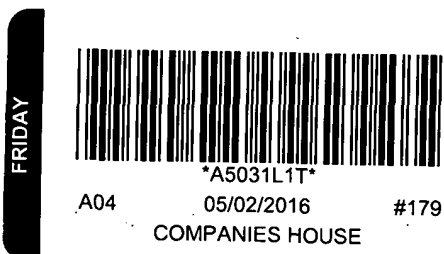


Company No. 00849073

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

Report and Financial Statements

31 October 2015



ROYAL BANK OF CANADA TRUST CORPORATION LIMITED
REPORT AND FINANCIAL STATEMENTS 2015

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ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Royal Bank of Canada Trust Corporation Limited ("the Company") for the year ended 31 October 2015. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITIES

The principal activity of the Company is Trustee and Trust Administration Services.

ACCOUNTING STANDARDS

The financial statements are prepared in accordance with all International Financial Reporting Standards ("IFRS") as issued and in effect as at 31 October 2015 by the International Accounting Standards Board ("IASB") and as adopted by the European Union.

RESULTS AND DIVIDENDS

The loss after taxation for the year ended 31 October 2015 was £197,250 (2014: profit of £312,309). No dividend was paid during the year (2014: £nil).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Company has reported a loss for the year compared with a profit in the prior year. Oil royalty income was received during 2015 and it is anticipated that this will continue in the future. Core fee revenue decreased by 30% when compared to the previous year and following a strategic review, the decision was taken to review the mix of services being provided to the existing clients. As a result of that review, the process of transferring out the existing business commenced in October 2015 and is expected to be complete during 2016. Plans are currently progressing to transfer the business of a fellow subsidiary into the Company which is also expected to take place during 2016. Core operational costs were at generally lower levels than had been seen in the prior year; however provisions in respect of severance costs resulted in total expenditure increasing when compared to 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS 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; and
- make an assessment of the Company's ability to continue as a going concern.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

DIRECTORS' REPORT – continued

DIRECTORS

The following served as directors during the whole year and since the year end except as noted below:

M Clatworthy
B Gowdy (resigned 30 September 2015)
K D Stokes
R I Wyatt (resigned 1 December 2015)
H Kierulf

The Company is a wholly owned subsidiary of Royal Bank of Canada Holdings (UK) Limited. None of the directors has any interest in the shares of the Company or any other group company that are required to be disclosed in accordance with the Companies Act 2006.

THIRD PARTY INDEMNITIES

During the financial year the Company's Directors benefited from qualifying third party indemnities granted by the Company's ultimate parent, Royal Bank of Canada, indemnifying the Directors against liabilities and associated costs, which they could incur in the course of their duties to the Company. The indemnities remain in force as at the date of the financial statements. A copy of each of the indemnities is kept at the registered office of the Company.

GOING CONCERN

As noted above, although the Company has reported an operating loss for the year, and taken the decision to cease providing services to the existing clients. In addition to that decision plans are progressing to transfer business in to the Company from a fellow subsidiary during 2016 and as a result the Directors consider that the Company remains a going concern at the present time. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

SECRETARY

O Adejumo served as secretary throughout the year and subsequently.

AUDITOR

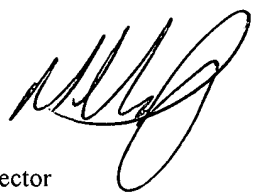
Each of the persons who is a director at the date of approval of this report confirms that:

- as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP will resign as auditor following completion of the audit for the year ended 31 October 2015, thereafter PricewaterhouseCoopers LLP will be appointed as the Company's auditor.

By order of the Board


Director
MARK CLATWORTHY

Registered Office
Riverbank House
2 Swan Lane
London
England
EC4R 3BF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

We have audited the financial statements of Royal Bank of Canada Trust Corporation Limited (the "Company") for the year ended 31 October 2015 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRS as issued by the IASB

As explained in Note 1 to the financial statements, the Company in addition to applying IFRS as adopted by the European Union, has also applied IFRS as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRS as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BANK OF CANADA TRUST CORPORATION LIMITED continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



John Clacy, BSc, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Helier, Jersey
Date:

18 December 2015

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

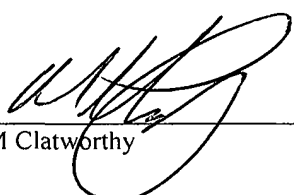
STATEMENT OF FINANCIAL POSITION

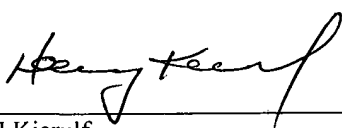
As at

	Note	31 October 2015 £'000	31 October 2014 £'000
ASSETS			
Current assets			
Cash at bank	11	6,548	6,641
Trade and other receivables	7	363	328
Deferred tax asset	8	82	28
Amounts due from related parties	11	16	49
Accrued income		-	185
TOTAL ASSETS		<u>7,009</u>	<u>7,231</u>
EQUITY AND LIABILITIES			
Liabilities: Amounts payable within one year			
Trade and other payables	9	732	669
Amounts due to related parties	11	25	-
Taxation		-	85
		<u>757</u>	<u>754</u>
Liabilities: Amounts payable after more than one year			
Other payables	9	51	79
Total liabilities		<u>808</u>	<u>833</u>
Capital and reserves			
Share capital	10	3,000	3,000
Retained earnings		3,201	3,398
Total equity		<u>6,201</u>	<u>6,398</u>
TOTAL EQUITY AND LIABILITIES		<u>7,009</u>	<u>7,231</u>

The accompanying notes on pages 9 to 20 form an integral part of these financial statements.

Approved by the Board of Directors on


M Clatworthy Director


H Kierulf Director

Company number 00849073

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended

	Note	31 October 2015 £'000	31 October 2014 £'000
INCOME			
Interest income	11	62	59
Fees and other income	3	951	1,358
		<hr/>	<hr/>
		1,013	1,417
		<hr/>	<hr/>
EXPENSES			
Staff costs	4	966	782
Intergroup recharges	11	267	179
Other expenditure		31	57
		<hr/>	<hr/>
Total expense		1,264	1,018
		<hr/>	<hr/>
(LOSS) / INCOME BEFORE INCOME TAXES	5	(251)	399
Income tax credit / charge	6	54	(87)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE (LOSS) / INCOME		(197)	312
		<hr/>	<hr/>

The above results are derived from continuing operations in the current and preceding year. There are no items of other comprehensive income in the current or preceding years.

The accompanying notes on pages 9 to 20 form an integral part of these financial statements.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Retained earnings £'000	Total £'000
Balance at 31 October 2013	3,000	3,086	6,086
Total comprehensive income for the year	-	312	312
Balance at 31 October 2014	<u>3,000</u>	<u>3,398</u>	<u>6,398</u>
Total comprehensive loss for the year	-	(197)	(197)
Balance at 31 October 2015	<u>3,000</u>	<u>3,201</u>	<u>6,201</u>

The accompanying notes on pages 9 to 20 form an integral part of these financial statements.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended

	31 October 2015 £'000	31 October 2014 £'000
Cash flows from operating activities		
Total comprehensive (loss) / income for the year	(197)	312
Adjustments for non-cash items and others:		
Income tax (credit) / expense	(54)	87
Adjustments for net changes in operating assets and liabilities:		
Change in trade receivables (note 7)	(35)	9
Change in accrued income	185	(1)
Change in amounts owed to related parties (note 11)	25	-
Change in amount owed from related parties (note 11)	33	(49)
Change in amounts payable within one year (note 9)	114	(61)
Change in amounts payable after more than one year (note 9)	(79)	(24)
Cash (used in) / generated from operating activities	(8)	273
Tax paid	(85)	(66)
Net cash from operating activities	(93)	207
Net change in cash at bank	(93)	207
Cash at bank at beginning of year (note 11)	6,641	6,434
Cash at bank at end of year (note 11)	6,548	6,641
Supplementary information – cash flows from operating activities include:		
Interest received	62	59

The accompanying notes on pages 9 to 20 form an integral part of these financial statements.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2015

1. GENERAL INFORMATION

The Company was incorporated in England on 14 May 1965 and is also domiciled in the UK. The address of the registered office is Riverbank House, 2 Swan Lane, London, England EC4R 3BF. The principal activity of the Company is Trustee and Trust Administration services.

The financial statements are prepared in accordance with all International Financial Reporting Standards ("IFRS") as issued and in effect as at 31 October 2015 by the International Accounting Standards Board ("IASB"). The financial statements have also been prepared in accordance with IFRS adopted by the European Union.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with IFRS. The particular accounting policies adopted by the directors are described below.

Going concern

The financial statements, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis.

Critical accounting estimates and judgements

In preparing the financial statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are 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 experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(a) Recoverability of trade receivables and accrued income

Trade receivables and accrued income are assessed for impairment having regard to a number of factors including the overall quality and ageing of the receivables, historic experience of the customer relationship and evaluation of the customer's financial condition. Judgement is required when determining whether or not a provision is required in respect of trade receivables and accrued income.

(b) Current Income tax

The Statement of Comprehensive Income includes items that are non-taxable or non-deductible for income tax purposes and, accordingly, this causes the income tax provision to be different from what it would be if based on statutory rates. Significant judgement is required in the interpretation of relevant tax laws and in estimating the provision for current taxes due to uncertainty in timing and amount of current taxable income and in the design and ability to implement tax planning strategies.

(c) Deferred Income tax

Deferred income tax assets and liabilities are reviewed at each reporting period to determine whether it is probable that the benefits or obligations associated with them will be realised. The determination of the deferred tax asset or liability also requires significant management judgement as the recognition is dependent on the projection of future taxable profits and tax rates that are expected to be in effect in the period the asset is realised or the liability is settled. Any changes in this projection will result in changes in deferred tax assets or liabilities on the Statement of Financial Position, and also deferred tax expense on the Statement of Comprehensive Income.

(d) Pensions

The Company is a participating employer in a defined benefit pension plan which has Royal Bank of Canada as the principal employer and in which a number of other Royal Bank of Canada group companies also participate. It is not possible for the Company to identify its share of the underlying assets and liabilities of the Plan and accordingly management has made the judgement to account for contributions to the Plan as if they were contributions to a defined contribution plan.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Year ended 31 October 2015

2. ACCOUNTING POLICIES continued

Accounting standards and interpretations adopted during the year

The following new and revised standards and interpretations have been adopted in the current year. All of the standards have been endorsed by the European Union and became effective for the Company on 1 November 2014.

IAS 32 Financial Instruments: Presentation ("IAS 32")

In December 2011, the IASB issued amendments to IAS 32 which clarify the existing requirements for offsetting financial assets and financial liabilities. The standard provides clarifications on the legal right to offset transactions, and when transactions settled through a gross settlement system would meet the simultaneous settlement criteria. The amendments were retrospectively adopted on 1 November 2014. The adoption of these amendments has not had a material impact on the financial statements.

Standards in issue but not yet effective

There are a number of standards in issue not yet effective which the Directors have assessed and deemed do not apply to the Company. These are as issued by the IASB and have not necessarily yet been adopted by the European Union. Management is also currently assessing the impact of adopting the standards listed below on the financial statements:

IFRS 9 Financial Instruments ("IFRS 9")

In July 2014, the IASB issued the complete version of IFRS 9, first issued in November 2009, which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity's business model and the nature of the cash flows of the asset. All financial assets, including hybrid contracts, are measured at fair value through the Profit and Loss ("FVTPL"), fair value through other comprehensive income or amortised cost. For financial liabilities, IFRS 9 includes the requirements for classification and measurement of financial liabilities previously included in IAS 39. IFRS 9 also introduces an expected loss impairment model for all financial assets not as at FVTPL and a new hedge accounting model that aligns the accounting hedge relationships more closely with an entity's risk management activities. IFRS 9 will be effective for the Company no later than 1 November 2017.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15 which establishes principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard provides a single, principles based five-step model for revenue recognition to be applied to all contracts with customers. In September 2015, the IASB amended IFRS 15 by deferring its effective date by one year. IFRS 15 will be effective for the Company on 1 November 2018.

Income recognition and accrued income

Income from Trustee and Trust Administration services is accounted for on an accruals basis. Revenue is recognised at the point in time when the Company has the right to receive payment for its services. Unbilled time is included in accrued income and is stated at the recoverable amount. Fees billed in advance are included in deferred income. Oil royalties are accounted for when received.

Trade receivables

Trade receivables are stated at carrying value less specific allowance for doubtful debts. The allowance for doubtful debts is assessed for each trade receivable based on a variety of factors including the overall quality and ageing of the receivables and evaluation of the customer's financial condition.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Year ended 31 October 2015

2. ACCOUNTING POLICIES continued

Expense recognition

Expenses are accounted for on an accruals basis and are recorded in the financial statements of the periods to which they relate.

Share-based compensation

Certain key employees are participants in deferred share unit plans for key employees ("the Plans"). The Plans are settled in cash. The obligations for the Plans are accrued over their vesting periods and are adjusted to their fair value at each balance sheet date. Changes in the obligations under the Plans are recorded within Staff Costs in the Statement of Comprehensive Income with a corresponding increase in Liabilities (Share-based compensation) on the Statement of Financial Position.

The compensation cost attributable to awards, granted to employees who are eligible to retire or will become eligible to retire during the vesting period, is recognised immediately if the employee is eligible to retire on the grant date or over the period between the grant date and the date the employee becomes eligible to retire.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling based on the rates of exchange ruling at the reporting period end date. Revenue and expense items are converted monthly into sterling at average rates of exchange. Foreign exchange gains or losses are included in "Other expenditure" in the Statement of Comprehensive Income. There are no non-monetary assets denominated in foreign currencies.

Cash at bank

Cash at bank comprises demand deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset on the balance sheet when there exists both a legally enforceable right to offset the recognised amounts and an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Assets held in a fiduciary capacity

Assets held in a trust, agency or fiduciary capacity for clients including scheme property are not included in the Statement of Financial Position as such assets are not beneficially owned by the Company.

Pension Costs

The Company operates both defined contribution and defined benefit pension plans. Company contributions to the defined contribution plan are charged to the Statement of Comprehensive Income within Staff Costs.

The Company is also a participating employer in the RBC (UK) Pension Plan ("the Plan"), a defined benefit pension plan which has Royal Bank of Canada as the principal employer and in which a number of other Royal Bank of Canada group companies also participate. The Plan is closed to new members and therefore, under the projected unit method, the current service cost as a percentage of pensionable salaries will increase as the members of the Plan approach retirement. The RBC (UK) Pension Plan is a funded defined benefit plan with the assets held in separate trustee-administered funds. The trustees are (RBC Pension Trustees Limited). It is not possible for the Company to identify its share of the underlying assets and liabilities of the Plan and accordingly, as permitted under IAS 19, contributions to the Plan are accounted for as if they were contributions to a defined contribution plan.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Year ended 31 October 2015

2. ACCOUNTING POLICIES continued

Income taxes

Income tax comprises current tax and deferred tax and is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the reporting period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probably that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the Statement of Financial Position date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited in comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

3. FEES AND OTHER INCOME

	2015 £'000	2014 £'000
Trustee fees	882	1,358
Oil royalty income	69	-
	<u>951</u>	<u>1,358</u>

Turnover of the Company consists of trustee fees net of discount, VAT or other sales related taxes and is wholly derived from business conducted in Europe. Oil royalty income is in respect of an historic arrangement relating to the financing of a North Sea oil enterprise.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Year ended 31 October 2015

4. STAFF COSTS

	2015 £'000	2014 £'000
Salaries and other benefits	456	543
Social security costs	84	68
Pension costs	74	133
Share-based compensation	18	38
Severance costs	334	-
	<u>966</u>	<u>782</u>

The average number of persons working full time for the Company during the year was seven (2014: seven). These employees are remunerated by, and have employment contracts with a fellow subsidiary company. All of the employees operated in Trustee and Administration or related activities.

Directors' emoluments were:

	2015 £'000	2014 £'000
Emoluments	271	271
Pension contributions – Money purchase schemes	41	22
Severance payments	173	-
	<u>485</u>	<u>293</u>

The remuneration of the highest paid Director amounted to £232,825 (2014: £107,862).

Pensions

Defined contribution plan

The Company participates in a defined contribution retirement benefit scheme for current employees. The Plan is a money purchase pension scheme where a defined contribution is payable by the Company on behalf of eligible employees. Pension costs in respect of contributions payable are charged to the Statement of Comprehensive Income within Staff Costs. The cost to the Company in the year to 31 October 2015 was £41k (2014: £38k). As at 31 October 2015 outstanding contributions amounted to £nil (2014: £nil).

Defined benefit plan

The Company is a participating employer in the RBC (UK) Pension Plan ('the Plan'), a defined benefit pension scheme for which the Principal Employer is the Royal Bank of Canada. The Plan closed to future accrual on 31 March 2015.

The latest full actuarial valuation of the Plan was carried out as at 1 April 2012 by a qualified independent actuary using the projected unit method. During the year, contributions were made to the Plan at a rate of 30.1% of capped basic salaries, until the Plan closed to future accrual.

The allocation, and reallocation, of the Plan's cashflows to the Company is based on the results of a valuation of the Plan, and the identification of each Plan member's current, or last 'employer'. For 2015, total contribution made by the Company to the Plan was £32k (2014: £95k). There is no allocation of the plan's assets or liabilities to the Company. As at 31 October 2015 outstanding contributions to the Plan amounted to £nil (2014: £nil).

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED Year ended 31 October 2015

4. STAFF COSTS - continued

Share-based Compensation

The Company offers performance deferred share award plans to certain key employees, all of which vest at the end of three years. The plans are settled in cash. The value of the award paid will be equivalent to the original award adjusted for dividends and changes in the market value of common shares at the time the award vests. The value of the award liability as at 31 October 2015 was £96k (31 October 2014: £142k). The compensation expense recorded for the year ended 31 October 2015, in respect of these plans was £18k (2014: £38k).

The compensation expenses for all of the above plans are recorded in Staff Costs in the Statement of Comprehensive Income.

5. (LOSS) / INCOME BEFORE INCOME TAXES

	2015 £'000	2014 £'000
This is stated after charging		
Auditor's remuneration	7	7

The auditor's remuneration noted above was solely incurred for auditing the financial statements.

6. INCOME TAX CREDIT / CHARGE

The Company is subject to UK Corporation Tax at an effective rate of 20.4% for the financial year 2015 and 21.8% for the financial year 2014.

	2015 £'000	2014 £'000
UK Corporation tax	-	85
Adjustments in respect of prior periods	-	(2)
Total current tax (credit) / charge	-	83
Deferred tax		
Origination and reversal of timing differences	(7)	4
Losses available for future use	(47)	-
Total tax (credit) / charge on income	(54)	87

Tax Reconciliation

(Loss) / Income before income taxes	(251)	399
Tax on (loss) / profit on ordinary activities at standard UK corporation tax rate of 20.4% (2014: 21.8%)	(51)	87
Adjustments to tax charge in respect of prior periods	-	(2)
Other timing differences	4	(2)
Origination and reversal of timing differences	(7)	4
Total tax (credit) / charge for the year	(54)	87

Details of the deferred tax asset are given in Note 8.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Year ended 31 October 2015

7. TRADE AND OTHER RECEIVABLES

	31 October 2015 £'000	31 October 2014 £'000
Trade receivables	502	461
Allowance for doubtful debts	(139)	(133)
	<u>363</u>	<u>328</u>
Reconciliation of movement in provision for doubtful debts		
At beginning of year	133	102
Additional provisions made during the year	124	97
Amounts used during the year	(83)	(11)
Unused amounts reversed during the year	(35)	(55)
At end of year	<u>139</u>	<u>133</u>

8. DEFERRED TAX ASSET

	Share-based payments £'000	Tax losses £'000	total £'000
At 1 November 2013	32	-	32
Charged/credited to profit or loss	(4)	-	(4)
At 31 October 2014	<u>28</u>	<u>-</u>	<u>28</u>
Charged/credited to profit or loss	7	-	7
Tax credit on loss for the year	-	47	47
	<u>35</u>	<u>47</u>	<u>82</u>

The deferred tax asset in the current period arose on subsidiary losses and deferred compensation arrangements. It is anticipated that the resultant tax asset will be recoverable from other related parties under group relief arrangements.

9. TRADE AND OTHER PAYABLES

	31 October 2015 £'000	31 October 2014 £'000
Payable within one year		
Other payables	431	159
Share-based compensation	45	63
Deferred income	256	447
	<u>732</u>	<u>669</u>
Payable after more than one year		
Share-based compensation	51	79
	<u>51</u>	<u>79</u>

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Year ended 31 October 2015

10. SHARE CAPITAL

	31 October 2015 £'000	31 October 2014 £'000
Allotted, called up and fully paid: 3,000,000 ordinary voting shares of £1 each	3,000	3,000

The Company is allowed to issue unlimited shares. There has been no movement in the number of shares in issue during the current or preceding year.

11. RELATED PARTY TRANSACTIONS

Related parties

Related parties include the parent bank, Royal Bank of Canada ("RBC"), associated companies, post-employment benefit plans for the benefit of the Group's employees, key management personnel, the Board of Directors of RBC ("Directors"), close family members of key management personnel and Directors, and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel, Directors or their close family members.

Key management personnel and Directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of RBC and its subsidiaries, directly or indirectly. They include the senior executives of RBC called the Group Executive ("GE"). The GE is comprised of the president and Chief Executive Officer and those individuals that report directly to him, including the Chief Administrative Officer and Chief Financial Officer, Chief Human Resource Officer, the Chief Risk Officer, and heads of RBC's business units. The GE is ultimately responsible for all material decisions of RBC. The GE is also responsible for establishing the overall strategic direction of the RBC group and, in that regard, sets global parameters for the RBC group within which the board of directors and management of each subsidiary in the RBC group exercise their respective discretion to make decisions concerning the strategic direction and day-to-day management of the particular subsidiary. The Directors of RBC do not plan, direct, or control the day-to-day activities of RBC; they oversee the management of the business and provide stewardship.

Compensation of key management personnel and Directors

The following tables present the compensation paid, shareholdings and options held by key management personnel and Directors.

	For the year ended ⁽¹⁾	
	2015	2014 ⁽²⁾
	CAD million	CAD million
Salaries and other short-term employee benefits ⁽³⁾	21	22
Post-employment benefits	2	7
Other long-term benefits	37	26
	<u>60</u>	<u>55</u>

(1) Key management personnel and Directors received their remuneration from RBC. No direct compensation is charged to the Company by RBC in respect of the service provided.

(2) During the year ended 31 October 2014, certain executives who were members of RBC's Group Executive as at 31 October 2013 left RBC and therefore, are no longer part of key management personnel. Compensation for the year ended 31 October 2014, attributable to the former executives, including benefits and share based payments relating to awards granted in prior years was CAD60 million.

(3) Includes the portion of the annual variable short-term incentive bonus that certain executives elected to receive in the form of deferred shares units.

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Year ended 31 October 2015

11. RELATED PARTY TRANSACTIONS - continued

Shareholdings and options held by key management personnel, Directors and their close family members

	31 October 2015		31 October 2014	
	No. of	Value	No. of units	Value
	units held	CAD	held	CAD
		million		million
Stock options	2,494,007	44	2,472,134	66
Other non-option stock based awards	1,485,976	111	1,447,763	116
RBC common shares	738,777	55	686,674	55
	<u>4,718,760</u>	<u>210</u>	<u>4,606,571</u>	<u>237</u>

Transactions, arrangements and agreements involving key management personnel, Directors and their close family members

In the normal course of business, RBC provides certain banking services to key management personnel, Directors, and their close family members. These transactions were made on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing and did not involve more than the normal risk of repayment or present other unfavourable features.

As at 31 October 2015, total loans to key management personnel, Directors and their close family members are CAD7 million (31 October 2014: CAD7 million). No guarantees, pledges or commitments have been given to key management personnel, Directors or their close family members.

Subsidiaries and associates

In the normal course of business, the Company enters into transactions with associates.

Balances with related parties	31 October 2015 £'000	31 October 2014 £'000
RBC Associates – Cash at bank	6,548	6,641
RBC Associates – other payables	25	-
RBC Associates – other receivables	16	49
Transactions with related parties	2015 £'000	2014 £'000
RBC Associates – charges	462	440
RBC Associates – cost sharing recoveries	(195)	(261)
	<u>267</u>	<u>179</u>
Interest earned from RBC Associates	62	59

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Year ended 31 October 2015

11. RELATED PARTY TRANSACTIONS - continued

Details of transactions with post-employment benefit plans are given in note 4.

All related party transactions are on terms equivalent to an arm's length transaction.

Immediate and ultimate controlling party

The Company's ultimate controlling party is Royal Bank of Canada, incorporated in Canada, which is also the parent company of the largest group which includes the Company and for which group financial statements are prepared. The parent company of the smallest group for which consolidated financial statements are prepared is Royal Bank of Canada Holdings (UK) Limited, a company registered in England and Wales. Copies of the group financial statements of Royal Bank of Canada and Royal Bank of Canada Holdings (UK) Limited are available at Riverbank House, 2 Swan Lane, London EC4R 3BF.

12. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

The Board views capital as comprising all components of equity including share capital and retained earnings. The Board's objectives when maintaining capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services commensurate with the level of risk.

The Board sets the amount of capital it requires in proportion to risk and in order to maintain or adjust the capital structure, the Board may adjust the amounts of dividends paid to the shareholder, maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2014. The Company does not have externally imposed capital requirements.

The Company's financial instruments comprise cash and liquid resources and various items such as trade receivables and trade payable which arise directly from operations.

Summary of financial assets and liabilities by category	31 October 2015 £'000	31 October 2014 £'000
Financial assets		
Cash and cash equivalents	6,548	6,641
Trade and other receivables	363	328
Amounts due from related parties	16	49
Accrued income	-	185
	<u>6,927</u>	<u>7,203</u>
Financial liabilities		
Trade and other payables	783	748
Amounts due to related parties	25	-
	<u>808</u>	<u>748</u>

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Year ended 31 October 2015

12. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS continued

Management is of the opinion that the fair value of financial assets and financial liabilities does not differ from the carrying value.

The following is a description of credit risk, market risk and liquidity risk, the Company's exposure to them and how these risks are managed.

The Company is an indirect wholly-owned subsidiary of RBC. In general, credit risk, market risk and liquidity risk are managed as part of the overall RBC risk management practices.

Credit risk

Credit risk is the risk of financial loss associated with counterparty's inability to fulfill its payable obligations.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised in the balance sheet as noted in the above table. The Company's directors consider that all the above financial assets for each of the balance sheet dates under review including those which are past due settlement dates and those which are still within due settlement dates, are of a good credit quality. When making this assessment the Directors take into account ageing of any underlying receivables, liquidity within the underlying structures and its impact on their ability to settle the Company's receivable balances and any other individual circumstances in connection with the receivable of which they are aware. At 31 October 2015, trade receivables amounting to £117k (2014: £117k) were past their due settlement date but not impaired. The Company's maximum exposure to credit risk is best represented by the carrying amount of the financial assets.

The Company's exposure to credit risk pertains primarily to the client related accounts receivable which are across a large base of private clients, thereby significantly reducing any counterparty concentration risk. The client receivables are not interest rate sensitive and are not impacted by changes in market conditions. The Company seeks to limit its credit risk with regard to customers by actively monitoring outstanding receivables.

The Company's credit risk objectives, policies and methodologies have not changed materially from 2014.

The ageing of financial assets at the reporting date was:

31 October 2015	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	total £'000
Cash and cash equivalents	6,548	-	-	6,548
Trade and other receivables	251	56	56	363
Amounts due from related parties	16	-	-	16
	<u>6,815</u>	<u>56</u>	<u>56</u>	<u>6,927</u>
31 October 2014	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	total £'000
Cash and cash equivalents	6,641	-	-	6,641
Trade and other receivables	209	65	54	328
Amounts due from related parties	49	-	-	49
Accrued income	82	92	11	185
	<u>6,981</u>	<u>157</u>	<u>65</u>	<u>7,203</u>

ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Year ended 31 October 2015

12. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS *continued*

Currency risk

Management is of the opinion that there is no material impact on the Company arising from foreign exchange risk because the company does not have material foreign exchange exposures and therefore no sensitivity analysis has been presented.

Market risk

Market risk is the risk of loss on the value of a financial instrument that may arise from changes in market factors such as interest rates, foreign exchange rates, equity or commodity prices, and credit spreads. Given that the nature of the Company's financial instruments are non trading assets and liabilities, exposure to market risk is not significant and therefore no sensitivity analysis has been presented.

Liquidity risk

Liquidity and funding risk is the risk that the Company may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments as they come due.

Given that the nature of the Company's financial commitments are determined based on revenue received from clients with no other significant long-term debt, exposure to liquidity risk is minimal. Management is of the opinion that the fair value of financial liabilities does not differ from the carrying value.

The expected maturity of financial liabilities at the reporting date was:

31 October 2015	Less than 6 months £'000	6 months to 1 year £'000	1-5 years £'000	Total £'000
Trade and other payables	732	-	51	783
Amounts due to related parties	25	-	-	25
	<hr/>	<hr/>	<hr/>	<hr/>
	757	-	51	808
	<hr/>	<hr/>	<hr/>	<hr/>
 31 October 2014	 Less than 6 months £'000	 6 months to 1 year £'000	 1-5 years £'000	 Total £'000
Trade and other payables	669	-	79	748
	<hr/>	<hr/>	<hr/>	<hr/>
	669	-	79	748
	<hr/>	<hr/>	<hr/>	<hr/>