

Registered number
00920880

Zedra Trust Company (UK) Limited
Annual Report and Financial Statements
for the year ended 31 December 2021



Zedra Trust Company (UK) Limited
Annual Report and Financial Statements
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Zedra Trust Company (UK) Limited
Company Information

Directors

Mr Stuart McLuckie
Mrs Susan Bates
Mrs Sue Wakefield
Mr Ian Irving
Mr Sam Leigh
Mr Kevin Guy
Mr Duncan Barnfather

Auditor

PricewaterhouseCoopers CI LLP
Statutory Auditor
37 Esplanade
Jersey
Channel Islands
JE1 4XA

Secretary

Zedra Secretaries (UK) Ltd
Booths Hall
Booths Park 3
Chelford Road, Knutsford
Cheshire, United Kingdom.
WA16 8GS

Registered office

Booths Hall
Booths Park 3
Chelford Road, Knutsford
Cheshire, United Kingdom.
WA16 8GS

Registered number

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Zedra Trust Company (UK) Limited

Directors' Report

The directors present their report and audited financial statements of Zedra Trust Company (UK) Limited ('the Company') for the year ended 31 December 2021.

Principal activities

The Company's principal activities were as follows:

- The provision of trustee services
- The provision of executorship services
- The provision of escrow services
- The provision of EPA (Enduring Power of Attorney) and LPA (Lasting Power of Attorney) services
- The provision of LPA (Lasting Power of Attorney) Writing & Will Writing services

Zedra Trust Company (UK) Limited is a private limited Company and is incorporated and domiciled in the UK. The address of its registered office is: Booths Hall Booths Park 3, Chelford Road, Knutsford, Cheshire, WA16 8GS, England.

Future developments

The company has elected to disclose information on future developments in the strategic report on page 5.

Financial instrument risk

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Zedra Holdings S.A. and its subsidiaries' ('the Zedra Group') risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to, are outlined in note 20.

Dividends

The directors are not proposing the payment of a final dividend (2020 Final: Nil). No interim dividend was paid during the year (2020 Interim: Nil).

Directors

The following persons served as directors during the year up to the date of signing:

Resigned

Mr Stuart McLuckie

Mrs Susan Bates

Mrs Sue Wakefield

Mr Ian Irving

Mr Sam Leigh

Mr Kevin Guy

Mr Duncan Barnfather

18th January 2022

Directors' interests

None of the Director's who held office during the year had direct ownership in the Company.

Directors' indemnities

The Zedra Group has made qualifying third party indemnity provisions for the benefit of the directors of its subsidiary Companies, which were made during the year and remain in force at the date of this report.

Zedra Trust Company (UK) Limited

Directors' Report

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards and in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Basis of preparation

For the year ended 31 December 2021, the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the note 2.3 to the financial statements.

Disclosure of information to auditor

Each person who was a director at the time this report was approved confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors 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.

Zedra Trust Company (UK) Limited
Directors' Report

Immediate Holding Entity

The Company is 100% owned by Zedra Holdings UK Limited.

Independent auditor

The independent auditor, PricewaterhouseCoopers CI LLP, have expressed their willingness to continue in office. A resolution concerning their re-appointment shall be determined by members by Ordinary Resolution.

This report was approved by the board on 13 May 2022 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Duncan Barnfather', written over a horizontal line.

Mr Duncan Barnfather
Director

Zedra Trust Company (UK) Limited Strategic Report

The Directors present their Strategic Report for the year ended 31st December 2021

Principal activities

The firm's principal activity is the provision of fiduciary services and specifically acting as trustees or in other capacities (Lasting & Enduring Power of Attorney (LPA/EPA), Executorship and Escrow Services) which result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

Business review and future outlook

The overall business objective is to meet the needs of all stakeholders including staff, regulators and owners.

The Company's strategic objective has previously included expanding the business by pursuing organic growth through building on existing client and professional relationships along with offering new services such as Escrow. During the prior year the Company brought in three new service lines: Lasting powers of attorney, will writing and will storage and the insourcing of the estates business.

In addition to organic growth, the firm continues to explore opportunities including growth by acquisitions. Offering multiple fiduciary and supplementary services/expertise will enable the firm to combine the delivery of these services, wherever possible, to make it convenient, consistent and efficient for clients. Currently there is nothing pending in this regard.

Business performance

The results for the year show a profit before taxation of £4,035k (2020: £3,593k) and total comprehensive income of £3,229k (2020: £2,872k).

The Company has net assets of £11,790k (2020: £8,561k) and net cash outflow from operating activities was £470k, (2020 net cash inflow: £1,610k)

Net client structures increased during the year from 3,363 to 3,506 and this was predominantly due to the Estate administration service launched during the previous year and building to a BAU level in 2021. Client growth had a low impact on aged debt which remained at a low level, with 71% of total debt below 90 days of age (2020: 78%).

The revenue of the business is primarily driven by the value of assets held in trust and the number of live clients. The assets under management (AUM) have seen a net increase from £865m at the end of 2020 to £916m at the end of 2021. The movement was driven by new business, reduced client attrition and increased market growth of assets.

The growth in revenue in 2021 from 2020 is driven by the new service lines and the growth of the AUM (bounceback from the Covid-19 dip) increasing trust annual management fees.

Key Performance Indicators

The key performance indicators of the Company are considered to be revenue growth and underlying operational profitability. The directors are happy with the Company's profitability and it has been in line with expectations.

Employees

The Company recognises the ongoing importance of its employees to its strategic aims. The personal development and retention of employees is essential for the success of the Company. The Company aims to provide competitive compensation and benefits with continued professional development and training. This is complemented by promotion from within and support to attain professional qualifications.

Communication with employees is both formal and informal. Personal objectives, regular feedback and appraisals provide opportunities for discussions with employees, together with regular updates from the management team on Company performance.

Zedra Trust Company (UK) Limited Strategic Report

Principal risks and uncertainties

The Directors believe that the below areas will affect the Company and the industry over the coming years:

- 1) The economic outlook and opportunity
- 2) Continued regulatory change, including its effect on staff costs and systems
- 3) The demand for fiduciary services and its impact on the Company and customers
- 4) UK and global incidents. Of which two specific areas will impact the business in the short term:

a) The Coronavirus ("Covid-19") pandemic which came about at the beginning of 2020 has had and continues to have a significant impact on the global economy. While many businesses have been adversely impacted, the results for the year to date for the Company have been resilient and the Directors are taking a proactive approach to ensure the business remains financially robust. The Company has continued to improve its operational performance for the year ended 31 December 2021 and remains in a strong position.

b) The company notes the recent developments in the Ukraine / Russia war, and the sanctions being imposed on Russia by many countries as a result. The Company and its subsidiaries have no direct activities or exposure in the region and it is the Directors view that these developments and sanctions are unlikely to have a significant direct adverse impact on the financial results of the Company going forward.

The global market impact of the War is having some impact on the Company's subsidiaries where revenue is derived from assets under management (AUM), however it is expected that this will only be temporary and not materially impact the annual revenue of the Company. As the situation continues to evolve it remains difficult at this stage to estimate all the direct and indirect impacts which may arise from these emerging developments however the company continues to monitor these developments closely and to take all necessary actions.

This report was approved by the board on 13 May 2022 and signed on its behalf.



Mr Duncan Barnfather
Director

Independent auditors' report to the members of Zedra Trust Company (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Zedra Trust Company (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 December 2021; the statement of comprehensive income, statement of changes in equity and 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.

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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 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 Strategic report and Directors' Report.

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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiring management and those charged with governance of the Company as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- reviewing the minutes of meetings of the members for the matters relevant to the audit;
- identifying and testing journal entries considered to be higher fraud risk, including unusual journal entries posted, and the evaluation of any business rationale for any significant or unusual transactions identified as being outside the normal course of business; and
- performing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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.

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 obtained 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.



Michael Byrne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey
13 May 2022

Zedra Trust Company (UK) Limited
Statement of Comprehensive Income
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	3	10,195	9,919
Operating expenses	6	(6,160)	(6,326)
Operating profit	4	<u>4,035</u>	<u>3,593</u>
Profit before taxation		<u>4,035</u>	<u>3,593</u>
Tax on profit on ordinary activities	8	(806)	(721)
Total Comprehensive income for the year		<u>3,229</u>	<u>2,872</u>

All results are derived from continuing operations. There were no items of other comprehensive income in the current or prior year.

The notes on pages 14 to 31 form an integral part of these financial statements.

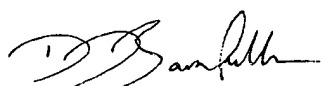
Zedra Trust Company (UK) Limited
Statement of Financial Position
as at 31 December 2021

	Notes	2021	2020
ASSETS		£'000	£'000
Non-current assets			
Intangible assets	9	96	128
Property, plant and equipment	10	349	463
Land and buildings - Right of Use Asset	10	843	964
		<u>1,288</u>	<u>1,555</u>
Current assets			
Trade and other receivables	11	15,178	11,595
Cash and cash equivalents		2,178	2,976
		<u>17,356</u>	<u>14,571</u>
Total assets		<u>18,644</u>	<u>16,126</u>
Current liabilities			
Trade and other payables	12	5,912	5,797
Lease Liabilities	13	145	138
Corporation tax		(84)	597
		<u>5,973</u>	<u>6,532</u>
Net current assets		<u>11,383</u>	<u>8,039</u>
Non-current liabilities			
Deferred taxation	15	5	14
Lease Liabilities	13	876	1,019
		<u>881</u>	<u>1,033</u>
Total liabilities		<u>6,854</u>	<u>7,565</u>
Net Assets		<u>11,790</u>	<u>8,561</u>
Equity			
Called up share capital	16	3,527	3,527
Retained Earnings	17	8,263	5,034
Total equity		<u>11,790</u>	<u>8,561</u>

The notes on pages 14 to 31 form an integral part of these financial statements.

The financial statements of Zedra Trust Company (UK) Limited, registered number 00920880, have been approved by the Board of Directors and authorised for issue.

They were signed on its behalf by



Mr Duncan Barnfather
Director

Approved by the board on 13 May 2022 and signed on its behalf.

Zedra Trust Company (UK) Limited
Statement of Changes in Equity
for the year ended 31 December 2021

	Share Capital	Retained Earnings	Total Equity
Note	£'000	£'000	£'000
At 1 January 2020	3,527	2,178	5,705
Adjustment from adoption of IFRS 16*	-	(16)	(16)
Total Comprehensive income for the year	-	2,872	2,872
Dividends	-	-	-
At 31 December 2020	3,527	5,034	8,561
At 1 January 2021	3,527	5,034	8,561
Total Comprehensive income for the year	-	3,229	3,229
At 31 December 2021	3,527	8,263	11,790

The notes on pages 14 to 31 form an integral part of these financial statements.

Zedra Trust Company (UK) Limited
Statement of Cash Flows
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Operating activities			
Profit for the financial year on continuing operations		3,229	2,872
<u>Adjustments for:</u>			
Tax on profit on continuing ordinary activities	8	806	721
Depreciation		279	308
Amortisation		49	46
Finance Costs		52	61
(Increase) / Decrease in debtors		(3,583)	(3,050)
Increase / (Decrease) in creditors		185	912
		<u>1,017</u>	<u>1,870</u>
Corporation tax		(1,496)	(260)
Net cash (used in)/from operating activities		<u>(479)</u>	<u>1,610</u>
Investing activities			
Purchase of intangible assets	9	(17)	(13)
Purchase of tangible fixed assets	10	(44)	(61)
Net cash used in investment activities		<u>(61)</u>	<u>(74)</u>
Financing activities			
Lease liability - Interest Repayment		(52)	(61)
Lease liability - Capital Repayment		(206)	(65)
Net cash used in financing activities		<u>(258)</u>	<u>(126)</u>
Net cash used			
Cash generated by operating activities		(479)	1,610
Cash used in investing activities		(61)	(74)
Cash used in financing activities		(258)	(126)
Net cash Increase / (Decrease) in cash and cash equivalents		<u>(798)</u>	<u>1,410</u>
Cash and cash equivalents at 1 January		<u>2,976</u>	<u>1,566</u>
Cash and cash equivalents at 31 December		<u>2,178</u>	<u>2,976</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>2,178</u>	<u>2,976</u>

The notes on pages 14 to 31 form an integral part of these financial statements.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

1 Company Information

Zedra Trust Company (UK) Limited is a private limited Company and is incorporated and domiciled in the UK. The address of its registered office is: Booths Hall Booths Park 3, Chelford Road, Knutsford, Cheshire, WA16 8GS, England. The Company is engaged in the provision of services set out in the Directors' report on page 2.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards.

The preparation of financial statements in conformity with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 2.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

2.2 Presentation

The financial statements are presented in pound sterling, which is the Company's functional and reporting currency, and the presentation currency of the financial statements. All amounts have been rounded to the nearest pound sterling, unless otherwise indicated.

2.3 Going concern

The Company's business activities are set out in the directors' report. Note 20 describes the Company's financial risk management objectives and its exposure to reputational and conduct risk. The Company meets its working capital requirements in accordance with local regulations regarding minimum capital adequacy and support from its shareholders if necessary.

The Company's budgeted forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current capital adequacy. The directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence at least 12 months from the date of approval of the accounts. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements are presented in pounds sterling, (£), the currency of the country in which the Company is incorporated which is also considered to be the Company's functional currency.

2.4 Adoption of new and revised Standards

To the extent that they are relevant, the Company has adopted from 1 January 2021 all IFRS standards and interpretations including amendments that were in issue and effective for accounting periods beginning on 1 January 2021. These are as follows:

- Covid-19 Related Rent Concessions - amendments to IFRS 16, and;
- Interest Rate Benchmark Reform 0 Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16;
- Annual Improvements to IFRS Standards 2018-2020, and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - amendments to IAS 12.

These standards and interpretations have had no material impact on amounts recognised by the Company in respect of the current or prior periods.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

2.5 New and revised IFRSs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.6 Exemption from preparing consolidated financial statements

The Company is a wholly owned subsidiary of Zedra Holdings S.A and of its ultimate parent, Corsair Capital Partners Group Limited. The Company is included in the consolidated financial statements of Zedra Holdings SA, which are publicly available. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements.

Publicly available consolidated statements are available from Zedra Holdings S.A at its registered office: 11 Avenue de la Porte-Neuve, 2227 Luxembourg and at <https://www.lbr.lu>.

2.7 Interest Income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate (EIR) applicable (see policy on Financial assets below), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.8 Accrued income

Accrued income represents the chargeable provision of services to clients which has not been invoiced at the reporting date. Accrued income is recorded based on agreed fees billed in arrears and time based charges at the agreed charge out rates in force at the work date, less any specific provisions against the value of accrued income where recovery will not be made in full.

2.9 Deferred Revenue

Fees in advance and up-front fees in respect of services due under contract are time apportioned to the respective accounting periods, and those billed but not yet earned are included in deferred revenue in the Statement of Financial Position.

2.10 Revenue Recognition

Revenue from contracts with customers is recognised when its performance obligations are satisfied, i.e. when control of an asset (the services) are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. An asset is transferred when (or as) the customer obtains control of that asset. Depending on the nature of the performance obligations, revenue is recognised either over time or at a point in time.

Revenue is measured as the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, Value Added Tax).

The Company applies the five-step process set out in IFRS 15, Revenue from contracts with customers ('IFRS 15'), to ensure an appropriate revenue recognition policy is in place, i.e.:

1. Identify the contract with a customer.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the separate performance obligations.
5. Recognise revenue when/as each performance obligation is satisfied.

The Company recognises revenue from the following major sources:

- Transactional Fees, measured substantially at a point in time, such as tax fees and withdrawal fees.
- Service Based Fees, measured substantially over time, such as trustee annual management fees.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

2.11 Revenue recognition and accrued

The Company recognises accrued income within revenue and as a receivable for amounts that remain unbilled at the year end, recorded at the recoverable amount. The recoverable amount of accrued income is assessed on an individual basis using the judgement of management, and takes into account an assessment of historical recovery rates.

2.12 Intangible assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses. Subsequent development is capitalised and amortised over the expected useful life of the asset. Amortisation is provided on all intangible fixed assets calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

IT Software (Navision)	Over 5 years
IT Software (Isokon)	Over 10 years

2.13 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. Repairs and maintenance are expensed when incurred. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	over 50 years
Leasehold land and buildings	Over the lease term (10 years)
IT Equipment	Over 3 years (General IT)
	Over 5 years (Datacentre IT)
Fixtures, fittings, tools and equipment	Over 10 years (Fixtures & Fittings)
	Over 5 years (Office Equipment)

Depreciation rates, methods and residual values underlying the calculation of depreciation of items of plant, property and equipment are reviewed to take account of changes in circumstances.

2.14 Accrued income

Accrued income represents the amount of revenue earned and recognised but not yet billed. Decisions on billing accrued income is mainly based on the invoice billing dates and frequency. Invoices are usually billed either annually, quarterly or monthly.

There are certain revenues that are due on billing date but not billed as a result of it being deemed as irrecoverable. Such accrued income is derecognised and not included in the statement of financial position.

There are also revenues due on billing dates but not yet billed. The reasons for not billing are administrative and not based on a change in the credit quality of the customer.

2.15 Financial liabilities

The Company's financial liabilities comprise loans and borrowings, trade and other payables, and other financial liabilities (including lease liabilities).

Lease liabilities are measured in accordance with the Leases policy below. All other financial liabilities are classified as held at amortised cost. These liabilities are initially measured at fair value less transaction costs and subsequently measured using the effective interest method.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

2.16 Financial assets

The Company's financial assets comprise cash and cash equivalents, trade receivables and other receivables. Trade receivables are initially measured at their transaction price. Other financial assets are measured at their fair value on initial recognition. Financial assets are accounted for on an amortised cost basis, using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.17 Impairment of financial assets

The Company recognises a loss allowance, for expected credit losses on its financial assets. The Company assesses at each balance sheet date whether there is objective evidence that trade and receivables are impaired. The factors that the Company uses include significant financial difficulties of the debtor, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties. The Company also considers observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, arising from adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on assets in the portfolio.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. When the expected credit loss for trade receivables is determined, the Company makes use of the simplified approach, whereby the loss recognised is equal to the lifetime expected credit losses. Lifetime expected credit losses represent the expected losses that may result from possible default events, and the probability of such an event occurring, over the life time of the financial asset. Trade receivables have been assessed in terms of the customer credit risk individually and the Company also considers the impact of the macroeconomic factors on the credit risk of these debtors at jurisdictional level. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2.18 Trade and other payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

2.19 Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash in hand, demand deposits and cash equivalents. The bank accounts are all with Barclays Bank plc. The Company regards cash balances equal to three months of operational costs as a minimum requirement.

2.20 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

2.21 Deferred Tax

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 probable 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.22 Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.23 Pension schemes

The Company provides a defined contribution pension plan (Zedra OSI pension & Group Life Scheme) to its employees. As a defined contribution plan, the pension plan is not subject to the same investment return, inflation or longevity risks that defined benefit plans face. Members' benefits reflect contributions paid and the level of investment returns achieved.

The Company's contribution to the defined contribution schemes in 2021 was £267k (2020: £266k). There was a payable of £Nil outstanding at the end of 2021 (2020: £1k).

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

2.24 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. IAS 1.112(c). The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is subsequently measured at amortised cost using the effective interest method.

The Company presents right-of-use assets that do not meet the definition of investment property within fixed assets under the headings for property, plant and equipment and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-time leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.25 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the year ended 31 December 2021, there are no estimates or assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
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3	Revenue	2021	2020
		£'000	£'000
	The provision of executor services	978	508
	The provision of trustee services	8,538	8,845
	The provision of escrow services	117	78
	The provision of EPA/LPA services	23	40
	The provision of LPA & Will Writing services	92	16
	The provision of other services	1	65
	Bad Debt provision	(9)	-
	Interest Income	455	367
		<u>10,195</u>	<u>9,919</u>

4	Operating profit	2021	2020
		£'000	£'000
	This is stated after charging:		
	Depreciation of owned fixed assets	156	169
	Depreciation of right of use assets	123	139
	Amortisation of IT Software	49	46

5	Directors' emoluments	2021	2020
		£'000	£'000
	Emoluments	750	718
	Company contributions to defined contribution pension plans	70	79
		<u>820</u>	<u>797</u>

The Directors' emoluments & pension contributions for the year ended 31 December 2021 reflect a full year charge with all Directors receiving salary and pension contributions during the year.

All the Directors are members of the Company pension scheme.

6	Operating expenses	2021	2020
		£'000	£'000
	Staff costs	3,377	3,199
	Other employee costs	116	34
	Premises costs	120	168
	General administration	878	891
	Finance Costs	52	61
	Legal and professional costs	331	389
	Auditor's remuneration - Audit	95	75
	Auditor's remuneration - CASS & Other	25	45
	Management fees	1,166	1,464
		<u>6,160</u>	<u>6,326</u>

Auditor's remuneration in 2021 was for: 1) Auditing the financial statements: £95k (2020: £75k) - This represents the audit fee for the following entities - Zedra Corporate Solutions UK Limited (£6.3k), Zedra Fiduciary Services (UK) Limited (£15.7k), Zedra Holdings UK Limited (£9.9k) and Zedra Trust Company (UK) Limited (£63k), 2) performing a CASS audit £25k (2020: £45k).

7	Staff costs	2021	2020
		£'000	£'000
	Wages and salaries	2,848	2,658
	Social security costs	262	275
	Other pension costs - Defined contribution	267	266
		<u>3,377</u>	<u>3,199</u>

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

7 Staff costs (Continued)

The headcount as at 31 December 2021 was 75 including 7 directors and 68 employees. The average number of employees during the year was 73.

	Number	Number
Client Management	51	46
Operations	13	12
Compliance, Finance and Legal	4	4
Senior Management & Directors	7	7
	<u>75</u>	<u>69</u>

8 Taxation

	2021 £'000	2020 £'000
Analysis of charge in period		
<i>Current tax:</i>		
UK corporation tax on profits for the period	819	697
Adjustments in respect of previous periods	(4)	26
Total current tax charge	<u>815</u>	<u>723</u>
<i>Deferred Tax:</i>		
Origination and reversal of temporary differences	(9)	(2)
Adjustments in respect of previous periods	(9)	(2)
Total deferred tax charge	<u>(9)</u>	<u>(2)</u>
Tax on profit on ordinary activities	<u>806</u>	<u>721</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	<u>4,035</u>	<u>3,593</u>
	4,035	3,593
Standard rate of corporation tax in the UK	19.00%	19.00%
	£'000	£'000
Profit on ordinary activities multiplied by the standard rate of corporation tax	767	683
Deferred tax	-	-
<i>Effects of:</i>		
Fixed asset differences	5	6
Expenses not deductible for tax purposes	35	21
Adjustments to tax charge in respect of previous periods	(4)	26
Adjustments to tax charge in respect of previous periods - Deferred Tax		2
Group relief claimed	(43)	(19)
Payment for group relief	43	
Temp differences not recognised in computation	3	2
Current tax charge for period	<u>806</u>	<u>721</u>
Effective rate %	19.98%	20.07%

Corporation tax rates remained flat from 2020 to 2021 at 19%

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

9	Intangible fixed assets	2021
	IT Software:	£'000
	Cost	
	At 1 January 2021	246
	Additions	17
	At 31 December 2021	<u>263</u>
	Amortisation	
	At 1 January 2021	118
	Amortisation Charge	49
	At 31 December 2021	<u>167</u>
	Carrying amount	
	At 31 December 2021	<u>96</u>
	At 31 December 2020	<u>128</u>

Intangible fixed assets relate to two types of IT Software:

- A trust management system (Navision) which is being amortised on a straight line basis over its useful economic life (5 years).
- An estate management system (Isokon) which is being amortised on a straight line basis over its useful economic life (10 years).

Intangible fixed assets	2020
IT Software:	£'000
Cost	
At 1 January 2020	233
Additions	13
At 31 December 2020	<u>246</u>
Amortisation	
At 1 January 2020	72
Charge for the year	46
At 31 December 2020	<u>118</u>
Carrying amount	
At 31 December 2020	<u>128</u>

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

10 Tangible fixed assets

2021	Right of use asset	IT Equipment	Fixtures, fittings, tools and equipment	Total
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2021	1,293	517	378	2,188
Additions	2	8	34	44
At 31 December 2021	<u>1,295</u>	<u>525</u>	<u>412</u>	<u>2,232</u>
Depreciation				
At 1 January 2021	329	300	132	761
Charge for the year	123	101	55	279
At 31 December 2021	<u>452</u>	<u>401</u>	<u>187</u>	<u>1,040</u>
Carrying amount				
At 31 December 2021	<u>843</u>	<u>124</u>	<u>225</u>	<u>1,192</u>
At 31 December 2020	<u>964</u>	<u>217</u>	<u>246</u>	<u>1,427</u>

Tangible assets relate to the Office (fixtures & fittings, office equipment & IT equipment), motor vehicles and the IT datacentre. The land and buildings addition relates to the increase in the dilapidations cost of the right-of-use asset recognised under IFRS 16.

2020	Right of use asset)	IT Equipment	Fixtures, fittings, tools and equipment	Total
	<i>At Cost</i>	<i>At cost</i>	<i>At cost</i>	
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2020	1,233	516	379	2,128
Additions	60	1		61
Recognition of right-of-use asset on initial application of IFRS 16				
At 31 December 2020	<u>1,293</u>	<u>517</u>	<u>379</u>	<u>2,189</u>
Depreciation				
At 1 January 2020	190	186	77	453
Charge for the year	139	114	55	308
At 31 December 2020	<u>329</u>	<u>300</u>	<u>132</u>	<u>761</u>
Carrying amount				
At 31 December 2020	<u>964</u>	<u>217</u>	<u>247</u>	<u>1,428</u>
At 31 December 2019	<u>1,043</u>	<u>330</u>	<u>302</u>	<u>1,675</u>

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

11 Trade and other receivables

	2021	2020
	£'000	£'000
Trade receivables	2,156	1,898
Accrued income	554	557
less allowance for impairment of trade receivables	(27)	(31)
Total trade receivables	2,683	2,424
Amounts owed by Company undertakings and undertakings in which the Company has a participating interest	12,303	9,098
Prepayments	129	73
Other debtors	63	-
Total other receivables	12,495	9,171
Total trade and other receivables	15,178	11,595

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The carrying amount of financial assets recorded in the historical financial information, which is net of credit losses, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. No collateral is held against any of these receivable balances.

The expected credit losses were measured by grouping the trade receivables in a manner that reflects shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of the respective trade receivable groups. All credit losses related to receivables arising from contracts with customers.

The ageing analysis of trade receivables with the loss allowance is as follows

	Gross	Loss	Net
	£'000	Allowance	£'000
	£'000	£'000	£'000
2021			
<30 days	1,297	-	1,297
31 - 90 days	223	(2)	221
91 - 180 days	259	(3)	256
181 - 365 days	207	(2)	205
Over 365 days	170	(20)	150
	2,156	(27)	2,129
2020			
<30 days	1,370	-	1,370
31 - 90 days	110	(13)	97
91 - 180 days	164	(4)	160
181 - 365 days	143	(9)	134
Greater than 365 days	111	(5)	106
	1,898	(31)	1,867

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date of the invoice up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

12 Trade and other payables

	2021	2020
	£'000	£'000
Trade creditors	71	122
Amounts owed to Company undertakings and undertakings in which the Company has a participating interest	1,705	1,613
Other taxes and social security costs	502	887
Other creditors	204	88
Accruals	766	522
Deferred income	2,664	2,565
	5,912	5,797

13 Lease Liabilities

	2021	2020
	£'000	£'000
Current liabilities		
Lease liabilities	145	138
Non-current liabilities		
Lease liabilities	876	1,019
Maturity analysis		
Not later than one year	145	138
Later than one year and not later than five years	584	626
Later than five years	222	393
	951	1,157

14 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both.

The definition of related parties includes parent Company, ultimate parent Company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors. Transactions generating the receivable were done at arm's length.

Particulars of transactions with companies, and the balances outstanding at the year end, are disclosed in the tables on the next page:

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

14 Related party transactions (continued)

	2021	2020
	£'000	£'000
Loans to Group companies:		
Zedra Group Services Limited		
Amounts repayable within 1 year	264	300
Amounts repayable after 1 year	7,675	4,643
Zedra UK Holdings Limited		
Amounts repayable within 1 year	4,364	413
Amounts repayable after 1 year	-	3,742
Total amount repayable	<u>12,303</u>	<u>9,098</u>

The amounts repayable to Zedra Group Services represent two loans. Loan interest, on one of the loans, is accrued at 5%, based on a daily accrual assuming 365 days in the year, with a maturity of 4 May 2022. The second loan has interest accrued at Bank of England base rate plus 2%, calculated on a daily basis, assuming 365 days in the year. This loan matures on October 2025. Neither loan is repayable on demand.

The loan repayable to Zedra UK Holdings Limited has interest accrued at 5%, calculated on a daily basis, assuming 365 days in the year. This loan matures in May 2022 and is not repayable on demand.

	2021	2020
	£'000	£'000
Amounts owed to Group Companies:		
Zedra Fiduciary Services (UK) Limited	1,664	1,327
Zedra Trustees (IOM)	-	(1)
Zedra Group Services Limited	1	287
Zedra Legal Services UK Limited	(3)	-
Total amount payable	<u>1,662</u>	<u>1,613</u>

Zedra Fiduciary Services (UK) Limited does not have a bank account. The £1,664k that is owed by Zedra Trust Company (UK) Limited represents the net of all cash payments and receipts made to Zedra Fiduciary Services (UK) Limited.

Transactions with Zedra Group Services Limited totalling £1,327k covering HR, IT, Marketing, Senior management services and group Tax & depreciation were expensed in 2021.

15 Deferred taxation

	2021	2020
	£'000	£'000
PPE and intangible assets	5	17
Other deductible temporary differences	-	(3)
	<u>5</u>	<u>14</u>
	2021	2020
	£'000	£'000
At 1 January	14	16
Credited to the profit and loss account	(9)	(2)
At 31 December	<u>5</u>	<u>14</u>

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
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16 Share capital

			2021	2020
	Nominal value	Number shares	£'000	£'000
Allotted, called up and fully paid:				
Ordinary shares	£1 each	2,000,000	2,000	2,000
Redeemable Ordinary shares	£1 each	1,527,320	1,527	1,527
			<u>3,527</u>	<u>3,527</u>
? Preference shares	£1 each	-	-	-
			<u>3,527</u>	<u>3,527</u>

17 Retained Earnings

	2021	2020
	£'000	£'000
At 1 January	5,034	2,162
Profit	3,229	2,872
Adjustment from adoption of IFRS 16	-	-
At 31 December	<u>8,263</u>	<u>5,034</u>

18 Dividends

	2021	2020
	£'000	£'000
Dividends on ordinary shares	<u>-</u>	<u>-</u>

Dividends payable on ordinary shares are recognised in the statement of changes in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.
There was no interim or final dividend in 2021 (2020: Nil)

19 Trust activities

The Company commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

20 Financial risks

Financial risk management objectives

The financial risk management policies are discussed by the management of the Company on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy to minimise the potential adverse effects affecting the financial performance of the Company. The Company does not hold derivative financial instruments for speculative purposes.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
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20 Financial risks (Continued)

Categories of Financial Instruments	2021 £'000	2020 £'000
Financial Assets - Measured at amortised costs		
Cash and cash equivalents (iv)	2,178	2,976
Trade receivables (i)	2,192	1,867
Due from related parties (ii)	12,303	9,098
Accrued income (iii)	554	557
Total	17,227	14,498
Financial Liabilities - Measured at amortised costs		
Trade and other payables	5,912	5,797
Loans and borrowings	145	138
Other liabilities	(84)	597
Total	5,973	6,532

In the statement of financial position, corporation tax and deferred revenue balances are included in Trade and other payables, and the net defined pension obligation and dilapidation provision are included within Other liabilities. These are not considered financial liabilities and are therefore excluded from the table above.

There are no financial instruments measured at Fair Value through Profit or Loss or Fair Value through Other Comprehensive Income and therefore no fair value hierarchy has been disclosed.

(i) Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The carrying amount of financial assets recorded in the historical financial information, which is net of credit losses, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. No collateral is held against any of these receivable balances.

The expected credit losses were measured by grouping the trade receivables in a manner that reflects shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of the respective trade receivable groups. All credit losses related to receivables arising from contracts with customers.

(ii) Due from related parties

Amounts due from other Group Companies are considered to be fully recoverable. The amounts are not past their due date and no provisions have been considered necessary.

(iii) Accrued income

Accrued income is considered to be fully recoverable. The amounts are not past their due date and no provisions have been considered necessary.

(iv) Cash and cash equivalents

All of the Company's cash and cash equivalents are held with Barclays Bank PLC. Barclays Bank PLC has a long term credit ratings with Fitch of A (stable) and are therefore considered low risk.

Zedra Trust Company (UK) Limited
Notes to the Financial Statements
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20 Financial risks (continued)

Credit risk management

The provision of services on a credit basis is one of the Company's significant sources of income and is therefore one of its most significant risks, and the Company dedicates considerable resources to managing it effectively.

The Company achieves its risk management goals by keeping risk management at the centre of the executive agenda and by building a culture that meshes risk management within everyday business decision making.

Credit risk mitigation

The Company uses a wide variety of techniques to reduce credit risk on its financial assets. The most fundamental of these is the regular review of trade and other receivables and accrued income by management.

Credit risk concentration

The Company has a diversified client base and therefore has no concentration of credit risk.

The following tables show the aged analysis of the trade and other receivables as at 31 December 2021. All of these balances relate to the United Kingdom geographical region.

	2021 £'000	2020 £'000
Trade Receivables	2,156	1,898
Allowance for credit losses	(27)	(31)
Net Trade Receivables	2,129	1,867
Accrued Income	554	557
Total Trade Receivables	2,683	2,424
Due from related parties	12,303	9,098
Prepayments	129	73
Other Receivables	12,432	9,171
Total Trade & Other Receivables	15,115	11,595

	Gross Trade Receivables £000's	Loss Allowance as % of trade receivables	Loss allowance for trade receivables £000's
<30 days	1,297	0%	-
31 - 60 days	223	1%	2
91 - 180 days	259	1%	3
181 - 365 days	207	1%	2
Greater than 365 days	170	12%	20
	2,156		27

Zedra Trust Company (UK) Limited
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20 Financial risks (continued)

Foreign Currency Risk

The Company has no exposure to the movements in exchange rates as all of its transactions are carried out in its functional currency.

Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign currency risk and equity prices.

Interest rate risk

Interest rate risk is the possibility that changes in interest rates will result in reduced income from the Company's interest bearing financial assets and liabilities.

Subsequent to the transfer of the Company's banking business, the Company no longer makes fixed rate investments and does not borrow on fixed rate terms. The Company's exposure to interest rate risk is now limited to the finance income earned on its cash and cash equivalents which are relatively immaterial in the context of the Company's operations.

Exposure to interest rate movements arises when there is a mismatch between interest rate sensitive assets and liabilities. The Company's policy was to maintain the interest rate risk at a minimum level except that management may invest surplus shareholders' funds in fixed or floating rate instruments in response to market conditions.

Liquidity Risk Management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

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, under both normal and stressed conditions. Ultimate responsibility for liquidity risk management rests with the Director, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

Regulation in most jurisdictions also requires the Company to maintain a level of liquidity so the Company does not become exposed. The Company manages liquidity risk to maintain adequate reserves by regular reporting around the working capital cycle using information on forecast and actual cash.

21 Capital management

The Company's objectives when managing capital are:

- To meet the minimum capital requirements required by the FCA plus a prudent buffer to cover operational requirements,
- To generate sufficient capital to support asset growth, and
- To safeguard the ability of the Company to continue as going concern.

Compliance with the Company's capital management objectives is managed by the Board. The Company has no debt obligations.

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22 Legal form of entity and country of incorporation

Zedra Trust Company (UK) Limited is a private Company limited by shares and incorporated in England and Wales.

23 Post balance sheet event

The Directors are satisfied that there are no material events post the balance sheet date which would have an effect on these financial statements

24 Parent undertaking and ultimate parent Company

The immediate parent undertaking is Zedra Holdings UK Limited which is incorporated in the United Kingdom and has its registered office at: Booths Hall, Booths Park 3, Chelford Road, Knutsford, Cheshire, United Kingdom, WA16 8GS. The ultimate parent Company is Corsair Capital Partners Group Ltd which ultimately controls all of Corsair's fund structures.

The largest and smallest parent Company preparing group financial statements is Zedra Holdings SA. Publicly available consolidated statements are available from this entity the its registered office: 11 Avenue de la Porte-Neuve, 2227 Luxembourg.