Company Registration Number 5616586

INTL FCSTONE LTD

Report and Financial Statements

30 September 2018

INTL FCSTONE LTD

REPORT AND FINANCIAL STATEMENTS
30 September 2018

CONTENTS | PAGE

INTL FCSTONE LTD

REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S R Bailey
S M O'Connor
P A Smith
M J Wilde
L J McNeile

SECRETARY

Catherine O Odigie

REGISTERED OFFICE

1st Floor Moor House
120 London Wall
London
EC2Y 5ET

AUDITOR

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Company Registration Number 5616586

The directors present the Strategic report of the Company for the year ended 30 September 2018 in accordance with Companies Act 2006, section 414C.

Business Model and Strategy

INTL FCStone Ltd is the main non-US operating entity of INTL FCStone Inc ("Group") offering regulated as well as unregulated financial products and services to customers in the European, Middle Eastern, and African time zones from London.

The Company is authorised and regulated by the Financial Conduct Authority.

The Company provides a range of services:

- The global payments division delivers 146 currencies to more than 180 countries for aid agencies and banks;
- It is a category 1 member of the London Metal Exchange (LME), and a member of ICE Futures Europe, LCH Enclear, Euronext, the European Energy Exchange, Eurex, and Norexco. Through its affiliates, IFL provides customers with access to various other global exchanges, focusing on providing hedging services for customers in base metals, soft, agricultural and other commodities;
- It acts as broker in foreign exchange, oil, and precious metals, acting as principal and intermediary;
- Provides hedging and physical trading services in precious metals, being a member of the London Bullion Markets Association and the London Platinum and Palladium Markets Association and
- It provides hedging advice to clients in the area of agricultural, energy, and dairy sectors.

In providing these services the Company makes markets in currencies and certain financial instruments but does not take proprietary risk as a matter of policy.

The Company operates in close concert with Group entities especially in New York, Chicago, Singapore, Dubai, and Hong Kong. Specifically it:

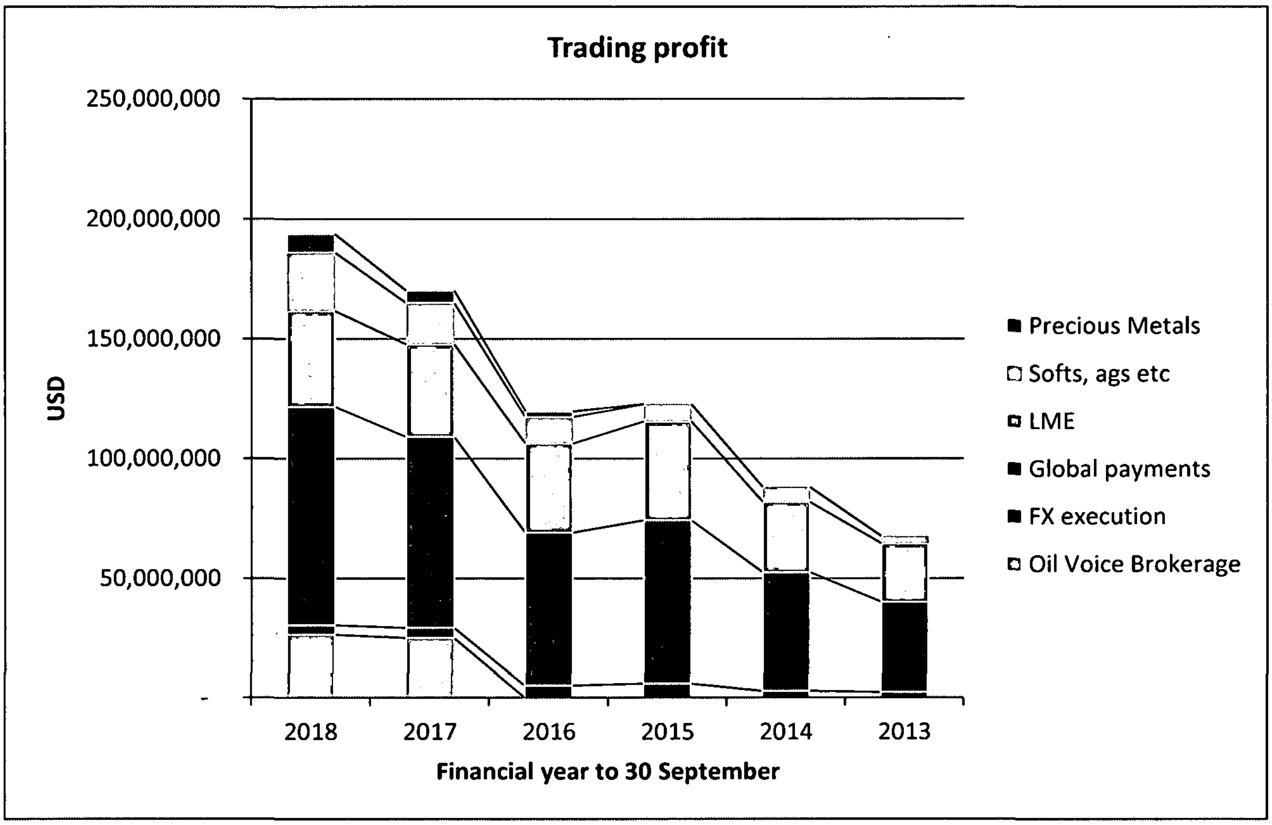
- provides clears for clients of US, Latin American and Far Eastern affiliates;
- receives trading services from New York, Chicago, Singapore and Hong Kong;
- provides operational trade support for precious metal trading activity to Singapore and Dubai.

Business review

The Company's main activities (profit centres) are:

- Global Payments Services (non-derivatives);
- Clearing and execution services on the London Metal Exchange
- Clearing and execution services in connection with agricultural and soft commodities, and energy on European and, via affiliates, US and Asian exchanges for clients in agricultural and soft commodities;
- FX Prime Brokerage (execution) services;
- Trading in precious metals.
- Oil voice brokerage

Their shares of trading profit in recent years have been as follows:



(Note: 2014 and 2013 figures are consolidated numbers, when the businesses were carried out in two UK entities)

The largest generator of trading profit continued to be the Global Payments business.

At the beginning of the previous year the Company recruited from ICAP (an interboker dealer) a team specialising in oil voice brokerage: this was an activity that the competition authorities had requested be shed as a condition for approving ICAP's merger with Tullett Prebon. The oil voice brokerage business generates commission, carries no principal risk, and uses minimal capital.

Throughout the year, the Company added personnel in support functions to help within a number of business areas as regulatory complexity has increased.

Key Performance Indicators (KPIs)

The Board of the ultimate parent sets the overall strategy and monitors progress. Individual operating divisions across the Group are monitored regardless of legal entity in which they reside.

At a Company level, management monitors those same businesses with each one assessed for profitability by reference to absolute targets, specifically as to capital employed, including such capital as may be required in the form of liquidity required to manage exceptional market movements.

The Group measures entity performance on the basis of return on equity. In the financial year under review the Company achieved a pre-tax rate of return of 28% (2017: 26%) of average capital employed, which the Company's Board considers more than adequate.

Risk Management

The Company is regulated as a 730k firm and is subject to the EU's CRD IV and associated regulations, and the FCA's ILAS regime with regards to liquidity. Frameworks and assessments have been developed with reference to these regulations, with close oversight also exercised by the Group's risk department.

Risk is inherent in the Company's business and its activities. Exposures to risk are managed continually to ensure that such exposures are within capital constraints and justified by the profitability of any initiative that the Company may pursue.

The principle risks faced by the Company are:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk
- Regulatory Risk
- Reputational Risk
- Conduct Risk

Credit, Market, Operating Risks

The mathematical expression of the Company's appetite for Credit, Market, and Operational risks mentioned above must never be more than that of the Group, and is reviewed regularly, notably as part of the Internal Capital Adequacy Process (ICAAP, 'Pillar II'). New projects or unforeseen events trigger a review of all of the above risks as part of the ICAAP. Operational Risks include Regulatory, Conduct, Systems and ICAAP also takes into account any revenue impact flowing from the associate reputational damage.

Credit risk is managed by setting authorised trading limits on all counterparties and constant monitoring of client positions to ensure adherence to those limits.

In line with Group policy, the Company does not take directional positions as a policy, but the Group's strategy is that it is a market maker in certain commodities and currencies. Position and other market risk limits are imposed on all trading teams where there is market making. These are monitored daily.

Liquidity Risk

Liquidity risk is monitored daily by reference to internally designed stresses and at least every three days by stress models used by the FCA applying ILAS parameters. Liquidity management is designed to ensure utilisation by each business segment does not exceed pre-agreed capital allocation. The Company has access to contingency funding, and maintains appropriate buffers as laid down by regulation.

Prospective regulatory challenges

The Group has analysed its business activities within the EU and amongst a range of possible actions. These include:

- Making use of the services of the Luxembourg-based 125k affiliate:
    - in the provision of advice to EU-based clients where needed
    - as tied agent to receive and transit orders to the UK in the territory of the EU, and
    - in enabling direct electronic access to EU-based exchanges.

  The Company's clients have been informed of any legal or contractual changes that will be made in cases where this Luxembourg entity will be providing these services.
- Reinstatement of its Irish entity as a free standing, regulated, 125k firm.

By divesting the Dublin branch the Company could lose 8% of net profit, albeit that is not a loss to the INTL FCStone group as whole.

In the event of a 'hard' Brexit the Company expects that it might not be able access directly two EU-based clearing houses. The additional cost in accessing these via EU-based brokers is minimal.

Apart from the above there is expected to be minimal impact on the results of the Company in the event of a hard Brexit.

On behalf of the Board

P A Smith
Director

1st Floor Moor House
120 London Wall
London
EC2Y 5ET

23 January 2019

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

Principal activities

The Company provides pricing and execution and clearing services in over 146 currencies with delivery to more than 180 countries. The Company also operates as a broker-dealer and advisor in commodity and foreign exchange risk management by providing a comprehensive range of customised financial services to help clients manage volatility and protect themselves against margin exposure.

Results and dividends

The profit for the year, after taxation, amounted to $47,696,318 (2017: $35,520,328). The Company did not pay a dividend in the year and directors have not recommended a final dividend (2017: nil).

Disclosure of Information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Going Concern

After making appropriate enquiries which assessed strategy, profitability, funding, risk management and capital resources, the directors consider the Company to be a going concern as the Company has adequate capital and liquid resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Insurance

The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of their employment.

Financial instruments

Information regarding the financial risk management objectives and policies are set out within the strategic report.

Pillar 3 disclosures

Details of the Company's unaudited Pillar 3 disclosures, as required by the European Union's Capital Requirements Directive IV may be found in INTL FCSTONE Inc. financial statements, which can be found at www.intlfcstone.com.

Political contributions:

The Company made no political donations (2017: nil) or incurred any political expenditure during the year.

Overseas Branches

The Company has one overseas branch, in Ireland, which has been included in the reported results.

INTL FCSTONE LTD

DIRECTOR'S REPORT
30 September 2018

Directors

The directors who served the Company during the year were as follows:

S R Bailey
S M O'Connor
P A Smith
M J Wilde
L J McNeile

No director had any beneficial interests in the share capital of the Company.

On behalf of the Board

P A Smith
Director

1st Floor Moor House
120 London Wall
London
EC2Y 5ET

23 January 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
30 September 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTL FCSTONE LIMITED

Opinion

We have audited the financial statements of INTL FCStone Limited ("the company") for the year ended 30 September 2018 which comprise the Income Statement and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Richard Smith

Richard Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

23 January 2019

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Year ended 30 September 2018

	Note	2018 $	2017 $
TRADING PROFIT	4	199,117,183	172,933,991
Administrative and operating expenses		(137,938,923)	(127,474,451)
OPERATING PROFIT	5	61,178,260	45,459,540
PROFIT BEFORE TAXATION		61,178,260	45,459,540
Tax on profit	6	(13,481,942)	(9,939,212)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		47,696,318	35,520,328

All current year activities of the Company were classified as continuing.

The notes on pages 14 to 37 form part of these financial statements.

INTL FCSTONE LTD

STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	2018		2017	
		$	$	$	$
Non-current assets					
Intangible assets	7		3,430,908		2,965,132
Property, plant and equipment	8		3,344,436		4,323,842
Investments – available for sale	9		3,742,304		3,674,772
			10,517,648		10,963,746
Current assets					
Inventory	13	42,080,351		13,303,698	
Deferred taxation	15	699,322		506,452	
Trade and other receivables	10	5,221,518,671		6,061,488,320	
Investments	11	31,775,832		31,891,237	
Cash at bank	14	165,309,463		146,069,211	
		5,461,383,639		6,253,258,918	
Current liabilities	12	(5,226,565,218)		(6,066,582,913)	
Net current assets			234,818,421		186,676,005
Net assets			245,336,069		197,639,751
Capital and reserves					
Called up share capital	16		90,000,000		90,000,000
Retained earnings			155,336,069		107,639,751
Total equity			245,336,069		197,639,751

The financial statements were approved by the board of directors and authorised for issue on 23 January 2019 and are signed on their behalf by:

S R Bailey
Director

Company Registration No. 5616586

The notes on pages 14 to 37 form part of these financial statements

INTL FCSTONE LTD

STATEMENT OF CHANGES IN EQUITY

As at 30 September 2018

	Share Capital	Retained earnings	Total
	$	$	$
At 1 October 2016	90,000,000	72,119,423	162,119,423
Comprehensive income for the year	-	35,520,328	35,520,328
At 30 September 2017	90,000,000	107,639,751	197,639,751
Comprehensive income for the year	-	47,696,318	47,696,318
At 30 September 2018	90,000,000	155,336,069	245,336,069

The notes on pages 14 to 37 form part of these financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken;

- The requirements of IAS 7 *Statement of Cash Flows*;
- The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, *Changes in Accounting Estimates and Errors*;
- The requirements of IFRS 2 *Share based Payment*, with exemption from most disclosures, but for the disclosure of the description of the schemes and details about options exercised in the year and options outstanding at year end;
- The requirements of paragraph 17 of IAS 24 *Related Party Disclosures;*
- The requirements of IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction wholly owned by such member;

In the opinion of the directors, the presentation of turnover, cost of sales and gross profit envisaged by the Companies Act 2006 is not applicable to brokerage companies. The appropriate presentation therefore is for the profit and loss account to begin with "trading profit" which comprise all income and an expense related to the Company's trading activities.

Functional and presentation currency

The Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"); this is US Dollars ($). The financial statements are presented in US Dollars ($), the Company's presentation currency.

Going Concern

After making appropriate enquiries which assessed strategy, profitability, funding, risk management and capital resources, the directors consider the Company to be a going concern as the Company has adequate capital and liquid resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Changes in accounting policies and disclosures

The following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting future periods, but the Company has not early-adopted them:

Accounting policies – *continued*

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments (effective date 1 January 2018, will be first incorporated within the 30 September 2019 Financial Statements) addresses the classification, measurement and recognition of financial assets and financial liabilities. The full version of IFRS 9 was issued in July 2014. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS also provides guidance on the application of hedge accounting. The classification and measurement of the Company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrecoverable option at inception to present changes in fair value in other comprehensive income. There is a new expected credit-loss based impairment model that replaces the incurred loss impairment model used in IAS 39. The Company has yet to quantify the impact of this standard. Additional analysis will be undertaken by the Company prior to the adoption date to clarify and estimate the effect on the financial statements.

IFRS 15 Revenue from contracts with customers
IFRS 15 Revenue from contracts with customers (effective date 1 January 2018, will be first incorporated within the 30 September 2019 Financial Statements) presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Company has yet to quantify the impact of this standard. Additional analysis will be undertaken by the Company prior to the adoption date to clarify and estimate the effect on the financial statements.

IFRS 16 Leases
IFRS 16 Leases (effective date 1 January 2019, will be first incorporated within the 30 September 2019 Financial Statements). IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs). There will also be an increased amount of leases which are required to be recognised on the statement of financial position, in respect to the office premises of the company. The Company has yet to quantify the impact of this standard. Additional analysis will be undertaken by the Company prior to the adoption date to clarify and estimate the effect on the financial statements.

Trading profit

Trading profit represents realised and unrealised profits on trading, commission and fee income, and revenues and costs recharged to affiliates, after deduction of the costs of trading, such as brokerage etc.

Intangible assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.
Intangible assets acquired as part of a business combination are capitalised at their fair value where this can be measured reliably.

Customer files and software purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives as follows:

Customer Files	3 years straight line
Software	5 years straight line (subsequent enhancements attract accelerated amortisation rates to the same assumed expected useful life)

Accounting policies – *continued*

Property, plant, equipment and depreciation

Depreciation is used to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer Equipment	3-5 years straight line
Leasehold improvements and Equipment	Straight line to the termination of the lease
Fixtures and Fittings	3 years straight line
Non-motorised Vehicles	1 year straight line

Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable. If any such indication exists, the assets recoverable amount which is estimated by taking the higher of the assets fair value less costs of disposal and the assets value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment of the financial assets

The Company assesses at each Statement of Financial Position date whether there is objective evidence of impairment

- Available for sale - Investments at cost, all Company investments are held at cost less impairment.

- Financial assets and liabilities at fair value through profit and loss, financial assets at fair value through profit and loss comprise unsettled trades. These financial assets are initially recognised at fair value and subsequently measured at fair value with gain or loss taken to profit and loss.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Current tax is measured as amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date that are expected to result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and laws that have been substantively enacted by the Balance Sheet date. The measurement reflects the Company's expectation as to how the manner in which the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

Accounting policies – *continued*

Foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange ruling at the Balance Sheet date. Non-monetary assets and liabilities are translated into US Dollar at the effective historical rate used on the date of initial recognition. All differences are booked to the Income Statement.

Pension costs

Contributions to the Company's defined contribution scheme are charged to the profit and loss account in the period in which they are accrued.

Financial instruments:

Financial assets

Financial assets are classified into the different categories of financial assets on initial recognition depending on the characteristics of the financial asset acquired or created and the reason behind entering into an agreement that results in a financial asset being recognised. A financial asset category is important as it drives how the financial asset is to be measured and whether the resulting income and expenses are recognised in the Income Statement or recognised in equity.

The Company classifies its financial assets into one of the following categories:

Fair value through profit or loss

This category included financial assets held for trading. They are carried in the Balance Sheet at fair value with changes in the fair value recognised in the Income Statement; the changes in fair value on "held for trading" assets are recognised through the Income Statement. Gains and losses realised on disposal or redemption of "held for trading" assets are recognised directly through the Income Statement.

The Company classes its trading assets as fair value through profit or loss. Trading assets include:

- amounts presently due for settlement under commodity contracts
- unrealised gains and losses arising from the valuation of forward positions
- forward commissions receivable or payable
- cash margin received or paid
- intercompany trading balances

The majority of these instruments are short term, and due for settlement within three months.

- Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value at trade date including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest rate method less any provision for impairment. Loans and receivables include cash held at bank, non-trading balances with group companies and other receivables.

- Available for sale

Non-derivative financial assets not included in the above categories are classified as available for sale, comprising investments in trading exchanges and unlisted corporate entities. They are carried at cost because the fair values of the equity shares are not readily available in the market and the shares trade within an illiquid market.

Accounting policies – *continued*

In the case of unlisted investments the Directors assess the market value by reference to the underlying net assets of the investment and to all other available factors which relate to these investments.

Where a decline in the fair value of available for sale financial asset shows evidence of impairment, the amount of the impairment loss is removed from equity and recognised in the Income Statement.

Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed.

Fair value through profit or loss

This category included financial liabilities held for trading. They are carried on the Balance Sheet at fair value with changes in the fair value recognised in the Income Statement; the changes in fair value on "held for trading" liabilities are recognised through the Income Statement. Gains and losses realised on disposal or redemption of "held for trading" liabilities are recognised directly through the Income Statement.

The Company classes its trading liabilities as fair value through profit or loss.

Trading liabilities include:

- amounts presently due for settlement under commodity contracts
- unrealised gains and losses arising from the valuation of forward positions
- forward commissions receivable or payable
- cash margin received or paid
- intercompany trading balances

Most of these instruments are short term, and due for settlement within three months.

Amortised cost

All financial liabilities not classified as held for trading are classified as financial liabilities at amortised cost. These liabilities are initially measured at fair value net of transaction costs at trade date. Subsequently, they are measured at amortised cost using the effective interest rate method.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Client Money and Trading Positions

The Company holds money on behalf of some clients in accordance with the client money rules of the Financial Conduct Authority. Such monies and the corresponding amounts due to clients are not shown on the face of the Balance Sheet as the Company is not beneficially entitled thereto.

Share based payments

The share option programme allows certain employees and directors to acquire shares in the ultimate parent company at a strike price equal to the market value at the time of the award. The fair value of these options at the time that they are awarded is determined using Black Scholes model and are amortised over the number of years during which they vest and recognised as an expense with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Accounting policies – *continued*

Inventory

Inventory is stated at fair value less costs to sell. Changes in the fair value net of costs to sell are recognised in profit or loss in the period of the change.

Operating leases

Operating lease payments are charged to the Income Statement on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis over the lease term.

Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future actual results may differ from the planned assumptions and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed.

Fair value of financial instruments – Available for sale

The Company determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used; including discount rates and estimates obtained from independent experts or quoted market prices of comparable instruments. The derived fair value estimates cannot be substantiated by comparison with independent markets and in some cases not be capable of being realised immediately. At 30 September 2018 the Company had investments of 3,742,304 (2017: 3,674,772) per note 9.

Credit impairments

Each quarter the Company considers whether an impairment should be recognised against its financial assets and other receivables. This impairment loss assessment is made using all relevant information available to management and by applying judgement on whether there is objective evidence that a financial asset or portfolio of assets is impaired as a result of occurred loss events. The calculation of an impairment loss is management's best estimate of losses incurred at Balance Sheet date and reflects the expected future cash flows likely if the trade receivable is written off per note 23.

2. Particulars of Employees

	2018	2017
	$	$
Staff costs including directors consist of:		
Salaries and performance related remuneration	63,846,562	53,316,923
Share based payments	329,946	393,562
Social security costs	8,424,074	7,111,177
Pension contributions	1,559,774	1,307,396
	74,160,356	62,129,058

Particulars of Employees – *continued*

The average number of employees of INTL FCStone Ltd and its subsidiaries including directors during the year analysed by category was as follows:

	2018	2017
Traders and sales	133	129
Operations	67	55
Administration	71	64
	271	248

The Company does not have any Defined Benefit pension schemes.

3. Directors Emoluments

	2018	2017
	$	$
Directors' remuneration consists of:		
Emoluments for services as directors of INTL FCStone Ltd	3,325,048	698,035
Pension contributions	32,394	39,043
	3,357,442	737,078
Emoluments of highest paid director:		
Emoluments	1,971,858	358,947
Pension	32,394	29,565

During the year one of the directors participated in Defined Contribution pension schemes (2017: two). None of the directors participated in Defined Benefit pension schemes during 2018 (2017: none).

During the current year, one director (2017: no directors) exercised share options that had been awarded in prior periods. The total gain, included in the figure above, made by the director was $735,785 (2017: NIL). Four (2017: four) of the Company's directors are shareholder representatives of other Group entities. The highest paid director received an interest free advance in the financial year 2018 of £117,801, which was repaid in full prior to 30 September 2018 (2017: NIL).

4. Trading profit

Trading profit is wholly attributable to the principal activities of the Company and arises solely from activities within the United Kingdom and the Republic of Ireland.

	2018	2017
	$	$
Trading and market making profits	111,271,563	98,930,404
Commission and fee income	63,954,495	60,104,403
Revenues received from affiliates	10,715,567	7,162,616
Costs recharged to affiliates	3,303,385	2,264,881
Foreign exchange profit	2,675,917	1,555,535
Interest and commitment fees receivable	7,196,256	2,916,152
	199,117,183	172,933,991

5. Operating profit

	2018	2017
	$	$
Operating profit is stated after charging:		
Depreciation and amortisation	1,326,284	1,491,230
Loss on disposal of leasehold improvements & equipment	799,819	569,994
Fees payable to Auditor - audit of the annual accounts	215,387	211,239
Fees payable to the auditor and its associates for other services:		
- other non-audit services	6,517	6,706
Operating lease costs	1,886,792	1,372,773
Finance cost – Interest expense	776,221	1,863,211

6. Taxation

	2018	2017
	$	$
Analysis of charge in the year		
Current tax:		
In respect of the year		
UK corporation tax based on the results for the year	13,762,030	9,924,602
Adjustment to prior years	(87,218)	27,710
Total current tax	13,674,812	9,952,312
Deferred tax		
Origination and reversal of timing differences	(192,870)	(13,100)
Total deferred tax (note 15)	(192,870)	(13,100)
Tax on profit	13,481,942	9,939,212

The tax computed on the profit for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017 – 19.5%). The difference is explained below.

Taxation - *continued*

	2018	2017
	$	$
Profit before taxation	61,178,260	45,459,540
Profit by rate of tax: Rate 22.4% (2017 – 21.5%)*	13,680,492	9,773,801
Reconciling Items: *Tax effect of timing differences*		
Expenses not deductible for tax purposes	188,417	137,701
Tax effect off share incentives provided by the ultimate parent	(255,703)	111,089
Depreciation for the year in excess of capital allowances	67,954	(43,376)
Other timing differences	80,870	(54,613)
Adjustment to prior years	(87,218)	27,710
Total current tax	13,674,812	9,952,312

* the blended rate of tax applicable in the UK, including bank tax surcharge, and Ireland

Reductions in the UK Corporation Tax Rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's tax charge accordingly. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

7. Intangible Assets

	Software
	$
Cost	
As at 1 Oct 2017	6,227,421
Additions	1,126,275
Carried forward	7,353,696
Amortisation	
As at 1 Oct 2017	3,262,289
Charge for the year	660,499
Carried forward	3,922,788
Net book value	
At 30 Sep 2018	3,430,908
At 30 Sep 2017	2,965,132

8. Property, plant and equipment

	Fixtures and Fittings	Non-Motorised Vehicles	Computer Equipment	Leasehold improvements & equipment	Total Tangible Asset
	$	$	$	$	$
Cost					
As at 1 Oct 2017	930,153	16,733	2,955,737	4,015,377	7,918,000
Additions	203,127	8,015	274,062	995	486,199
Disposal	-	-	-	-	
Carried forward	1,133,280	24,748	3,229,799	4,016,372	8,404,199
Depreciation					
As at 1 Oct 2017	449,109	15,340	2,114,844	1,014,865	3,594,158
Disposal					
Charge for the year	184,010	5,025	476,751	799,819	1,465,605
Carried forward	633,119	20,365	2,591,595	1,814,684	5,059,763
Net book value					
At 30 Sep 2018	500,161	4,383	638,204	2,201,688	3,344,436
At 30 Sep 2017	481,044	1,393	840,893	3,000,512	4,323,842

9. Investments – Available for sale

At 30 September 2018 the Company had investments as follows:

	2018	Impairment assessment	Foreign exchange movement	Shares acquired	2017
	$	$	$		$
Shares in LME – B Shares	3,401,121	-	-	-	3,401,121
Shares in Industrial and General Insurance PLC	-	(133,519)	(186)	-	133,705
Shares in SWIFT	341,183	-	-	201,237	139,946
	3,742,304	(133,519)	(186)	201,237	3,674,772

The Company owns 25,000 'B' Shares of in LME Holdings Limited as required to become a Category 1 ring dealing and clearing member of the London Metal Exchange (LME). The Company also holds shares in SWIFT as required to access the service.

10. Trade and other receivables: amounts falling due within one year

	2018	2017
	$	$
Trade receivables carried at fair value through profit and loss	5,054,732,555	5,878,637,955
Balances at clearing houses: Trading balances	79,181,288	118,946,773
Amounts owed by group undertakings	20,858,407	15,589,229
Trade receivables	5,154,772,250	6,013,173,957
Balances at clearing houses: default fund deposits	54,912,466	31,002,693
Other debtors	555,098	862,437
Other taxation and social security	1,091,702	1,098,608
Prepayments and accrued income	10,187,155	15,350,625
	5,221,518,671	6,061,488,320

Trade receivables include balances due by customers under FIA master agreements, amounts due by counterparties and clients in the global payments business, and receivable legs of trades concluded under ISDA (and some other) master netting agreements.

Trade receivables carried at fair value subject to ISDA agreements or other agreements that do not have a legal enforceable right to offset assets against liabilities in the normal course of business have been shown gross on the balance sheet, i.e by classifying receivable and payable legs of underlying contracts as assets and liabilities respectively. Although these agreements do not net on the balance sheet, they always offset in the event of bankruptcy or default, and as such are net settled when closed out net of cash margin. The impact of this further offsetting has been shown on Note 19 *Offsetting of financial assets and financial liabilities.*

Trade receivables that are subject of/to master netting agreements where net settlement can be imposed in the normal course of business have been offset on the Balance Sheet and have been shown net of cash collateral, as shown in note 19 *Offsetting of financial instruments* which details the Company's gross and net exposures.

11. Investments

The Individual Liquidity Adequacy Standards require buffers to be available for deployment at time of liquidity stress. The company's strategy is to hold its buffer in the form of US Treasury Bills:

	2018	2017
	$	$
Investments – US Treasury Bills	31,775,832	31,891,237

12. Trade and other payables: amounts falling due within one year

	2018	2017
	$	$
Trade payables carried at fair value through profit and loss	5,197,579,614	6,010,048,529
Amounts owed to group undertakings	3,075,746	32,778,763
Accruals and deferred income	18,868,240	17,362,896
Other taxation and social security	7,041,618	6,392,725
	5,226,565,218	6,066,582,913

Trade payables carried at fair value through profit and loss include amounts due to clients under FIA master agreements, amounts deliverable to global payments counterparties and clients, suppliers of goods and services, and payable legs due to clients concluded under ISDA master netting agreements, other tailored agreements.

Trade payables subject to ISDA agreements or other agreements do not have a legal enforceable right to offset liabilities against assets in the normal course of business and as such have not been netted on the balance sheet. Although these agreements do not net on the balance sheet, they always offset in the event of bankruptcy or default, and as such are net settled when closed out net of cash margin. The impact of this further offsetting has been shown on Note 19 *Offsetting of financial assets and financial liabilities*.

Trade payables that are subject to master netting agreements where net settlement can be imposed have been offset on the Balance Sheet and have been shown net of cash collateral, as shown in note 19 *Offsetting of financial instruments* which details the Company's gross and net exposures.

13. Inventory

	2018	2017
	$	$
Precious Metals Inventory	42,080,351	13,303,698

Inventory is held at the fair value with changes in fair value reported in the Income Statement for the year.

14. Cash and cash equivalents

	2018	2017
	$	$
Cash at bank	165,309,463	146,069,211

15. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2018	2017
	$	$
Asset brought forward	506,452	493,352
Origination and reversal of temporary differences during the year	192,870	13,100
Asset carried forward	699,322	506,452

Deferred taxation - *continued*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2018	2017
	$	$
Accelerated capital allowances	181,886	113,932
Deferred share based payment	410,481	366,435
Other expenses to be claimed against future tax years	106,955	26,085
	699,322	506,452

The deferred tax asset at 30 September 2018 has been calculated based on the rates of 19% substantively enacted at the Balance Sheet date.

16. Share Capital

	Allotted, called up and fully paid			
	2018	2017	2018	2017
	Number of shares		$	$
Ordinary shares of $1 each	90,000,000	90,000,000	90,000,000	90,000,000

17. Commitments

Operating leases

At 30 September 2018 the Company had total commitments under non-cancellable operating leases as follows:

	2018 Land and Buildings	Other	2017 Land and Buildings	Other
	$	$	$	$
Operating leases commitments:				
Within one year	2,310,835	45,456	1,964,218	46,774
After one year within five years	9,084,891	40,777	8,548,594	88,733
After five years	3,517,933	-	5,749,343	-
	14,913,659	86,233	16,262,155	135,507

18. Financial instruments

Fair value

The carrying amounts of all financial assets and liabilities are at their respective fair values, except for those shown as available for sale (see note 9), because they are short-dated in nature.

	Fair value and Book Value 2018 $	Fair value and Book Value 2017 $
Financial assets		
Trading assets		
Trade receivables	5,133,913,843	5,997,584,726
Amounts owed by group undertakings	20,858,407	15,589,229
Loans and receivables		
Cash and cash equivalents	165,309,463	146,069,211
Other debtors	11,833,955	17,311,670
Balances at clearing houses: Guaranteed deposit	54,912,466	31,002,693
Investments		
US Treasury Bills	31,775,832	31,891,237
Available for sale		
Investments – non current	3,742,304	3,674,772
	5,422,346,270	6,243,123,538
Financial liabilities		
Fair value through profit and loss		
Trade liabilities	5,197,579,614	6,010,048,529
At amortised cost		
Other creditors	25,909,858	23,755,621
Amounts owed to group undertakings	3,075,746	32,778,763
	5,226,565,218	6,066,582,913

Financial instruments - *continued*

Fair value hierarchy - fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- *Level 1 – Quoted market price:* Quoted prices in active markets for identical financial instruments.
- *Level 2 – Observable input:* Valuation techniques based on inputs, other than quoted prices within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3 – Non observable input:* Valuation techniques based on inputs for the assets and liabilities that are not based on observable market data. The valuation is primarily based on generally accepted valuation techniques.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels of fair value hierarchy have been defined above.

	Level 1 $	Level 2 $	Level 3 $	Total $
30 September 2018				
Assets				
Cash and cash equivalents	165,309,463	-	-	165,309,463
Investments – Available for sale	-	-	3,742,304	3,742,304
Investments – US Treasury Bills	31,775,832	-	-	31,775,832
Deposits and receivables from exchange –clearing organisations: derivatives	106,845,268	-	-	106,845,268
Deposits and receivables from broker-dealers, clearing organisations and counterparties: derivatives	4,908,630,646	139,296,336	-	5,047,926,982
Total assets	5,212,561,209	139,296,336	3,742,304	5,355,599,849
Liabilities				
Trade payables – owing to broker dealers, clearing organisations and counterparties.	5,047,304,332	150,275,282	-	5,197,579,614
Total liabilities	5,047,304,332	150,275,282	-	5,197,579,614

Financial instruments - *continued*

	Level 1 $	Level 2 $	Level 3 $	Total $
30 September 2017				
Assets				
Cash and cash equivalents	146,069,211	-	-	146,069,211
Investments – Available for sale	-	-	3,674,772	3,674,772
Investments – US Treasury Bills	31,891,237	-	-	31,891,237
Deposits and receivables from exchange –clearing organisations: derivatives	147,757,483	-	-	147,757,483
Deposits and receivables from broker-dealers, clearing organisations and counterparties: derivatives	5,731,134,053	134,282,419	-	5,865,416,472
Total assets	6,056,851,984	134,282,419	3,674,772	6,194,809,175
Liabilities				
Trade payables – owing to broker dealers, clearing organisations and counterparties.	5,874,332,936	135,715,593	-	6,010,048,529
Total liabilities	5,874,332,936	135,715,593	-	6,010,048,529

Fair value – Level 2
The amounts falling within the level 2 category are those contracts owing by and to the Company's clients and counterparties in the Global Payments business. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Fair value – Level 3 Investments
The Company's investments consist of B Shares in London Metals Exchange Holdings Limited ($ 3,401,121) which enables the Company to trade directly on the London Metals Exchange. The Company holds additional investments which consist of shares in SWIFT ($ 341,183), both of these investments are treated as available for sale.

The Company cannot determine the fair value of these investments as a) the shares are unlisted b) the shares trade infrequently within an illiquid market c) fair value cannot be determined with comparison to similar companies in the market due to lack of appropriate companies and d) No offer of purchase existed at the Balance Sheet date for these investments. Management has therefore valued the investments at the consideration paid on date of acquisition adjusted for revaluation due to foreign exchange rate changes.

19. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Within the disclosure table below the financial instruments and cash collateral columns represent the 'amounts not set off within the Statement of Financial Position' for trade & other receivable or payable to / from clients, brokers and clearing houses includes transactions where:

Offsetting of financial assets and financial liabilities – *continued*

- The counterparty has an offsetting exposure with the Company and a master netting or similar arrangement is in place with a right of set off only in the event of default, insolvency or bankruptcy, or the offset criteria are otherwise not satisfied; and
- Cash collateral has been received/ pledged in respect of transactions described above.

	Amounts subject to enforceable netting arrangements			Amounts not set off in the Statement of Financial Position		
	Gross amounts $ 000's	**Amounts offset $ 000's**	**Net amounts in the Balance Sheet $ 000's**	**Financial instruments $ 000's**	**Cash collateral $ 000's**	**Net amount $ 000's**
2018						
Financial assets						
Trade receivable due from brokers, clients, clearing houses and Group undertakings	11,997,184	(6,981,708)	**5,015,476**	(4,613,260)	(6,193)	**396,023**
Financial liabilities						
Trade payables due to brokers, clients and group undertakings	(12,029,012)	6,981,708	**(5,047,304)**	4,613,260	6,193	**(427,851)**

	Amounts subject to enforceable netting arrangements			Amounts not set off in the Statement of Financial Position		
	Gross amounts $ 000's	**Amounts offset $ 000's**	**Net amounts in the Balance Sheet $ 000's**	**Financial instruments $ 000's**	**Cash collateral $ 000's**	**Net amount $ 000's**
2017						
Financial assets						
Trade receivable due from brokers, clients, clearing houses and Group undertakings	13,513,191	(7,634,299)	**5,878,892**	(5,611,524)	(4,090)	**263,278**
Financial liabilities						
Trade payables due to brokers, clients and group undertakings	(13,508,632)	7,634,299	**(5,874,333)**	5,611,524	4,090	**(258,719)**

Cleared derivative contracts that are subject to a master agreement allowing for enforced netting in the ordinary course of business are shown 'gross' to the extent that fair values are either positive or negative. Grossing of 'OTC' contracts that are subject to ISDA and other types of master agreement where netting can only be enforced on an event of default is by reference to each payable and receivable leg, on the basis that these are the amounts (valued in USD) that might be settled at some time after the balance sheet date.

In addition to the financial assets and liabilities subject to formal netting agreements shown above, the Company enters into contracts for the receipt and delivery of currencies in its global payments business. These are in some cases subject to master agreements that might provide for set-off in the event of default, but as the trades are almost always 'spot' they have been treated as not benefitting in practice from set-off. The total receivable under such trades at 30 September 2018 was $139,296,336 (2017 - $134,282,419), and the total amount payable was $150,275,282 (2017 - $135,715,593). These amounts are included in the totals of trade receivables and trade payables in notes 10 and 12.

20. Country-by-country reporting

Trading profit represents realised and unrealised profits on customer trading, commissions receivable (after deduction of brokerage and similar charges), fee income from issuing contracts, and net interest receivable on trading balances, after deduction of the costs of trading, excluding value added tax.

Geographical analysis

The geographical analysis has been compiled on the basis of location of the office where the transactions are recorded.

Name	Nature of activities	Geographical	Turnover	Profit before tax	Corporation tax paid	Average number of employees
2018						
INTL FCStone Ltd	Broker/Dealer	United Kingdom	192,209,274	57,968,094	12,847,450	261
INTL FCStone Ltd Dublin branch	Broker/Dealer	Ireland	6,907,909	3,210,166	169,062	10
			199,117,183	61,178,260	13,016,512	271

Name	Nature of activities	Geographical	Turnover	Profit before tax	Corporation tax paid	Average number of employees
2017						
INTL FCStone Ltd	Broker/Dealer	United Kingdom	169,543,554	44,267,911	7,017,529	238
INTL FCStone Ltd Dublin branch	Broker/Dealer	Ireland	3,390,437	1,191,627	82,912	10
			172,933,991	45,459,538	7,100,441	248

No public subsidies were received during the current or prior reporting periods.

The geographical analysis has been prepared in accordance with Capital Requirements (Country-by-Country Reporting) Regulations 2013.

21. Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to $1,559,774 (2017: $1, 307,396).

There were contributions payable to the scheme at 30 September 2018 of $184,030 (2017: $171,405).

22. Segregated balances

The Group and Company also holds the following segregated balances on behalf of clients in accordance with the client money rules of the Financial Conduct Authority.

	2018	2017
	$	$
Cash at bank and in hand	187,330,492	107,085,587
Balances held at brokers	47,266,444	31,428,960
Balances at clearing houses	65,158,332	59,046,907

The amount held at brokers consists entirely of balances due by the Company's affiliate, INTL FCStone Financial, a CFTC-regulated Futures Commission Merchant.

23. Financial risk review

The Company is exposed to the following risks:

- Credit – that clients or counterparties might default while being in debt to the Company
- Market – that market values of positions in foreign exchange or metals move materially adversely to the cost of the Company
- Liquidity – that the Company will not be able to pay its liabilities as they fall due
- Operational – that the failure of any processes negatively affect the efficient and profitable running of the Company

Credit risk

In managing credit risk the Company divides its exposures into two categories:

- Derivative contracts with clients and counterparties. These are in respect of: contracts cleared on exchanges, OTC Foreign Exchange prime brokerage services, and bullion.
- Foreign Exchange to be received in respect of Global Payment services (97% of which was due within 2 days of 30 September 2018).

Summary of credit risks at 30 September 2018

The total potential amount at risk at 30 September 2018 under master netting agreements is shown in note 19 was $396,022,630 (2017 - $ 263,278,221) and the total amount due by global payments counterparties was $139,296,336 (2017 - $134,282,419).

In addition the Company had placed $54,912,466 at clearing houses as default deposits (2017 - $31,002,693). These might be wholly or partly at risk should a clearing member default and the initial margin fail to cover any losses incurred by that member.

Derivative instruments

Derivatives are marked to market daily with margining arrangements in place to collect collateral to support deficits from clients in the form of G8 currencies. Any credit facilities granted to clients is reviewed at least annually.

At 30 September 2018 a provision of $1,283,700, including a $1,198,000 provision brought forward from 2017, (2017: $1,459,879) was made for receivables past due and a charge of $167,395 (2017 - $4,141,263) to the Income Statement because customers were unable to pay.

Notwithstanding the accounting treatment of instruments governed by ISDA master agreements (treated as 'gross' on the face of the Balance Sheet and per note 19) settlements with clients are either net or gross, subject to agreed limits or the client is required to pay first. Settlements with prime broker banks are sometimes made net for each currency sometimes with the Company paying first, in line with approved policies.

The geographic distribution of Counterparty credit risk exposure to derivative contracts calculated as per Capital Requirements Regulations, Regulation (EU) No. 575/2013, Part 3, Title II, Chapter 6, Section 3 (Mark-to-market method), including exposure to clearing houses, brokers and clients after deducting cash received as collateral as at 30 September was:

Geographic Location	**% of Exposure**	
	2018	**2017**
Europe	54.09%	53.18%
Asia	26.16%	30.87%
North America	12.13%	9.32%
Latin America	7.07%	5.10%
Africa	0.48%	1.49%
Australasia	0.07%	0.04%
Total	100.00%	100.00%

Financial Risk Review – *continued*

An analysis of net amounts receivable, after deduction of any collateral received was as follows:

	2018	2017
Clearing houses	25.9%	37.2%
Banks	33.6%	30.1%
Affiliate – INTL FCStone Financial Inc *	13.6%	12.8%
Affiliates excluding INTL FCStone Inc	0.1%	0.1%
Clients	26.8%	19.8%
Total	100.0%	100.0%

* Futures Commission Merchant Regulated by CFTC in USA (segregated funds)

Note 19 shows the gross value of each leg, receivable and payable in respect of derivative contracts. Each of those legs is subject to market moves that might result in increased amounts due to the Company. Subject to the adequacy of collateral received such market moves might result in margin calls due to the Company the following day.

Credit – non derivative instruments

For the Global Payments business all unpaid amounts due to the Company three days after contracted value date are investigated.

At 28 September 2018 trades for delivery that were recorded as past due date totalled $15,662,562 (2017: $17,018,620 as of the 30 September 2017), with all of these being settled within a few days of the year end. There have been no bad debts but trade and operating errors in the year totalled $3,000 (2017 - $443).

Liquidity risk

Liquidity risk arises mainly from timing differences between margin payments called on the Company by exchanges and brokers, and subsequent collection from clients. This is managed by parameters set by the Board to constrain total gross and net positions held with each such institution. The Company is subject to the ILAS regime per the FCA's handbook (BIPRU 12), by which it is required to keep the certain buffers to handle potential margin call stress, and must manage its liquidity as a standalone entity, not dependent on any liquidity resources that are shared with other group companies.

Financial Risk Review – *continued*

A maturity analysis of financial instruments as shown below

		2018		
	Total	**1 month**	**1 -3 months**	**3 months - 1 year**
Liabilities				
Net Financial instruments	454,822,909	454,822,909	-	-
Amounts owed to group undertakings	3,075,746	3,075,746	-	-
	457,898,655	457,898,655	-	-
Asset				
Net Financial instruments	412,015,544	412,015,544	-	-
Balances at clearing houses: Guaranteed deposit	54,912,466	-	-	54,912,466
Other debtors	555,098	555,098	-	-
Investments	31,775,832	31,775,832	-	-
Prepayments	1,202,105	946,525	36,036	219,544
Inventory	42,080,351	42,080,351	-	-
Cash at bank	165,309,463	165,309,463	-	-
	707,850,859	652,682,813	36,036	55,132,010
Other Net Current Assets	15,133,783	15,133,783	-	-
Net Current Assets	234,818,421	179,650,375	36,036	55,132,010

		2017		
		1 month	**1 -3 months**	**3 months - 1 year**
Liabilities				
Net Financial instruments	394,435,213	394,435,213	-	-
Amounts owed to group undertakings	32,778,763	2,778,763	30,000,000	-
	427,213,976	397,213,976	30,000,000	-
Asset				
Net Financial instruments	397,560,640	397,560,640	-	-
Balances at clearing houses: Guaranteed deposit	31,002,693	-	-	31,002,693
Other debtors	862,437	862,437	-	-
Investments	31,891,237	31,891,237	-	-
Prepayments	421,744	332,222	60,581	28,941
Inventory	13,303,698	13,303,698	-	-
Cash at bank	146,069,211	146,069,211	-	-
	621,111,660	590,019,445	60,581	31,031,634
Other Net Current Assets	7,221,679	7,221,679	-	-
Net Current Assets	186,676,005	185,583,790	(29,939,419)	31,031,634

Financial Risk Review – *continued*

Market risk

The Company does not take positional risk as a strategy, but is prepared to take some risk as market maker in accordance with risk approved limits.

The largest ten foreign exchange positions in the Global payments business each year (the most active market maker in foreign exchange) expressed in $:

	Net Position $ 2018	
Currency	**Long**	**Short**
Afghan Afghani	-	(750,115)
Bangladeshi Taka	-	(2,838,158)
Brazilian Real	-	(569,810)
Indian Rupee	-	(745,731)
Jordanian Dinar	-	(974,966)
Laotian Kip	-	(378,357)
Papua New Guinean Kina	-	(449,914)
Paraguayan Guarani	-	(612,293)
Sierra Leonean Leone	-	(541,224)
New Taiwan Dollar	-	(2,164,407)
Other	1,345,701	(4,859,012)
Total	1,345,701	(14,883,987)

	Net Position $ 2017	
Currency	**Long**	**Short**
Brazilian Real	-	(6,612,459)
Algerian Dinar	-	(880,161)
Ethiopian Birr	-	(720,702)
Euro	1,963,885	-
Pound Sterling	-	(1,149,668)
Jordanian Dinar	-	(1,128,060)
Malaysian Ringgit	-	(1,180,094)
Nepalese Rupee	-	(2,605,242)
New Taiwan Dollar	-	(2,163,219)
West African CFA franc	-	(1,864,758)
Other	415,448	(7,923,639)
Total	2,379,333	(26,228,002)

The Company's ring team on the floor of the London Metal Exchange is the other division in the Company that exposes the Company to market risk. During the financial year there were 20 days when the ring team lost $100,000 and over.

All the Company's physical inventory is hedged, to mitigate market risk.

Financial Risk Review – *continued*

Operational Risk

Operational risk management (ORM) forms part of the day-to-day responsibilities of management at all levels. The ORM framework includes qualitative and quantitative methodologies and tools to assist management to identify, assess and monitor operational risks and to provide management with information for determining appropriate controls and mitigating measures. The framework is based around risk and control self-assessments (RCSA), key risk indicators (KRIs) and incident reporting. All incidents are reported to the executive directors, as are KRI reports. In addition the Operational Risk Department escalates where appropriate to work with management to mitigate any risks.

While routine operational risk mitigation is embedded by application of necessary controls at all levels of management, and can be the subject of internal audit, the Company's Board also focusses on, and reviews potentially high impact, low frequency losses, where there is no loss experience to assess future exposures. Mitigating steps are taken where possible.

All ORM incidents are logged, regardless of any losses incurred, and analysed to ensure that adequate management action is taken in respect of the cause of losses. ORM incident trends are included in the Company's regular assessment of the adequacy of the pillar 2 capital requirement.

Assessments are continuous but four specific operational risks are generally identified with a potential for the material adverse financial impact after mitigation. These are:

- Business continuity (failure of data lines, server centres, inability to access offices)
- System failure (third party or internally built software/systems failure)
- Failure to comply with all regulations in the safeguarding of client assets under various regimes
- Client and Company data loss or compromise from external, third party, action

Each of these risks has received the full attention of management, and effective mitigation designed and implemented, as have all others with the potential to incur material financial cost (pre mitigation). Mitigation includes: back up data server centres across two continents with tested failover processes; duplicate data lines into London offices; operation across two offices; available serviced offices for critical staff, well-resourced internal audit and compliance departments, and a dedicated data security department.

New projects and products are subjected to Operational Risk review before proposals are accepted.

All identified risks are reviewed by the Operational Risk department and at least once a year the whole management team is invited to challenge the impact and effectiveness of mitigation, in a process overseen by the Board of the Company.

Financial Risk Review – *continued*

Capital risk

This is the risk that the Company's capital and leverage ratios fall short of the requirements imposed by regulation. The Company calculates both in accordance with the EU's Capital Requirements Directive IV and associated Regulations frequently: typically at least once a week, and has throughout the year held capital in excess of its Pilar 1 requirements. All the Company's capital is classed as valued 'Common Equity Tier 1' for regulatory purposes, subject to minor adjustments:

	2018	2017
	$,000	$,000
Capital and retained earnings	245,336	197,640
Less: intangible assets	(3,431)	(2,965)
Less: Differed Tax Assets relying on future profitability	(616)	-
Less: Free Deliveries	(521)	(473)
Own Funds (CET1 only) at 30 September	240,768	194,202

24. Ultimate parent Company

The Company is a private limited company controlled by INTL Netherlands BV, a Company registered in Krijn Taconiskade 430, 1087 HW Amsterdam, Netherlands. The ultimate controlling party of this Company is INTL FCStone Inc., a Company registered in Delaware, United States and the head office is registered in 708 Third Avenue, Suite 1500, New York, NY 10017, United States. INTL FCStone Inc. which is considered to be the Company's ultimate controlling party by virtue of its 100% ownership of the ordinary share capital of the Company through intermediate subsidiaries.

The results and financial position of the Company are incorporated into the consolidated financial statements of the Ultimate parent company, INTL FCStone Inc., and these can be seen at https://www.intlfcstone.com/ in the section on investor relations. The intermediate parent company, INTL Netherlands BV, is exempt from filing consolidated group financial statements.