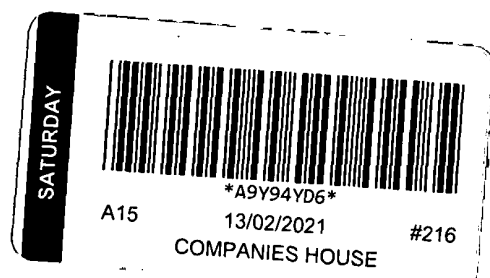


Company number: 00849073

**ROYAL BANK OF CANADA TRUST CORPORATION LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 OCTOBER 2019**



# **ROYAL BANK OF CANADA TRUST CORPORATION LIMITED**

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## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019**

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# **ROYAL BANK OF CANADA TRUST CORPORATION LIMITED**

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## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **DIRECTORS**

T Fletcher (resigned 26 June 2019)  
N Kinseley (appointed 3 July 2019)  
C McCann  
A Perrotin

### **SECRETARY**

M Osaro (resigned 13 November 2020)  
S Dowdall (re-appointed 30 December 2020)

### **REGISTERED OFFICE**

100 Bishopsgate  
London  
United Kingdom  
EC2N 4AA

### **INDEPENDENT AUDITOR**

PricewaterhouseCoopers CI LLP  
37 Esplanade  
St Helier  
Jersey  
JE1 4XA  
Channel Islands

## **ROYAL BANK OF CANADA TRUST CORPORATION LIMITED**

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### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of Royal Bank of Canada Trust Corporation Limited ("the Company") for the year ended 31 October 2019. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

### **INCORPORATION**

The Company is incorporated in London, United Kingdom.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company relate to a historic financing arrangement following the cessation of providing Trustee and Trust Administration Services in 2016.

### **RESULTS**

The results of the Company are shown in the Statement of Comprehensive Income on page 9.

### **ACCOUNTING STANDARDS**

The financial statements are prepared in accordance with all International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), adopted by the European Union and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and as per the requirements of the Companies Act 2006 as applicable to companies using IFRS and as issued and in effect as at 31 October 2019.

### **GOING CONCERN**

The Company has reported an operating profit for the year. The directors have a reasonable expectation, based on a review of budgets and expected liquidity positions, that the Company has adequate 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 financial statements.

### **DIVIDENDS**

No dividend was paid or proposed during the year ended 31 October 2019 (2018: £2,000,000).

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The Company reported a profit for the year.

The Company continues to earn revenue on deposits with related parties and to monitor any activities in relation to the historic financing arrangement.

### **NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Company makes use of financial instruments in the conduct of its business. The Company's principal risks and uncertainties and financial risk management objectives and policies are discussed in Note 11 of the financial statements.

### **DIRECTORS**

The present directors are shown on page 2 and have all served throughout the year and subsequently except as noted below:

T Fletcher	(resigned 26 June 2019)
N Kinseley	(appointed 3 July 2019)

The Company is an indirect wholly owned subsidiary of Royal Bank of Canada. None of the directors have any disclosable interests in the shares of the Company or any other group company with the exception of the ultimate parent company. The latter is incorporated outside the United Kingdom, and thus the directors are exempt from disclosing their interests in its shares or debentures.

## **ROYAL BANK OF CANADA TRUST CORPORATION LIMITED**

### **DIRECTORS' REPORT - CONTINUED**

#### **SECRETARY**

The present secretary is shown on page 2 and has served throughout the year and subsequently except as noted below:

S Dowdall (resigned 12 December 2019 and re-appointed 30 December 2020)  
M Osaro (appointed 12 December 2019 and resigned 13 November 2020)

#### **REGISTERED OFFICE**

With effect from 22 June 2020, the registered office of the Company was changed to 100 Bishopsgate, London, United Kingdom, EC2N 4AA, as shown on page 2.

#### **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.

#### **INDEPENDENT AUDITOR**

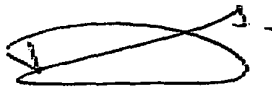
PricewaterhouseCoopers CI LLP have expressed their willingness to continue in office.

Each of the persons who is a director at the date of approval of the financial statements confirms that:

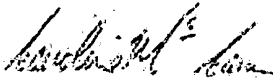
- as far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Approved by the Board of Directors and signed on behalf of the Board



Anne Perrotin  
Director



Caroline McCann  
Director

10 February 2021

## **ROYAL BANK OF CANADA TRUST CORPORATION LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 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 International Accounting Standards Board and as adopted by the European Union. 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.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue the business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and that disclosure with reasonable accuracy at anytime the financial position of the Company and enable then to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ***Independent auditors' report to the members of Royal Bank of Canada Trust Corporation Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Royal Bank of Canada Trust Corporation Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 October 2019; the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 October 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Ian Ross (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Auditors  
Jersey, Channel Islands  
11 February 2021



**ROYAL BANK OF CANADA TRUST CORPORATION LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 OCTOBER**

(Thousands of British Pounds)	Notes	2019	2018
<b>Current assets</b>			
Cash and cash equivalents	7	4,243	4,145
Trade and other receivables	8	48	120
Amounts due from related parties	11	-	5
<b>Total assets</b>		<b>4,291</b>	<b>4,270</b>
<b>Current liabilities</b>			
Trade and other payables	9	10	-
Amounts due to related parties	11	-	1
Taxation		5	3
<b>Total liabilities</b>		<b>15</b>	<b>4</b>
<b>Equity</b>			
Share capital	10	3,000	3,000
Retained earnings		1,276	1,266
<b>Total equity attributable to shareholders</b>		<b>4,276</b>	<b>4,266</b>
<b>Total liabilities and equity</b>		<b>4,291</b>	<b>4,270</b>

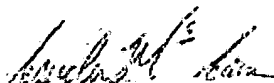
The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

Approved by the Board of Directors on 5 February 2021.

Signed on behalf of the Board



Anne Perrotin  
Director



Caroline McCann  
Director

Signed: 10 February 2021

Company number: 00849073

**ROYAL BANK OF CANADA TRUST CORPORATION LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 OCTOBER**

(Thousands of British Pounds)	Notes	2019	2018
<b>Income</b>			
Trust and other fees		-	2
Related party income	11	116	92
Other income		-	9
<b>Total income</b>		<b>116</b>	<b>103</b>
<b>Expenses</b>			
Human resources	4	-	33
Related party expenses	11	3	7
Other expenses		88	16
<b>Total expenses</b>		<b>91</b>	<b>56</b>
<b>Income before income taxes</b>		<b>25</b>	<b>47</b>
<b>Income taxes</b>	6	<b>(15)</b>	<b>(3)</b>
<b>Total comprehensive income for the year</b>		<b>10</b>	<b>44</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders		10	44

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 year.

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

**ROYAL BANK OF CANADA TRUST CORPORATION LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 OCTOBER**

<b>(Thousands of British Pounds)</b>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance at 1 November 2017</b>	3,000	3,222	6,222
Dividends paid (£0.67 per share)	-	(2,000)	(2,000)
Total comprehensive income for the year	-	44	44
<b>Balance at 31 October 2018</b>	3,000	1,266	4,266
Total comprehensive income for the year	-	10	10
<b>Balance at 31 October 2019</b>	3,000	1,276	4,276

The accompanying notes on pages 12 to 26 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

(Thousands of British Pounds)	Notes	2019	2018
<b>Cash flows from operating activities</b>			
Income before income taxes		25	47
<b>Adjustments for non-cash items and others</b>			
Interest received		(116)	(92)
		(91)	(45)
<b>Changes in operating assets and liabilities</b>			
Trade and other receivables	8	72	3
Amounts due from related parties	11	5	(5)
Amounts due to related parties	11	(1)	(1)
Trade and other payables		10	(30)
		(5)	(78)
Income taxes paid		(13)	-
<b>Net cash (used in) operating activities</b>		(18)	(78)
<b>Cash flow from investing activities</b>			
Interest received		116	92
<b>Net cash from investing activities</b>		116	92
<b>Cash flow from financing activities</b>			
Dividends paid		-	(2,000)
<b>Net cash from financing activities</b>		-	(2,000)
<b>Net change in cash and cash equivalents</b>		98	(1,986)
Cash and cash equivalents at the beginning of year		4,145	6,131
<b>Cash and cash equivalents at end of year</b>		4,243	4,145

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

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#### 1. GENERAL INFORMATION

Royal Bank of Canada Trust Corporation is a limited liability company incorporated in England on 14 May 1965 and is domiciled in the UK. The address of the registered office is 100 Bishopsgate, London, United Kingdom, EC2N 4AA. The principal activity of the Company relate to a historic financing arrangement following the cessation of providing Trustee and Trust Administration Services in 2016.

The financial statements are prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union and in effect as at 31 October 2019.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates, with the exception of Note 10 where disclosure relating to key management personnel and directors is in Canadian dollars, as indicated, this being the functional currency of the parent bank, Royal Bank of Canada.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of preparation

###### i) Statement of compliance

The financial statements have been prepared in accordance with IFRS as issued by the IASB, adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006.

###### ii) Historical cost convention

The financial statements have been prepared under a historical cost basis. The particular accounting policies adopted by the directors are described below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### (b) Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

##### (c) Use of estimates and assumptions

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 assumptions that are believed to be reasonable.

# ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**(d) Significant accounting judgements and estimates**

In the preparation of these financial statements, management is required to make significant judgements and estimates that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the year.

There are no significant judgements and estimates included in the financial statements.

**(e) Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured at historical cost are translated into sterling at historical rates.

**(f) Cash and cash equivalents**

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

**(g) Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

*(i) Recoverability of trade and other receivables – credit loss rates*

In accordance with IFRS 9, the expected credit losses on trade receivables are estimated using a provision matrix based on the Company's historic credit loss experience, adjusted for factors that are specific to the debtors' general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate. Provision rates are segregated according to geographical location and by specific client's risk profile.

The net trade receivable positions calculated using the matrix are reviewed by management to assess whether the applied probability of future losses are appropriate to known changes in the credit risk, where applicable, specific provisions may be allocated. There was £1.42 (2018: £Nil) of allowance credit losses ("ACL") provisions in relation to trade and other receivables.

## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

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#### 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### (h) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by change in deferred tax assets and liabilities attributable to temporary differences to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted by the end of the reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax is recognised in profit or loss, except that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### (i) Share capital

The company classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments issued by the Company are classified as equity instruments when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax. Dividends on these instruments are classified as dividends paid in the Statement of Changes in Equity.

##### (j) Revenue recognition

###### (i) Policies applicable beginning 1 November 2018 (IFRS 15)

###### *Fee income*

Revenue is accounted for on an accruals basis. Revenue is recognised at the point in time when the Company has provided the services and has the right to receive payment for its services.

###### (ii) Policies applicable prior to 1 November 2018 (IAS 18 – Revenue)

###### *Fee income*

Revenue from the provision of Trust and Company Administration activities 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.

##### (k) Expense recognition

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

## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

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#### 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### (l) Pension costs

The Company operated both defined contribution and defined benefit pension plans. Company contributions to the defined contribution plan were charged to the Statement of Comprehensive Income within Human resources.

The Company was also a participating employer in the RBC (UK) Pension Plan (“the Plan”), a defined benefit pension plan which had Royal Bank of Canada as the principal employer and in which a number of other Royal Bank of Canada group companies also participated. The Plan was closed to new members and therefore, under the projected unit method, the current service cost as percentage of pensionable salaries will increase as the members of the Plan approach retirement. The RBC (UK) Pension Plan was a funded defined benefit plan with the assets held in separate trustee-administered funds. The trustees were (RBC Pension Trustees Limited). It was 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 were accounted for as if they were contributions to a defined contribution plan.

##### (m) New and amended standards adopted during the year

###### *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 contracts with customers except for revenue arising from items such as financial instruments, insurance contracts and leases. The Company adopted IFRS 15 at 1 November 2018. As permitted by the transition provisions of IFRS 15, the Company elected not to restate comparative period results; accordingly, all comparative information is presented in accordance with previous accounting policies, as indicated. The adoption of IFRS 15 did not significantly impact the financial statements of the Company.

##### (n) Standards in issue but not yet effective

###### *Conceptual Framework for Financial Reporting*

In March 2018, the IASB issued its revised Conceptual Framework for Financial Reporting (Conceptual Framework). This replaces the previous version of the Conceptual Framework issued in 2010. The revised Conceptual Framework will be effective on 1 November 2020. The Conceptual Framework is not a standard, and does not override the concepts or requirements in any standard. It may be used to develop consistent accordingly policies where there is no applicable standard in place. The revisions include a few new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The amendments are expected to have no impact on the financial statements.



## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

#### 3. REVENUE

**(a) Trust and other fees**

Trust and other income of the Company consists of trustee fees net of discount VAT or other rates taxes and is wholly derived from business conducted in Europe.

**(b) Related party income**

Related party income refers to interest income received from a related party.

**(c) Other income**

Other income refers to oil royalty income that is generated from a historic arrangement relating to the financing of a North Sea oil enterprise, which is calculated by reference to the oil brought onshore from specified oil fields. The Company will continue to receive the royalties for as long as the fields continue in production.

#### 4. HUMAN RESOURCES

**For the year ended 31 October**

(Thousands of British Pounds)

	2019	2018
Pension costs	-	32
Share-based compensation expense	-	1
	-	33

The Company had no employees during the year. Costs relate to previous persons working full time on the provision of Trustee and Administration related activities.

**Defined benefit plan**

The Company was a participating employer in the RBC (UK) Pension Plan ('the Plan'), a defined benefit pension scheme for which the Principal Employer was the Royal Bank of Canada. The pension scheme was administered by separate trustees that are legally segregated from the Company. The pension arrangements including investment, plan benefits and funding decisions were governed by the trustees. Significant plan changes require the approval of the Board of Directors.

The Plan provided pension benefits based on years of service, contributions and average earnings over three years at leaving. The Plan has been closed to new members since 2001 and closed to future accrual from 2015. New employees are generally eligible to join the defined contribution pension plan.

The allocation, and reallocation, of the Plan's assets, liabilities, costs and cash flows to the Company were based on the results of a valuation of the Plan, and the identification of each Plan member's current, or last 'employer'.

For the year ended 31 October 2019, total contributions by the Company to the Plan was £Nil (2018: £32k). 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. As at 31 October 2019 outstanding contributions to the Plan amounted to £Nil (2018: £Nil).

By the design, the Plan exposes the Company to various risks such as investment performance, reductions in discount rates used to value the obligations, increased longevity of plan members and future inflation levels impacting future salary increases. By closing membership in the defined benefit pension scheme and migrating to defined contribution plans, the volatility associated with the aforementioned risks will reduce over time.

## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

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#### 4. HUMAN RESOURCES – CONTINUED

##### Share-based Compensation

The Company offered performance deferred share award plans to certain former key employees, all of which vest at the end of three years. Upon vesting, the award was paid in cash and was based on the original number of Royal Bank of Canada share units granted plus accumulated dividends. The award was valued using the average closing price of Royal Bank of Canada common shares during the five trading days immediately preceding the vesting date. A portion of the award under certain plans may have increased or decreased up to 25%, depending on the total shareholder return compared to a defined peer group of global financial institutions.

The liabilities for the awards granted under the deferred share award plans were measured at fair value, determined based on the quoted market price of Royal Bank of Canada common shares. Annually, the obligation was increased by additional units earned by plan participants, and was offset by forfeitures, cancellations, and the settlement of vested units. In addition, the obligation was impacted by fluctuations in the market price of Royal Bank of Canada common shares. For performance deferred share award plans, the estimated outcome of meeting the performance conditions also impacts the obligation. The value of the award liability as at 31 October 2019 was £Nil (31 October 2018: £Nil). The compensation expense recorded for the year ended 31 October 2019, in respect of these plans was £Nil (2018:£1k).

The compensation expenses for all of the above plans were recorded in Human Resources in the Statement of Comprehensive Income.

#### 5. INCOME BEFORE INCOME TAXES

##### For the year ended 31 October

(Thousands of British Pounds)

	2019	2018
This is stated after charging:		
Auditor's remuneration	20	7

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

# ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

### 6. INCOME TAXES

#### For the year ended 31 October

(Thousands of British Pounds)

	2019	2018
<b>Current tax</b>		
UK Corporation tax	(5)	1
Adjustments in respect of prior year	(10)	(4)
	(15)	(3)

#### United Kingdom – Current tax

The Company is subject to UK Corporation Tax at an effective rate of 19% for the financial year 2019 and (2018: 19%).

#### Reconciliation to statutory tax rate

The difference between the total tax shown above and the amount calculated by applying the standard rate of tax to the Company income before income taxes is as follows:

#### For the year ended 31 October

(Thousands of British Pounds)

	2019	2018
Income before income taxes	25	47
Income taxes at standard UK corporation rate of 19% (2018: 19%)	5	9
<i>Effects of</i>		
Adjustments in respect of previous years	10	4
Other timing differences	-	(10)
Income tax charge for the year	15	3

### 7. CASH AND CASH EQUIVALENTS

#### As at 31 October

(Thousands of British Pounds)

	2019	2018
Cash and cash equivalents with related parties	4,243	4,145
	4,243	4,145

# ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

### 8. TRADE AND OTHER RECEIVABLES

<b>As at 31 October</b>		
(Thousands of British Pounds)	<b>2019</b>	<b>2018</b>
<b>Current assets</b>		
Escrow account	48	120
	48	120
<b>Reconciliation of movement in provision for doubtful debts</b>		
At 1 November	-	70
Amounts used during the year	-	(70)
At 31 October	-	-

The directors are of the opinion that the carrying value of the trade and other receivables equates to their fair value.

The movement in trade and other receivables relates to excess costs above the trust assets to wind up the trust.

### 9. TRADE AND OTHER PAYABLES

<b>As at 31 October</b>		
(Thousands of British Pounds)	<b>2019</b>	<b>2018</b>
<b>Current liabilities</b>		
Other payables	10	-
Share-based compensation	-	-
	10	-

The directors are of the opinion that the carrying value of the trade and other payables equates to their fair value.

### 10. SHARE CAPITAL

<b>As at 31 October</b>		
(Thousands of British Pounds)	<b>2019</b>	<b>2018</b>
<b>Authorised share capital</b>		
An unlimited number of ordinary voting shares of £1 each may be issued		
<b>Issued, allotted and fully paid:</b>		
3,000,000 ordinary voting shares of £1 each	3,000	3,000

Each issued share carries the right of one vote per share.

## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

#### 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 RBC Group's employees, key management personnel ("KMP"), the Board of Directors of RBC ("RBC Directors"), close family members of KMP and RBC Directors, and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by KMP, RBC Directors or their close family members.

##### Key management personnel and RBC Directors

KMP 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 members of RBC called the Group Executive ("GE"). The GE is comprised of the President and Chief Executive Officer and individuals that report directly to him, including the Chief Administrative Officer, Chief Financial Officer, Chief Human Resources Officer, Group Chief Risk Officer, Chief Strategy & Corporate Development Officer, and Group Heads for Wealth Management and Insurance, Capital Markets and Investor & Treasury Services, Technology & Operations, and Personal & Commercial Banking. 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.

##### Compensation of Key management personnel and RBC Directors

##### For the year ended 31 October <sup>(1)</sup>

(CAD million)	2019	2018
Salaries and other short-term employee benefits <sup>(2)</sup>	26	34
Post-employment benefits <sup>(3)</sup>	2	2
Share based payments	44	42
	72	78

(1) KMP and RBC Directors received their remuneration from RBC. No direct compensation is charged to the subsidiary by RBC in respect of the services provided.

(2) Includes the portion of the annual variable short-term incentive bonus that certain executives elected to receive in the form of deferred share units. RBC Directors receive retainers but do not receive salaries and other short-term employee benefits.

(3) RBC Directors do not receive post-employment benefits.

# ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

### 11. RELATED PARTY TRANSACTIONS - CONTINUED

**Stock options, stock awards and shares held by Key management personnel, RBC Directors and their close family members**

**As at 31 October**

	2019		2018	
	No. of units held	Value CAD million	No. of units held	Value CAD million
Stock options <sup>(1)</sup>	2,372,714	51	2,154,835	37
Other non-option stock based awards <sup>(1)</sup>	1,481,096	157	1,440,002	138
RBC common and preference shares	463,362	49	453,316	43
	4,317,172	257	4,048,153	218

(1) RBC Directors do not receive stock options or any other non-option stock based awards.

**Transactions, arrangements and agreements involving Key management personnel, RBC 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 2019 total loans to KMP, RBC Directors and their close family members were \$8 million (31 October 2018 - \$10 million). RBC has no Stage 3 allowance or provision for credit losses relating to these loans as at and for the year ended 31 October 2019. No guarantees, pledges or commitments have been given to KMP, RBC Directors or their close family members.

#### **Immediate and ultimate controlling party**

The Company's immediate parent is Royal Bank of Canada Holdings (U.K.) Limited, a company registered in England and Wales.

The Company's ultimate controlling party is Royal Bank of Canada, a company incorporated in Canada, which is also the parent company of the smallest and largest group which includes the Company and for which group financial statements are prepared.

The consolidated financial statements of the ultimate parent company can be obtained from the company's offices at:

Royal Bank of Canada  
PO Box 1  
Royal Bank Plaza  
Toronto, Ontario  
Canada,  
M5J 2J5  
Website: rbc.com

# ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

### 11. RELATED PARTY TRANSACTIONS - CONTINUED

#### Affiliates

In the normal course of business, the Company enters into transactions with affiliates. Affiliates include direct and indirect subsidiaries of the parent bank, RBC.

#### As at 31 October

(Thousands of British Pounds)

#### Balances with related parties

#### Analysis of cash and cash equivalents with related parties

	2019	2018
RBC Affiliates – Cash and cash equivalents	4,243	4,145

#### Amounts due from related parties

RBC Affiliates – Other receivables	-	5
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Amounts due from related parties	-	5
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#### Amounts due to related parties

Ultimate parent – Other payables	-	1
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Amounts due to related parties	-	1
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#### Transactions with related parties

#### For the year ended 31 October

(Thousands of British Pounds)

#### Income

RBC Affiliates – Interest income	116	92
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Related party income	116	92
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#### Expenses

Ultimate parent – cost sharing	3	7
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Related party expenses	3	7
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Details of transactions with post-employment benefit plans are disclosed in note 4.

## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

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

##### Overview

The Board of Directors ("the Board") has overall responsibility for the establishment and ongoing management of the risk management framework and monitoring of the implementation and operation of the Board's policies are handled by the Wealth Management International (the "WMI") Operating Committee which has the representation of all the business lines and functional areas of the Company.

The WMI Operating Committee then delegates the monitoring of risk to the Wealth Management Risk Committee which oversees how the Company monitors compliance with risk management policies and procedures, whilst reviewing the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards, procedures, and training of employees aims to develop a disciplined and constructive control environment in which all employees are involved and understand their roles and obligations.

The Company does not enter into hedging instruments because there is not a material exposure to hedge, nor does the Company enter into speculative financial instruments.

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

##### Summary of financial assets and liabilities by category

##### As at 31 October

(Thousands of British Pounds)	2019	2018
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	4,243	4,145
Trade and other receivables	48	120
Amounts due from related parties	-	5
	4,291	4,270
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	10	-
Amounts due to related parties	-	1
	10	1

The Board 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, currency risk, market risk, liquidity risk and capital 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, currency risk, market risk, liquidity and capital risk are managed as part of the overall RBC risk management practices.



## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

#### 12. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS - CONTINUED

##### Credit risk

Credit risk is the risk of financial loss associated with a counterparty's inability to fulfil its payment obligations.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised in the Statement of Financial Position as noted in the above table. The Company's directors consider that all the above financial assets for each year end date 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.

The Company's exposure to credit risk pertains primarily to cash and escrow accounts, so exposure to credit risk is minimal.

The Company subjects trade and other receivables to the expected credit loss model. The expected credit losses are measured using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors' general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Provision rates are segregated according to geographical location and by specific client's risk profile. There was £1 (2018: £Nil) of allowance for credit losses ("ACL") provisions in relation to trade and other receivables.

Amounts due from related parties and cash and cash equivalents held with related parties are assessed by management to be of low credit risk with sufficient resources available to cover the amounts due when required. The Company's credit risk objectives, policies, and methodologies have not changed materially from last year.

The ageing of financial assets at the reporting date was :

(Thousands of British Pounds)	1-3 months	3-6 months	Over 6 months	Total
<b>31 October 2019</b>				
Cash and cash equivalents	4,243	-	-	4,243
Trade and other receivables	48	-	-	48
	4,291	-	-	4,291
<b>31 October 2018</b>				
Cash and cash equivalents	4,145	-	-	4,145
Trade and other receivables	-	-	120	120
Amounts due from related parties	5	-	-	5
	4,150	-	120	4,270

The Company does not hold any collateral or other credit enhancements over its trade receivables. In the opinion of the directors there has been no change in the credit quality, which is assessed on the basis of previous collectability.

##### Currency risk

Certain of the Companies transactions are conducted in United States dollars, Canadian dollars, Euro and other foreign currencies. Consequently, the Company is exposed to foreign exchange risk on these transactions and any resulting foreign exchange gains/losses are recognised in the Statement of Comprehensive Income.

As GBP represented 99% of the Total Assets and Liabilities at 31 October 2019 (31 October 2018: 99%) 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.

## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

#### 12. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS - CONTINUED

##### 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, which hasn't changed since last year, the 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 basis to meet its commitments as they fall due.

Given that the nature of the Company's financial position, with no significant long-term debt, exposure to liquidity risk is minimal.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without risking damage to the Company's reputation. The Company's liquidity risk objectives, policies, and methodologies have not changed materially from last year.

The contractual maturity of financial liabilities based on the earliest date that the Company is required to pay at the reporting date was:

(Thousands of British Pounds)	Less than 6 months	6 months to 1 year	1-5 years	Total
<b>31 October 2019</b>				
Trade and other payables	10	-	-	10
<b>31 October 2018</b>				
Amounts due to related parties	1	-	-	1

##### 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 regulatory requirements. In order to maintain or adjust the capital structure, the Board may adjust the amounts of dividends paid to the shareholder, return capital to the shareholder, issue new shares, or sell assets. The Company's overall strategy remains unchanged since last year.

#### 13. DIVIDEND

##### For the year ended 31 October

(Thousands of British Pounds)	2019	2018
Dividend paid during the year (2018: £0.67 per share)	-	2,000

#### 14. REMUNERATION OF DIRECTORS AND EMPLOYEES

None of the Directors serving during the year received any emoluments from the Company (2018: £Nil). The Directors received their remuneration from other companies. The Company had no employees (2018: None).

## ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2019

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**15. CONTINGENT LIABILITIES**

The Company had contingent liabilities at 31 October 2019 in respect of a historic business arrangement. Upon subsequent review, these activities have the potential to have not been undertaken with the requisite permissions. At this stage an accurate assessment of a potential financial impact cannot be assessed and is not probable that a significant liability will arise.

**16. SUBSEQUENT EVENTS**

On 11 March 2020, the World Health Organisation declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. COVID-19 posed some uncertainty and additional business risk which the directors have continued to monitor.

This global pandemic occurred during the period between the year ended 31 October 2019 and the signing of the financial statements. As at the date of signing the financial statements, the impact on the Company's financial instruments has not been material.