

Registered number
02362041

Zedra Fiduciary Services (UK) Limited
Annual Report and Financial Statements
for the year ended 31 December 2018

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Zedra Fiduciary Services (UK) Limited
Report and financial statements
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Zedra Fiduciary Services (UK) Limited Company Information

Directors

Mr Niels Nielsen
Mr Ali Reza Sarikhani
Mr Alan Victor Tidy

Auditor

Deloitte LLP
Statutory Auditor
66 - 72 Esplanade
Jersey
JE4 8WA

Registered office

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

Registered number

02362041

Zedra Fiduciary Services (UK) Limited
Registered number: 02362041
Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2018.

Principal activities

The Company's principal activity during the year continued to be the provision of probate and trustee services.

Future developments

The future outlook is included within the Strategic report on page 4.

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 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 14.

Dividends

The directors are not proposing the payment of a final dividend (2017 Final: Nil, 2017 Interim: £1,684k)

Directors

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

	Appointed	Resigned
Mr Niels Nielsen	31st March 2017	
Mr Ali Reza Sarikhani	31st March 2017	
Mr Alan Victor Tidy	31st March 2017	
Mr Gary St. John Collins	6th March 2009	25th April 2019

Directors' responsibilities

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 Financial Reporting Standards (IFRSs) 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. In preparing these financial statements, International Accounting Standard 1 requires that the directors:

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

Zedra Fiduciary Services (UK) Limited**Registered number:** 02362041**Directors' Report**

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.

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.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to the auditor

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

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 that information.

Substantial shareholdings

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

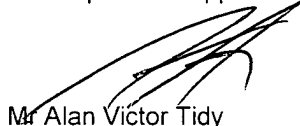
Directors' emoluments

The directors did not receive any remuneration from the Company during 2018.

Independent auditor

The auditor, Deloitte LLP, has been appointed by Zedra Trust Company (UK) Limited. A resolution concerning their re-appointment shall be determined by members by Ordinary Resolution.

This report was approved by the board on 22 May 2019 and signed on its behalf.



Mr Alan Victor Tidy
Director

Zedra Fiduciary Services (UK) Limited Strategic Report

Business review and principal activities

The principal activity of Zedra Fiduciary Services (UK) Limited (the 'Company') is the provision of trustee services to two private clients: The National Fund & Abbotstone Agricultural Property Unit Trust.

The revenue of the business is primarily influenced by the value of investments held in Trust.

At 31st December 2018 the Company employed nil staff. The management of the business is performed by employees of another Group company and there is a recharge for these services.

The Company's objective continues to be that of meeting the needs of all stakeholders including regulators and owners.

Business performance

The results of the Company for the year show a profit before taxation of £324k (2017: £273k). The Company has net assets of £762k (2017: £385k). Net cash outflow from operating activities was £nil (2017: £1,684k)

Future outlook

The Company is heavily dependent on one client - The National Fund - for its revenue and profits. The future of this trust is being reviewed by the Charity Commission and Office of the Attorney General. At an initial Masters hearing on 22 January 2019 it was advised that a full Court hearing should take place in November 2019 to review and decide upon the funds future. The Company will be represented at the Court hearing and will put forward contra arguments to that of the Attorney General such as an order to allow it to become a grant-making charity as an alternative to liquidation's. This will allow the Court to consider all relevant matters in reaching its conclusion. There is little more the Company can do until the Court reaches and shares such a decision.

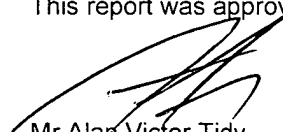
At the time of approving these financial statements for issue, there is no indication of the expected outcome of the court case and no guarantee that a decision will be reached to explore these alternative uses. In either event, the likely impact will not be realised until 2020.

Key Performance indicators:

	Current Year	Prior Year
Number trusts	2	2
Assets under management	£482m	£514m

Fee income is directly linked to assets under management (AUM). A prolonged and material shift in AUM (+/-10%) can significantly impact Company revenue. The year on year movement from 2017 to 2018 was not a material shift, nor is it expected to be so during 2019.

This report was approved by the board on 22 May 2019 and signed on its behalf.


Mr Alan Victor Tidy
Director

Zedra Fiduciary Services (UK) Limited
Independent auditor's report
to the members of Zedra Fiduciary Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Zedra Fiduciary Services (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as issued by the IASB.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Zedra Fiduciary Services (UK) Limited
Independent auditor's report
to the members of Zedra Fiduciary Services (UK) Limited

Report on the audit of the financial statements

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

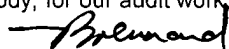
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mr Theo Brennand, BA, FCA
for and on behalf of Statutory Auditor Deloitte LLP
St Helier, Jersey
22 May 2019

Zedra Fiduciary Services (UK) Limited
Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Income	5	364	314
Operating expenses	6	(40)	(41)
Operating profit		<u>324</u>	<u>273</u>
Profit on ordinary activities before taxation		<u>324</u>	<u>273</u>
Tax on profit on ordinary activities	7	53	(53)
Profit for the financial year		<u>377</u>	<u>220</u>
Other comprehensive income		-	-
Profit and total comprehensive income for the year		<u><u>377</u></u>	<u><u>220</u></u>

All results are derived from continuing operations

The notes on pages 11 to 27 form an integral part of these financial statements

Zedra Fiduciary Services (UK) Limited
Statement of Financial Position
as at 31 December 2018

	Notes	2018	2017
ASSETS		£'000	£'000
Current assets			
Trade and Other Receivables	8	<u>772</u>	<u>438</u>
		<u>772</u>	<u>438</u>
Total assets		<u>772</u>	<u>438</u>
LIABILITIES			
Current Liabilities			
Current Tax liabilities	9	<u>10</u>	<u>53</u>
		<u>10</u>	<u>53</u>
Total liabilities		<u>10</u>	<u>53</u>
Net assets		<u><u>762</u></u>	<u><u>385</u></u>
Shareholders' Equity			
Called up share capital	11	<u>100</u>	<u>100</u>
Profit and loss account	12	<u>662</u>	<u>285</u>
Total shareholder equity		<u><u>762</u></u>	<u><u>385</u></u>
Total liabilities and shareholders' equity		<u><u>772</u></u>	<u><u>438</u></u>

The notes on pages 11 to 27 form an integral part of these financial statements

Mr Alan Victor Tidy
 Director

Approved by the board on 22 May 2019

Zedra Fiduciary Services (UK) Limited
Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 1 January 2017	100	1,749	1,849
Profit and total comprehensive income for the financial year from continuing operations	-	220	220
Dividends		(1,684)	(1,684)
At 31 December 2017	<u>100</u>	<u>285</u>	<u>385</u>
At 1 January 2018	100	285	385
Profit and total comprehensive income for the financial year	-	377	377
At 31 December 2018	<u>100</u>	<u>662</u>	<u>762</u>

The notes on pages 11 to 27 form an integral part of these financial statements

Zedra Fiduciary Services (UK) Limited
Statement of Cash Flows
for the year ended 31 December 2018

	2018	2017
	£'000	£'000
Operating activities		
Profit for the financial year	377	220
Adjustments for:		
Tax on profit on continuing ordinary activities	(53)	53
(Increase) / decrease in debtors	(334)	1,472
Increase / (decrease) in creditors	10	(30)
	<u>-</u>	<u>1,715</u>
Corporation tax paid	-	(31)
Cash generated by operating activities	<u>-</u>	<u>1,684</u>
Financing activities		
Equity dividends paid	-	(1,684)
Cash used by financing activities	<u>-</u>	<u>(1,684)</u>
Net cash generated / used		
Cash generated by operating activities	-	1,684
Cash used by financing activities	-	(1,684)
Net cash generated	<u>-</u>	<u>-</u>
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	<u>-</u>	<u>-</u>
Cash and cash equivalents comprise:	<u>-</u>	<u>-</u>

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

1 Reporting entity

These financial statements are prepared for Zedra Fiduciary Services (UK) Limited which has a year end of 31 December. The Company is engaged in the provision of the services set out in the Directors' report on page 2.

2 Employees

The Company did not have any employees in 2017 or 2018.

3 Compliance with International Reporting Standards

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

4 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.

4.1 Basis of preparation

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

4.2 Going concern

The Company business activities are set out in the directors' report. Note 14 describes the Company 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 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 strategic report sets out the Company's expectations with its main client - The National Fund. Over the next 12 months the Company does not expect its income to be impacted as the potential court decision is not expected to be made or executed before 2020. As a result of this and the above, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the 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.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

4 Summary of significant accounting policies (continued)

4.3 Critical accounting estimates, judgements and assumptions

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant, are as follows:

- Provision on impairment of trade and other receivables (Note 8)
- Accrued income (Note 8)

The Company recognises accrued income within revenue and as a trade receivable for amounts that remain unbilled at the year-end, recorded at the recoverable amount. The recoverable amount of accrued income and trade receivables are assessed on an individual basis using the judgement of management and takes into account an assessment of the client's financial position, the age profile of the accrued income and trade receivable and an assessment of historic recovery rates.

4.4 Future accounting developments

New and amended standards adopted by the Company

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, Zedra Group ("the Group") has applied a number of amendments to IFRSs issued by the International Accounting Standard Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 2 (amendments)	Classification and Measurement of Share-Based Payment Transactions
Annual Improvements to IFRSs 2014-2016 Cycle	Annual Improvements to IFRSs
IFRIC 22	Foreign Currency

IFRS 9: Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives, and the Company has elected not to restate comparatives.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) General hedge accounting; and
- 3) Impairment of financial assets.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

4 Summary of significant accounting policies (continued)

IFRS 9: Financial Instruments

1) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. 2017 balances have not been restated with no difference between previous carrying amounts and those determined under IFRS 9 at the date of initial application.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value, on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Due to the short-term nature of financial instruments held by the Company, all instruments are measured at fair value through profit or loss.

2) General Hedge Accounting:

This aspect of the accounting standard isn't applicable to the Company as there are no hedging instruments in place.

3) Impairment of financial assets

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

The Company has elected to use the 'simplified approach' when reviewing the impact of IFRS 9 due to all receivables having no significant financing component. A provision matrix has been compiled across the trade receivable and other asset range using the below 5-step process:

- Step 1 Determine the appropriate groupings of receivables into categories of shared credit risk characteristics
- Step 2 Determine the period over which historical loss rates are obtained to develop estimates of expected future loss rates
- Step 3 Determine the historical loss rates.
- Step 4 Consider forward looking macro-economic factors and adjust historical loss rates to reflect relevant future economic conditions.
- Step 5 Calculate the expected credit losses

The assessment was completed using the above process and after considering the Company's client composition, historical loss rate and shared risk characteristics, one credit risk grouping was identified which was consistent for all asset types.

This grouping was assessed over an observation period from December 2016 to December 2018. Loss characteristics and rates for the observation period showed that there were no instances of credit loss across all asset types, therefore the final steps in considering macro-economic factors and the expected credit loss values were not required.

The directors of the Company have assessed that the impact of IFRS 9 based on the facts and circumstances that existed at that date and concluded that the initial application has had no impact on the Company's financial assets as regards their classification and measurement and therefore no adjustment to the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

4 Summary of significant accounting policies (continued)

IFRS 15: Revenue from contracts with customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's consolidated financial statements are described below.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Company adopted the modified retrospective approach without restatement of comparatives.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has elected to retain existing terminology.

Given the nature of services provided, the major sources of revenue derived and the fee basis for contracts with clients, management do not expect a material impact on the revenue recognition pattern of the Company.

The Company derives its revenue from contracts with customers for the transfer of services over time and at a point in time in the following major product lines.

Disaggregation of revenue

	2018 £'000	2017 £'000
The provision of trustee services	364	314
Total	364	314

There are no (partially) unsatisfied performance obligations as at 31 December 2018, with all revenue billed in arrears and accrued up to the balance sheet date.

Transaction Price

	2018 £'000
The provision of trustee services	-
Total	-

Contract balances and the related disclosures have been included in the following places in the notes to the Company's financial statements:

- Trade receivables (Note 8)
- Contract assets (Note 8)
- Contract liabilities (Not applicable)

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

4 Summary of significant accounting policies (continued)

New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective until 2019:

Annual Improvements to IFRSs 2015-2017 Cycle	Annual Improvements to IFRSs
IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRS 10 and IAS 28	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 12	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 7	Disclosure initiative

None of the financial standards are expected to have a material impact on the disclosures or amounts recognised in the Company's financial statements.

IFRS 16: Leases

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. [IFRS 16:9]

IFRS 16: Leases has not been applied to these financial statements. It is however, applicable for annual reporting periods commencing 1 January 2019 which is the date that the Company expects to first apply IFRS 16.

The directors of the Company have reviewed and assessed the standard's impact and as there are no operating leases in place, there will be no impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in future periods.

4.5 Revenue from contracts with customers

Annual management fees are recognised on an accruals basis as the service is provided.

Financial assets and liabilities

The company classifies its financial assets as trade and receivables. Management determines the classification of financial assets at initial recognition.

4.6 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Given the nature of trade and other receivables, however and the short length of time between the origination and settlement, their amortised cost is the same as the fair value on date of origination.

The balance includes:

Accrued expenses

When goods or services are used in the business the expected cost is charged to the profit and loss account.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

4 Summary of significant accounting policies (continued)

4.7 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 balance sheet.

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. The amount of such billable revenues included in the balance of accrued income is £78k.

4.8 Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are derecognised when contractual obligations were discharged, cancelled or expired. The Company's financial liabilities currently comprise trade and other payables. Given the nature of the financial liabilities and the short length of time between the origination and settlement, their amortised cost is the same as the fair value on date of origination.

4.9 Impairment of financial assets

A line by line review of significant debt is carried out and a specific provision is made as required. A general provision is applied as follows: 50% for any trade receivable over 183 days old and 100% for any trade receivable over 365 days old. Accrued income provision is applied after six months from the date that the invoice was due.

4.10 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.

4.11 Taxation

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

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

4 Summary of significant accounting policies (continued)

4.12 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 balance sheet date.

The Company uses KPMG, an independent advisor, to prepare the tax calculation and file with HMRC.

4.13 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 balance sheet 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 balance sheet 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 balance sheet date. Deferred tax is charged or credited in the income statement, 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.

4.14 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.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
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5	Analysis of income	2018	2017
		£'000	£'000
	The provision of trustee services	<u>364</u>	<u>314</u>
	By geographical market:		
	UK	<u>364</u>	<u>314</u>

6	Operating expenses	2018	2017
		£'000	£'000
	Management fees	<u>40</u>	<u>41</u>
		<u>40</u>	<u>41</u>

The cost of the Zedra Fiduciary Services (UK) Limited audit was included in the management fees charged by ZTCL

7	Taxation	2018	2017
		£'000	£'000
	Analysis of charge in period		
	Current tax:		
	UK corporation tax on profits of the period	-	53
	Adjustments in respect of previous periods	(53)	-
		<u>(53)</u>	<u>53</u>
	Tax on loss on ordinary activities	<u>(53)</u>	<u>53</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:

	2018	2017
	£'000	£'000
Profit on ordinary activities before tax	324	273
Profit on discontinued activities before tax	<u>324</u>	<u>-</u>
	<u>324</u>	<u>273</u>
Standard rate of corporation tax in the UK	19%	19.25%

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

7 Taxation (Continued)

Profit on ordinary activities multiplied by the standard rate of corporation tax	62	53
Effects of:		
Group Relief surrendered /(Claimed)	(62)	-
Adjustments to tax charge in respect of previous periods	(53)	-
	<u>(53)</u>	<u>53</u>
Current tax charge for period		
Effective rate %	(16%)	19%

Corporation tax rates reduced from 20% in 2016 to 19% in 2017 (combined rate of 19.25%). It remained flat in 2018 at 19%

8 Trade and other receivables	2018	2017
	£'000	£'000
Trade receivables	3	-
Amounts owed by company undertakings and undertakings in which the company has a participating interest	691	363
Accrued income	<u>78</u>	<u>75</u>
	<u>772</u>	<u>438</u>

The average credit period taken on rendering of services is 30 days. No interest is charged on receivables, no matter the length of days from date of invoice.

The Company acts as Trustee to its customers, and as such, holds some of their assets which could act in lieu of collateral or credit enhancements in the case of defaults. It does not hold legal rights of offset against any amounts owed by the Company to the counterparty.

There are no aged items within trade and other receivables with no impairment recognised across any asset type. The application of IFRS 9 has been reviewed and the Directors have confirmed that it has no impact upon the financial statements with no requirement for an ECL to be recognised.

The directors consider that the carrying amount of trade receivables equates to its fair value.

9 Current tax liabilities	2018	2017
	£'000	£'000
Corporation tax	-	53
Other taxes and social security costs	10	-
Accruals	<u>-</u>	<u>-</u>
	<u>10</u>	<u>53</u>

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
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10 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 table below:

	2018	2017
	£'000	£'000
Amounts owed by Group Companies:		
Zedra Trust Company (UK) Limited	691	363
Total amount receivable	<u>691</u>	<u>363</u>

Zedra Fiduciary Services (UK) Limited does not have a bank account. The £691k that is owed by Zedra Trust Company (UK) Limited (£363k 2017) represents the net of all cash payments and receipts made to Zedra Fiduciary Services (UK) Limited.

Transactions with Zedra Trust Company (UK) Limited totalling £40k covering Senior management services were expensed in 2018.

All related party balances are payable on demand, with no interest or impairment applied. During the year there were 35 transactions between the related parties.

11 Share capital

			2018	2017
	Nominal	Number	£'000	£'000
	value	shares		
Allotted, called up and fully paid:				
Ordinary shares	£1 each	100,002	<u>100</u>	<u>100</u>

12 Profit and loss account

	2018	2017
	£'000	£'000
At 1 January	285	1,749
Profit from continuing operations	377	220
Dividends	<u>-</u>	<u>(1,684)</u>
At 31 December	<u>662</u>	<u>285</u>

13 Trust activities

The Company commonly acts as trustee 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.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
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14 Financial risks

The Company's activities expose it to a variety of financial risks. These are credit risk, liquidity risk and market risk (which includes foreign currency risk, interest rate risk and price risk).

The Board of Directors has ultimate responsibility for ensuring effective risk management and control and regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practise.

Credit Risk

Credit risk is the risk of suffering financial loss, should any of the company's customers or market counterparties fail to fulfil their contractual obligations to the company.

The company assesses all counterparties, including its customers, for credit risk before contracting with them and there were no significant concentrations of credit risk at either year end.

Maximum exposure to credit risk

The following table shows the company's assessment of its maximum exposure to credit risk at 31 December 2018:

	2018 £'000	2017 £'000
Trade receivables (i)	3	-
Due from related parties (ii)	691	363
Accrued income (iii)	78	75
Cash and cash equivalents (iv)	-	-
	<u>772</u>	<u>438</u>

(i) Trade receivables

The trade and other receivables comprise of trustee and administration fees and have been included above at their impaired balance sheet value.

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 contractual terms of the company are that trade receivables are paid within 30 days. As at 31 December 2018, trade receivables were £3k, with £nil past their due date or impaired.

(ii) Due from related parties

Amounts due from other 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

The Company does not have a bank account. All receipts and payments are dealt with by another group company.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2018

14 Financial risks (Continued)

The following tables show the aged analysis of the trade and other receivables as at 31 December 2018. None of the receivables are aged or impaired as at the balance sheet date. All of these balances relate to the United Kingdom geographical region.

	2018	Provision	Per Statement of Financial Position
	£'000	£'000	£'000
Amounts due within contractual terms	772	-	772
Amounts due after 30 days and less than 90 days	-	-	-
Amounts due after 90 days and less than 185 days	-	-	-
Amounts due after 185 days and less than 365 days	-	-	-
Amounts due after 365 days	-	-	-
Total of trade and other receivables	772	-	772

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 one major client. Receivables are reviewed regularly to ensure payments are received.

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.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2018

14 Financial Risks (continued)

Interest rate risk (continued)

The table below summarises the repricing profile of the Company's financial instruments as at 31st December 2018. Items have been allocated to time period by reference to the earlier of the next contractual interest rate repricing date and the maturity date.

2018 Company	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but not more than five years	More than five years	Non interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	772	772
Total assets	-	-	-	-	-	772	772
Liabilities:							
Other liabilities	-	-	-	-	-	(10)	(10)
Shareholder's funds	-	-	-	-	-	(762)	(762)
Total liabilities	-	-	-	-	-	(772)	(772)
Interest rate repricing gap	-	-	-	-	-	-	-
Cumulative gap	-	-	-	-	-	-	-
2017 Company							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	438	438
Total assets	-	-	-	-	-	438	438
Liabilities:							
Other liabilities	-	-	-	-	-	(53)	(53)
Shareholder's funds	-	-	-	-	-	(385)	(385)
Total liabilities	-	-	-	-	-	(438)	(438)
Interest rate repricing gap	-	-	-	-	-	-	-
Cumulative gap	-	-	-	-	-	-	-

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2018

14 Financial risks (Continued)

Sensitivity analysis

The Company operates on a matched funding basis meaning that the risk profile of assets is matched by the risk profile of liabilities and it is therefore operating with minimal net sensitivity.

Foreign Currency Risk

The Company trades predominantly in Sterling, holds cash and reserves predominantly in Sterling and pays expenses in Sterling. The company has very limited exposure to the movements in exchange rates.

Structural currency disclosures

The Company does not maintain a trading currency position and does not have any investments held overseas. The company's foreign currency exposures relate to transactional positions.

Non-structural currency disclosures

The Company's exposure to foreign exchange risk primarily relates to the risk that foreign exchange rates move in a manner that would result in losses to the company from its exposure to foreign currencies. All of the company's monetary assets and liabilities are in Sterling.

No currency swaps, forward contracts or other derivatives have been entered into to manage these currency exposures. As the company has no non Sterling monetary assets or liabilities outstanding there is no impact on net assets due to changes in foreign currency movements against Sterling.

Price Risk

The Company is not considered to be exposed to significant price risk as the company has no investment in securities.

Liquidity Risk

This is the risk that the company's cash and committed facilities may be insufficient to meet its debts as they fall due. It maintains banking facilities with Barclays Bank PLC. These facilities are designed to ensure the company has sufficient available funds for operation.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2018

14 Financial Risks (continued)

Liquidity risk (continued)

At 31 December 2018	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Other assets	691	3	78	-	-	-	-	772
Total assets	691	3	78	-	-	-	-	772
Liabilities								
Other liabilities	-	(10)	-	-	-	-	-	(10)
Total liabilities	-	(10)	-	-	-	-	-	(10)
Liquidity gap	691	(7)	78	-	-	-	-	
Cumulative liquidity gap	691	684	762	762	762	762	762	762
At 31 December 2017	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Other assets	363	-	75	-	-	-	-	438
Total assets	363	-	75	-	-	-	-	438
Liabilities								
Other liabilities	-	-	-	(53)	-	-	-	(53)
Total liabilities	-	-	-	(53)	-	-	-	(53)
Liquidity gap	363	-	75	(53)	-	-	-	
Cumulative liquidity gap	363	363	438	385	385	385	385	385

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2018

15 Interests in structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding which entity controls it. Structured entities are generally created to achieve a narrow and well defined objective and there are specific restrictions around their ongoing activities.

Unconsolidated structured entities

The Company may hold interests in structured entities it would not have to consolidate. The nature and extent of its interests in unconsolidated structured entities, and the risks associated with its interest in those entities are set out below.

Unconsolidated structured entities in which the company has an interest

An interest in a structured entity is any form of investment or arrangement which creates variability in returns arising from the performance of the structured entity for the company but which it is not able to influence or the interest is insufficient to lead to the consolidation of the structured entity. Such interests include, but are not limited to, loans and advances to customers and unpaid trustee fees as these are subject to non-payment / credit risk and relate to our on-going involvement with the trust assets.

The level of risk that the company is exposed to is determined by the nature and purpose of it holding an interest in the entity.

Due to the large number of structured entities in which the company holds interests, information about such entities has been provided summarised by the purpose of the entities, other than where the company holds interests in a structured entity or is exposed to losses from a structured entity that are individually significant where more information is given. Significance is measured by reference to the greater of the carrying amount of the interest, or the maximum exposure to loss. The company provides Trust and Administration services to these entities and the maximum exposure to loss from these entities is equal to loans and advances made to these structured entities as well as the accrued income and fees receivable at year end, unless otherwise indicated.

The total size of the entities are £482m (2017: £514m) which represents the Assets under Management in these structures.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2018

16 Capital management

The Company's objectives when managing capital are:

- To meet the minimum capital requirements required by local regulators plus a prudent buffer,
- 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.

17 Presentation currency

The financial statements are presented in Sterling.

18 Legal form of entity and country of incorporation

Zedra Fiduciary Services (UK) Limited is a private company limited by shares and incorporated in England.

19 Principal place of business

The address of the company's principal place of business and registered office is:

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

20 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: 1 Dukes Mews, London, United Kingdom, W1U 3ES. The ultimate parent company is Zedra SA, incorporated in Luxembourg with its registered office at: 11 Avenue de la Porte-Neuve, 2227 Luxembourg

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.

On 31st March 2017 the company was sold to Zedra Holdings UK Limited. Barclays PLC retain a 18.11% interest in Zedra Holdings SA.

21 Subsequent events

On 24th November 2018 a share sale and purchase agreement was signed by the ultimate beneficial owners of Zedra SA (the parent of Zedra holdings SA), and Corsair Blade IV (Luxembourg) SARL to sell the shares of Zedra SA to Corsair Blade IV (Luxembourg) SARL. The sale is currently subject to regulatory approval and is expected to complete in Q2 2019.

The directors are satisfied that there are no material events subsequent to the year end that would have an effect on these financial statements.