of the pandemic stress scenario and concluded that there was sufficient headroom and available management actions, further supporting the LLP continuing to adopt the going concern basis of accounting in preparing the financial statements.

(d) Members' remuneration

Profits are allocated on a discretionary basis amongst the members in accordance with the LLP agreement. Members' profits are distributed within 20 working days following the end of each quarter to which they relate. Special capital awards are profits that were deferred in accordance with the LLP agreement.

(e) Members' capital

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

(f) Foreign currency translation

The LLP financial statements are presented in Pounds Sterling ('£'), which is also the currency of the primary economic environment (the functional currency) and the presentational currency of the LLP. Transactions entered into by the LLP in a currency other than £ are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of 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 2021

1. ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss ('ECL') model as opposed to an incurred credit loss model under IAS 39. The ECL model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets, therefore it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on (1) debt investments subsequently measured at amortised cost or at FVTOCI, (2) lease receivables, (3) contract assets and (4) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

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

Items existing as at the end of the reporting period that are subject to the impairment provisions of IFRS 9 relate only to Amounts due from group undertakings. Balances are assessed to have low credit risk at each reporting date as balances are held with companies within the Group and the ECL is immaterial.

(h) Financial instruments

Financial assets:

The LLP classifies its financial assets based on the purpose for which the asset was acquired. All financial assets were classified as amortised cost as at the reporting date. The LLP's accounting policy for this category is as follows:

- *Amortised cost:* 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 carried at amortised cost using the EIR method less provision for any impairment.

A financial asset is derecognised when the contractual rights from the financial asset expire, or when the contractual right to benefit from the future cash flow of that asset has been transferred. The LLP derecognises a financial asset when it substantially transfers all the risks and rewards of ownership.

Carlton Commodities 2004 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise the assets and liabilities simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(a) New and revised IFRSs in issue, but not yet effective

At the date of authorisation of these financial statements, the LLP has not applied the following new and revised IFRSs that have been issued, but are not yet effective and, in some cases, had not yet been adopted by the EU:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The members do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the LLP in future periods.

Carlton Commodities 2004 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

2. REVENUE

	2021	2020
	£	£
Revenue arises from:		
Commodity trading	11,841,370	12,244,207

All revenues arose wholly in the United Kingdom.

3. OPERATING PROFIT

	2021	2020
	£	£
This has been arrived at after charging:		
Fees payable to the Group's auditor for the audit of the LLP's annual accounts	44,066	52,440
Tax fees	8,612	7,800
Bank charges	274	263

4. MEMBERS REMUNERATION CHARGED AS AN EXPENSE

	2021	2020
	£	£
Non-discretionary profit share	11,788,418	12,183,705

The amount of profit attributable to the member with the largest entitlement was £6,909,256 (2020: £7,736,393). The average number of members during the period was 10 (2019: 16).

5. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank	30,587	13,141

Carlton Commodities 2004 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overall responsibility for risk management rests with the designated members. The LLP uses the dedicated resources within the risk management department of Marex Financial 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.

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

The LLP's activities expose it to the following financial risks:

(a) Foreign currency risk

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

(b) Interest rate risk

The LLP earns interest at the standard bank variable rate on cash balances it holds at its bank. The LLP 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 LLP does not earn any interest on cash held at Marex Financial.

(c) Market risk

As the principal activity of the members of the LLP is commodities trading, their profitability is linked to the volume, volatility and price levels of the underlying markets. As the individual members 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.

(d) Liquidity risk

The LLP 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 holds the LLPs' trading accounts as cash and is responsible for making any margin payments, it, rather than the LLP, bears any liquidity risk. The accruals are expected to repaid within 3 months.

(e) 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 LLP, through Marex Financial, maintains contingency facilities to support operations and ensure business continuity. These facilities are regularly and frequently tested.

Carlton Commodities 2004 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) 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 LLP. 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 LLP. Legal risk is managed by Marex Financial as a designated member for the LLP as the LLP does not perform these tasks.

(g) Credit risk

The Company always recognises lifetime ECL for trade receivables. ECLs are a probability-weighted estimate of credit losses based on both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and forward-looking expectation.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

	2021	2020
Fair value of counterparty balances	£	£
AA-	30,587	13,141
BBB	31,776,764	24,060,462
	<u>31,807,352</u>	<u>24,073,603</u>
Due from Marex Financial	31,776,764	24,060,462
Cash and cash equivalents	30,587	13,141
	<u>31,807,352</u>	<u>24,073,603</u>

(h) Concentration risk

The cash exposure as at 31 March 2021 was 100% (2020: 100%) to a UK based AA- rated banking group.

Carlton Commodities 2004 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7. FAIR VALUE MEASUREMENT

Fair values of financial assets and financial liabilities

Due to the nature of the underlying assets and liabilities the carrying amounts approximate fair value.

	2021 £	2020 £
<i>Financial assets</i>		
Due from Marex Financial	31,776,764	24,060,462
Cash and cash equivalents	30,587	13,141
Total	31,807,352	24,073,603
<i>Financial liabilities</i>		
Accruals	24,600	16,800
Loans and other debts due to members	31,782,752	24,056,803
Total	31,807,352	24,073,603

8. MEMBERS' INTERESTS

Amounts due to members at the end of the reporting year included nil deferred distributions (2020: Nil).

9. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The immediate parent undertaking is Marex Financial, a private unlimited company incorporated in England and Wales. The LLP is included in the consolidated financial statements of Marex Group plc, the immediate parent undertaking of Marex Financial, which are available from its registered office at 155 Bishopsgate, London EC2M 3TQ.

In the designated members' opinion, the ultimate controlling party of the LLP is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.

(b) Balances with other group undertakings

The LLP clears its transactions through Marex Financial. The amount receivable from Marex Financial relates to these transactions and are as follows:

	2021 £	2020 £
Marex Financial	31,776,764	24,060,462

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10. POST BALANCE SHEET EVENTS

There were no post balance sheet events which would have a material impact on these financial statements.