

CITCO

Citco REIF Services UK Limited

Annual Report 2014

Registered Number: 3552187

THURSDAY



A46ES8PU

A16

30/04/2015

#317

COMPANIES HOUSE

TABLE OF CONTENTS

SECTION

PAGE

1. Management Board's Report	3
Strategic report	5
Directors' report	6
2. Financial Statements for the year ended 31 December 2014	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
3. Notes to the financial statements for the year ended 31 December 2014	13
3.1. General	14
3.2. Principal accounting policies	14
3.3. Financial risk management	20
4. Personnel expenses	22
5. Professional expenses	22
6. Depreciation and amortization	22
7. Other operating expenses	23
8. Finance income	23
9. Income tax expense	23
10. Property, plant and equipment	24
11. Intangible assets	25
12. Trade receivables	26
13. Other receivables and accrued income	27
14. Cash and cash equivalents	27
15. Share capital	27
16. Dividends	28
17. Current payables affiliated companies	28
18. Other payables and accrued expenses	28
19. Deferred income	28
20. Contingencies and commitments	28
21. Fair value of financial instruments	29
22. Financial assets and liabilities not carried at fair value	29
23. Related party transactions	30
24. Directors' remuneration	30
25. Events after the reporting date	30
4. Independent Auditor's Report	31
5. Unaudited Financial Instruments and Pillar 3 Disclosures	34

Annual report and financial statements for the year ended 31 December 2014

Directors

M Sheahan
A Kowalski

Secretary and registered office

Citco Management (UK) Limited
7 Albemarle Street
London
W1S 4HQ
United Kingdom

Independent Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ
United Kingdom

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements of Citco REIF Services UK Limited (the "Company") for the year ended 31 December 2014.

Strategic Report

Principal activities and future developments

The principal activity of the Company is to act as an operator of unregulated collective investment schemes. There are no plans for any material changes to the activities of the Company in the future.

Results and dividends

The Company's profit for the year is £20,948 (2013: £128,033) and is shown in the Statement of Comprehensive Income. There were no other recognized gains or losses in the year (2013: none). No dividends were declared for the year (2013: £150,000).

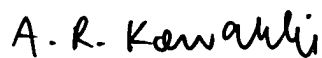
Financial risk management objectives and policies

The Company's activities expose it to certain risks and further detail is provided in note 3.3 to the financial statements.

Key performance indicators

The performance of the business has been analysed at company level within its respective division of the Citco Group, in line with group policy. The directors have monitored performance indicators throughout the period and are satisfied with the Company's performance, which has remained in line with targets for the year. The principal performance indicators are income and profit levels, client numbers and ageing of arrears, all of which are monitored on a monthly basis against annual targets.

Approved by the board of directors and signed duly on its behalf by:



Adam Kowalski

Director

7 Albemarle Street, London W1S 4HQ

23 April 2015

Report of the directors for the year ended 31 December 2014 (continued)

Directors' Report

Results and dividends

The Company's profit for the year is £20,948 (2013: £128,033) and is shown in the Statement of Comprehensive Income. There were no other recognized gains or losses in the year (2013: none). No dividends were declared for the year (2013: £150,000).

Going concern

The directors are satisfied with the performance of the Company. The directors have, at the time of approving the financial statements, 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 financial statements.

Directors

The directors of the Company, who served throughout the year and up to the date of this report, unless stated otherwise, were as follows:

M Sheahan
A Kowalski

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the period and remain in force at the date of this report.

Directors' Responsibility 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 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 the affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in 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.

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.

Disclosure of Information to Auditor

Each of the persons who is a director at the time when the report is approved confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte have indicated their willingness to be appointed for another term, and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Charitable Donations

During the year the Company did not make any charitable donations (2013: £nil).

Approved by the board of directors and signed duly on its behalf by:



Adam Kowalski

Director

7 Albemarle Street, London W1S 4HQ

23 April 2015

Statement of comprehensive income for the year ended 31 December 2014

	Note	2014	2013
		£	£
Operating Income		409,863	621,142
Operating expenses:			
Personnel expenses	4	126,771	155,049
Office rent		19,120	23,568
Office and administration expenses		9,983	176
Professional services	5	-	53
Depreciation, amortization and impairment	6	32,126	31,461
Movement in allowance for doubtful debt	12.2	15,509	(4,548)
Other operating expenses	7	179,566	255,085
		383,075	460,844
Operating profit		26,788	160,298
Finance income	8	384	4,817
Profit before tax		27,172	165,115
Income tax expense	9	(6,224)	(37,082)
Profit for the year and total comprehensive income for the year		20,948	128,033

The notes on pages 13 to 30 form an integral part of these financial statements.
All results derive from continuing operations.

Statement of financial position as at 31 December 2014

	Note	2014		2013	
		£	£	£	£
Assets					
Non-current assets					
Property, plant and equipment	10	3,282		6,153	
Intangible assets	11	<u>102,392</u>		<u>131,647</u>	
Current assets			105,674		137,800
Trade receivables	12	173,703		224,392	
Other receivables and accrued income	13	12,901		499	
Cash and cash equivalents	14	<u>556,162</u>	742,766	<u>461,440</u>	686,331
Total assets			<u>848,440</u>		<u>824,131</u>
Equity and liabilities					
Share capital	15	385,000		385,000	
Retained earnings		<u>201,439</u>		<u>180,491</u>	
Total equity attributable to shareholders of the Company			586,439		565,491
Current liabilities					
Other payables and accrued expenses	18	35,080		44,017	
Current payables affiliated companies	17	66,478		28,729	
Deferred income	19	103,891		130,286	
Current tax liabilities		<u>56,552</u>	262,001	<u>55,608</u>	258,640
Total equity and liabilities			<u>848,440</u>		<u>824,131</u>

The notes on pages 13 to 30 form an integral part of these financial statements.
All results derive from continuing operations.

The financial statements of Citco REIF Services UK Limited (registered number 3552187) were approved by the board of directors and authorised for issue on 23 April 2015. They were signed duly on its behalf by:

A. R. Kowalski

Adam Kowalski

Director

Statement of changes in equity for the year ended 31 December 2014

	Issued Ordinary Shares £	Retained Earnings £	Total £
As at 1 January 2013	385,000	202,458	587,458
Dividends	–	(150,000)	(150,000)
Profit for the year and total comprehensive income	–	128,033	128,033
As at 31 December 2013	<u>385,000</u>	<u>180,491</u>	<u>565,491</u>
Profit for the year and total comprehensive income	–	20,948	20,948
As at 31 December 2014	<u>385,000</u>	<u>201,439</u>	<u>586,439</u>

The notes on pages 13 to 30 form an integral part of these financial statements.
All results derive from continuing operations.

Statement of cash flows under indirect method for the year ended 31 December 2014

	<u>Note</u>	<u>2014</u> £	<u>2013</u> £
Cash flows from operating activities:			
Net profit for the year		20,948	128,033
Adjusted for:			
• Income tax expense	9	6,224	37,082
• Depreciation and amortization	6	32,126	31,461
• Net interest income from banking activities	8	-	(37)
		<u>59,298</u>	<u>196,539</u>
Movement in working capital:			
• Decrease in trade receivables		50,689	113,077
• (Increase) / Decrease in other receivables and accrued income		(12,402)	444
• Decrease in other payables and accrued expenses		(8,937)	(7,329)
• Increase/(Decrease) in current payables of affiliated companies		37,749	(91,295)
• Decrease in deferred income		(26,395)	(11,334)
Movement in other liabilities		(5,280)	(43,731)
Net cash flow generated by operating activities		<u>94,722</u>	<u>156,371</u>
Cash flows from investing activities:			
Interest received		-	37
Investment in property, plant and equipment	10	-	(6,563)
Net cash flow used in investing activities		<u>-</u>	<u>(6,526)</u>
Cash flows from financing activities:			
Dividend paid	16	-	(150,000)
Net cash flow used in financing activities		<u>-</u>	<u>(150,000)</u>
Net increase/(decrease) in cash and cash equivalents		<u>94,722</u>	<u>(155)</u>
Cash and cash equivalents:			
Cash and cash equivalents as at 1 January	14	461,440	461,595
Cash and cash equivalents as at 31 December	14	556,162	461,440
Net increase/(decrease) in cash and cash equivalents		<u>94,722</u>	<u>(155)</u>

The notes on pages 13 to 30 form an integral part of these financial statements.
All results derive from continuing operations.

CITCO

Section 3

Notes to the Financial Statements

3. Notes to the financial statements

3.1. General

3.1.1. Ownership

Citco REIF Services UK Limited ("the Company") was incorporated on 23 April 1998 as a private limited company. The address of its registered office is 7 Albemarle Street, London W1S 4HQ, United Kingdom.

The Company is a wholly-owned subsidiary of Citco London Limited, which is a member of the Company headed by Citco III Limited ("the Citco Group"). Other subsidiaries owned by Citco III Limited are referred to as affiliated companies.

The largest Company in which the results of the Company are consolidated is that headed by Citco III Limited, whose accounts are not publicly available. The smallest Company in which they are consolidated is that headed by Citco London Limited, a company incorporated in the United Kingdom. These consolidated accounts are available to the public and may be obtained from 7 Albemarle Street, London W1S 4HQ, United Kingdom.

The controlling party of the Company is Citco III Limited.

3.1.2. Activities

The principal activity of the Company is acting as operator of unregulated collective investment schemes in the UK.

3.1.3. Currency

The Company uses the Great Britain Pound ("GBP") as functional currency and presentation currency, since that is the currency of the primary economic environment in which the Company is operating.

3.2. Principal accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and its interpretations adopted by the European Union. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies adopted are set out below. These have been applied consistently during the year.

Going Concern

The directors have, at the time of approving these financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements are prepared on the going concern basis of accounting.

Comparative figures

In order to align with current year's presentation certain insignificant changes have been made to the comparative figures. These reclassifications have no effect on the total equity or the net result for the year.

3.2.1. New and amended standards adopted by the Company

- IFRS 10 Consolidated Financial Statements, endorsed by the EU in December 2012.

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 applies to annual reporting periods beginning on or after January 1, 2014.

The Company has concluded that the application has had no impact on the disclosures or amounts recognized in its financial statements.

- IFRS 11 Joint Arrangements, endorsed by the EU in December 2012.

Joint arrangements, outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractual agreed sharing of control. Arrangements that are subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly). IFRS 11 applies to annual reporting periods beginning on or after January 1, 2014.

As the Company does not have joint arrangements, the application has had no impact on the disclosures or amounts recognized in its financial statements.

- IFRS 12 Disclosure of Interests in Other Entities, endorsed by the EU in December 2012.

Disclosures of interests in other entities, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 applies to annual reporting periods beginning on or after January 1, 2014.

The adoption of IFRS 12 has had no material impact on the disclosures or amounts recognized in the Company's financial statements.

- IAS 27 (revised) Separate Financial Statements, endorsed by the EU in December 2012.

Separate financial statements, outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements. IAS 27 (revised) applies to annual reporting periods beginning on or after January 1, 2014.

The adoption of IAS 27 (revised) has had no material impact on the disclosures or amounts recognized in the Company's financial statements.

- IAS 28 (revised) Investments in Associates and Joint Ventures, endorsed by the EU in December 2012.

Associates and joint ventures, outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those policies). IAS 28 (revised) applies to annual reporting periods beginning on or after January 1, 2014.

The adoption of IAS 28 (revised) has had no material impact on the disclosures or amounts recognized in the Company's financial statements.

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities, endorsed by the EU in December 2012.

Clarifies the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'. The amendment to IAS 32 applies to annual reporting periods beginning on or after January 1, 2014.

The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognized in the Company's financial statements.

- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets, endorsed by the EU in December 2013.

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives have been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The amendment to IAS 36 applies to annual reporting periods beginning on or after January 1, 2014.

3.2.2. New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been endorsed but are not yet effective. Management is currently evaluating the impact of these new standards and interpretations but does not expect a material impact to the financial statements. Below is a listing of the upcoming new standards and interpretations:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions.

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of services provided by the employee.

- Annual Improvements to IFRSs 2010-2012 Cycle.

The amendments to IFRS 2(i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

The amendments to IFRS 3 clarify the contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discount is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortization when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

- Annual Improvements to IFRSs 2011-2013 Cycle.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of IAS 40; and

the transaction meets the definition of a business combination under IFRS 3.

3.2.3. Use of estimates in the preparation of financial statements

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates.

3.2.4. Foreign currency translation

Transactions in currencies other than GBP are initially recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on exchange are included in the income statement for the year.

3.2.5. Revenue recognition

Revenue comprises the value for the rendering of services in the ordinary course of the Company's activities, net of sales tax or value added tax. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the stage of completion of the transaction at the balance sheet date can be measured reliably. The amount of revenue is not considered to be reliably measured until all significant contingencies relating to the sale have been resolved. The Company bases its estimates on historic results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

3.2.6. Operating expenses

Operating expenses are calculated at cost and are recognized in the period to which they relate. Amortization and depreciation charges on intangible and tangible assets are based on cost and are calculated by the straight-line method over the estimated lives of the assets concerned.

3.2.7. Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax is recognized on temporary 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. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from 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 recognized for taxable temporary differences associated with 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 recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize 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 the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI 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.

3.2.8. Property, plant and equipment

Machinery and equipment, leasehold improvements and other tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment.

If an item of property and equipment is comprised of several major components with different useful lives, each component is accounted for separately.

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, on the following bases:

Machinery and Equipment	3-10 years
-------------------------	------------

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset. This is recognized in the income statement.

3.2.9. Intangible assets

Operator contracts acquired from third parties are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives.

3.2.10. Impairment

For tangible and intangible assets with finite lives, the Company reviews the carrying amounts at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

3.2.11. Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company has become a party at (trade date) to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts are reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the net asset and settle the liability simultaneously.

3.2.12. Trade receivables

Trade receivables are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts. The carrying value approximates fair market value.

3.2.13. Accrued income

Accrued income includes fees for services provided but that are not yet invoiced and is recognized when the Company receives the right to consideration.

3.2.14. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits. The carrying value approximates fair market value.

3.2.15. Trade payables

Trade payables are stated at their nominal value. The carrying value approximates fair market value. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

3.2.16. Statement of cash flows

Cash and cash equivalents for the purpose of the statement of cash flows include cash on hand, deposits available on demand with central banks and net credit balances on current accounts with other banks.

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year.

3.2.17. Critical accounting judgments and key sources of estimation uncertainty

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which intangible assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and an appropriate discount rate in order to calculate the present value. The carrying amount of intangible assets was £102,392 as at 31 December 2014 (2013: £131,647). The Company did not identify any indicators of impairment in the current or in prior year.

3.3. Financial risk management

3.3.1. Risk overview

In its operating environment and daily activities, the Company encounters various risks and constantly strives to mitigate related risks. In this process, the Company uses financial instruments including derivatives.

The main risks identified by the Company, related to its activities, are:

- (a) Market risk, which includes three types of risk:
 - (i) Currency risk: The risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates;
 - (ii) Interest rate risk: The risk that the value of a financial instrument will fluctuate because of changes in market interest rates;
 - (iii) Other price risk: Other than those arising from interest rate risk or currency risk this includes the risk that the value of a financial instrument will fluctuate because of factors related to the issuer of the financial instrument or by broad market movement.
- (b) Credit risk: The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
- (c) Liquidity risk: The risk that obligations cannot be met due to a mismatch between the maturity profiles of assets and liabilities.
- (d) Operational risk: The risk that losses occur because of the failing in procedures and information systems and the inability of internal controls to detect these failings.
- (e) Legal and regulatory risk: the risk that losses occur or reputation is damaged which is caused by executing activities and/or procedures which are not in compliance with the law and regulations.

Market risk

The Company's policy is to reduce market risk to an acceptable level. Market risk embodies not only the potential for loss but also the potential for gain. There has been no change to the Company's exposure to market risks and the Board and Company Risk Officer continuously reviews the manner in which it manages and measures the risk.

Currency risk

Currency risk is the current or prospective risk to earnings and capital arising from adverse movements in foreign exchange rates. The Company has and manages currency risk areas as follows:

It is the Company's policy not to actively enter into risk positions and it usually refinances in the same currency with the same maturity. Therefore, the risk position is limited. Management has used natural hedging techniques to protect the Company from sudden fluctuations in the currency markets in relation to operating income and expenses.

Interest rate risk

Interest rate risk is the current or prospective risk to earnings and capital arising from adverse movements in interest rates. Interest rate risk is controlled through the monitoring of deposits and short-term investments with the use of the interest balance sheet and maturity profile. Funding is short term in nature and placements (exclusive of short-term investments) are also on overnight basis. The amounts available for short-term investments are calculated on this deposit base.

The Company does not have significant exposure to interest rate risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast to actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk is the current or prospective risk to earnings and capital arising from a debtor's failure to meet the terms of any contract with the Company or if a debtor otherwise fails to perform. Credit risk is monitored continuously by reviewing outstanding loans, temporary overdrafts and trade receivables by the account managers. New extensions of credit are subject to written credit memoranda that must be appropriate to the established criteria of the loan policy approved by the appropriate level of management. The Company mitigates credit risk by choosing only reputable banks as counterparty for liquid funds and derivative financial instruments.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Operational risk

The Company has to process many complex transactions daily. To ensure the operational risk is adequately controlled, an extensive internal control framework has been set up. Also an extensive training programme for staff has been introduced in view of the growth of the Company. Operational Risk Management frameworks have been established in all divisions and an Enterprise Risk Management framework is currently being implemented across the entire Citco Group.

Reputational risk

The Company's reputation is critical in maintaining its relationship with clients and the general public. This reputation can be damaged, for instance, by misconduct by its employees, by activities of clients or business partners over which the Company has limited or no control, by severe or prolonged financial losses or by uncertainty about its financial soundness and its reliability. This could result in client attrition which could negatively impact its financial performance. The Company and the Citco Group acknowledge the importance of reputation and continuously seek measures to maintain or improve the high quality standard of services delivered while managing risks that could negatively affect the reputation of the Company.

The Company is authorised by the Financial Conduct Authority (FCA) and must comply with its rules. Failure to do so could result in the FCA using its enforcement powers which include fines, prosecution and prohibition of individuals.

3.3.2. Capital adequacy

The Company's risk management committee reviews the capital structure on a routine basis. As a part of this review the committee considers the cost of capital and the risks associated with each business line. Based on the recommendations of the committee, the Company will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Company's overall strategy remains unchanged from 2013.

4. Personnel expenses

The Company had no employees during the current or prior year (reference is made to note 24).

The personnel expenses relate to recharged expenses of staff employed by Citco London Limited, the Company's parent.

5. Professional services

	2014	2013
	£	£
Professional fees other than audit fees (Note 7)	-	53

6. Depreciation and amortization

	2014	2013
	£	£
Equipment (Note 10)	2,871	2,286
Total depreciation	2,871	2,286
Operator contracts (Note 11)	29,255	29,175
Total amortization	29,255	29,175
Total depreciation and amortization	32,126	31,461

7. Other operating expenses

	<u>2014</u>	<u>2013</u>
	£	£
Auditor's remuneration	18,000	21,000
Other expenses	<u>161,566</u>	<u>234,085</u>
	<u>179,566</u>	<u>255,085</u>

7.1 Auditor's remuneration

	<u>2014</u>	<u>2013</u>
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15,000	18,000
Other assurance services pursuant to legislation	<u>3,000</u>	<u>3,000</u>
	<u>18,000</u>	<u>21,000</u>

8. Finance Income

	<u>2014</u>	<u>2013</u>
	£	£
Interest income	-	37
Interest expense	(976)	-
Foreign exchange gain	<u>1,360</u>	<u>4,780</u>
Finance income	<u>384</u>	<u>4,817</u>

All interest income is attributable to continuing operations.

9. Income tax expense

	<u>2014</u>	<u>2013</u>
	£	£
Current tax expense:		
Current tax	<u>6,224</u>	<u>37,082</u>
Income tax expense in the income statement	<u>6,224</u>	<u>37,082</u>

Reconciliation of effective tax rate

	<u>2014</u>	<u>2013</u>
	£	£
Profit before tax	<u>27,171</u>	<u>165,115</u>
Income tax at the corporation tax rate of 21.50% (23.25%)	5,842	38,389
Acceleration of capital allowances	<u>382</u>	<u>(1,307)</u>
Income tax expense	<u>6,224</u>	<u>37,082</u>

10. Property, plant and equipment

	Equipment £
Cost:	
As at 1 January 2014	10,122
As at 31 December 2014	<u>10,122</u>
Accumulated depreciation and impairment:	
As at 1 January 2014	3,969
Depreciation	2,871
As at 31 December 2014	<u>6,840</u>
Net carrying amount:	
As at 31 December 2014	<u>3,282</u>
	Equipment £
Cost:	
As at 1 January 2013	3,559
Additions	6,563
As at 31 December 2013	<u>10,122</u>
Accumulated depreciation and impairment:	
As at 1 January 2013	1,683
Depreciation	2,286
As at 31 December 2013	<u>3,969</u>
Net carrying amount:	
As at 31 December 2013	<u>6,153</u>

11. Intangible assets

	Operator contracts £
Cost:	
As at 1 January 2014	209,661
As at 31 December 2014	<u>209,661</u>
Accumulated amortization and impairment:	
As at 1 January 2014	78,014
Amortization charge	29,255
As at 31 December 2014	<u>107,269</u>
Net carrying amount:	
As at 31 December 2014	<u>102,392</u>
Cost:	
As at 1 January 2013	209,661
As at 31 December 2013	<u>209,661</u>
Accumulated amortization and impairment:	
As at 1 January 2013	48,839
Amortization charge	29,175
As at 31 December 2013	<u>78,014</u>
Net carrying amount:	
As at 31 December 2013	<u>131,647</u>

The intangibles arose from the purchase of a series of operator contracts. The useful life of the asset has been determined as finite and it is being amortized over a period of seven years on a straight-line basis. Under this method, the intangible asset is amortized in proportion to the aggregate income receivable over the lives of the contracts.

The Company reviews the carrying amounts at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

12. Trade receivables

	<u>2014</u>	<u>2013</u>
	£	£
Trade receivables	183,101	261,797
Allowance for doubtful debt	(9,398)	(37,405)
	<u>173,703</u>	<u>224,392</u>

An allowance has been made for estimated irrecoverable amounts from the services provided of £9,398 (2013: £37,405). This allowance has been determined based on a client specific methodology.

The Company does not hold any collateral over these balances.

The average age of these receivables is 156 days (2013: 124 days). No interest is charged on trade receivables which are past due.

12.1. Ageing of trade receivables

	<u>2014</u>	<u>2013</u>
	£	£
< 30 days	130,780	156,840
30-60 days	-	-
60-90 days	360	33,900
90-120 days	-	-
> 120 days	51,961	71,057
Total	<u>183,101</u>	<u>261,797</u>

12.2. Movement in allowance for doubtful debt

	<u>2014</u>	<u>2013</u>
	£	£
As at 1 January	37,405	41,953
Amounts written off during the year as uncollectible	(43,516)	-
Charge/(credit) recognized in the income statement	15,509	(4,548)
As at 31 December	<u>9,398</u>	<u>37,405</u>

In determining the recoverability of the trade receivables, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

13. Other receivables and accrued income

	<u>2014</u>	<u>2013</u>
	£	£
Profit tax receivable	12,317	-
Accrued income	<u>584</u>	<u>499</u>
	<u>12,901</u>	<u>499</u>

14. Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
	£	£
Bank balances with affiliated companies (note 23)	445,003	446,932
Current accounts with other banks	<u>111,159</u>	<u>14,508</u>
	<u>556,162</u>	<u>461,440</u>

15. Share capital

Authorized shares:

	<u>2014</u>	<u>2013</u>
	Number of shares	Number of Shares
Ordinary shares at a par value of £1 each Authorised, issued and fully paid	<u>385,000</u>	<u>385,000</u>

Ordinary shares issued and fully paid:

	Number of shares	£
As at 1 January 2014	<u>385,000</u>	<u>385,000</u>
As at 31 December 2014	<u>385,000</u>	<u>385,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

16. Dividends

	2014 £	2013 £
Interim dividends paid	-	150,000

17. Current payables affiliated companies

	2014 £	2013 £
Citco C&T Holdings (Luxembourg) S.ar.l.	-	13,309
Citco London Limited	66,071	15,420
Citco International Support Services Limited Philippine ROHQ	407	-
	66,478	28,729

18. Other payables and accrued expenses

	2014 £	2013 £
Other payables	9,580	18,721
Accrued expenses	25,500	25,296
	35,080	44,017

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

19. Deferred income

	2014 £	2013 £
Administrative services still to be performed	103,891	130,286

Off-balance sheet information

20. Contingencies and commitments

The Company had no material contingencies or commitments at the balance sheet date (2013: none).

21. Fair value of financial instruments

21.1. Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;

21.2. Categories of financial assets and financial liabilities

Financial assets

	2014	2013
	£	£
Cash and cash equivalents	556,162	461,440
Loans and receivables	173,703	224,392
	729,865	685,832

Financial liabilities

	2014	2013
	£	£
Loans and payables	158,110	104,843

22. Financial assets and liabilities not carried at fair value

The following methods and significant assumptions have been applied in determining the fair values of financial instruments carried at cost:

- The fair value of assets and liabilities maturing within 12 months is assumed to approximate their carrying amount;
- The fair value of demand deposits and savings accounts (included in due to customers) with no specific maturity is assumed to be the amount payable on demand at the end of the reporting period. Demand deposits and savings accounts bear floating interest rates, the fair value is assumed to approximate their carrying amount;
- The fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts and, in the case of loans, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognized separately by deducting the allowances for credit losses;

Other notes

23. Related party transactions

Amounts owed by/ (to) other group companies at the reporting date were as follows:

	2014	2013
	£	£
Citco C&T Holdings (Luxembourg) S.ar.l.	-	(13,309)
Citco London Limited	(66,071)	(15,420)
Citco International Support Services Limited Philippine ROHQ	(407)	-
Citco Bank Nederland NV	445,003	446,932
	378,525	418,203

Throughout the year the Company received charges of £309,771 from the other group entities for indirect overheads and use of shared services in the course of its business (2013: £405,664). The Company also held cash balances in a bank account of Citco Bank Nederland NV, a subsidiary of the Citco Group.

24. Directors' remuneration

The directors had employment contracts with other companies within the Citco Group throughout the year. It is not practical to allocate the total remuneration for their services between the Company and other companies of the respective Citco Group serviced.

25. Events after the reporting date

There were no events that occurred subsequent to 31 December 2014 that require consideration as adjustments to or disclosures in the financial statements.

Independent Auditor's Report To The Members of Citco REIF Services UK Limited

We have audited the financial statements of Citco REIF Services UK Limited for the year ended 31 December 2014 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 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Garrath Marshall (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

23 April 2015

CITCO

Section 5

Unaudited Financial Instruments and Pillar 3 Disclosures

Unaudited Financial Instruments and Pillar 3 Disclosures

Introduction

Because of the nature of the Company's business, it falls within the scope of the Base II Accord ("Base II"), implemented through the EU Capital Adequacy and Banking Consolidation Directives. Together these require the Company to make certain disclosures under "Pillar 3" of the capital framework implemented by Basel II. Pillar 3 complements the existing pillars: minimum capital requirement (Pillar 1) and the supervisory review process (Pillar 2). Its aim is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess the key pieces of information on company's capital, risk exposures, and risk assessment procedures.

The Company intends to make the disclosures annually in its annual report. All the disclosures made herein are of the position at 31 December 2014, and are disclosed on an individual, stand-alone basis for the Company. The Company will not disclose items judged by the directors to be immaterial. Information is considered to be material if its omission or misstatement could change or influence the assessment or decision of a user relying on it to make economic decisions. None of the statements made is subject to audit.

Financial risk management objectives and policies

The objective of financial risk management is to plan, organize and perform sufficient actions to provide reasonable assurance that the Company's overall objectives and goals will be met; and to limit the risk of adverse events occurring to a level that is acceptable to the directors.

The Company identifies and manages its key financial risks by means of a risk management approach that is appropriate to its size while preserving its effectiveness. Key parts of the policy to manage financial risk, including operational risks, are:

- regular management meetings;
- regular management information;
- regular compliance monitoring; and
- annual risk assessment as part of the Company's ICAAP process.

The Company does not hedge any of its financial risks.

Exposure to credit risk

The Company assesses its exposure to liquidity risk as part of its ICAAP process and the implementation of its Liquidity Risk Management Framework and maintains regulatory capital to cover the assessed risk of adverse changes in the value of the Company's assets, including its illiquid assets.

Exposure to cash flow risk

The Company seeks to maintain at all times sufficient funds in readily accessible accounts with its bankers to meet its liabilities when they fall due. Details of the balances are given in the statement of financial position on page 10.

In accordance with the FCA rules the Company maintains capital equivalent to one quarter of its fixed overheads (its 'fixed overhead requirement'). The relevant figure to the maintained is kept under regular review.

Capital resources

The Company's capital resources comprise only core tier capital, specifically permanent equity share capital and audited retained earnings.

The Company's tier one capital and deductions made there from in accordance with FCA's rules at 31 December 2014 are summarized as follows:

	2014
	£'000
Permanent equity capital	385
Audited retained earnings	201
Deductions (intangible assets)	(102)
	<hr/>
Tier one capital	484
Capital requirement	(196)
Surplus of own funds	<hr/> 288 <hr/>

Compliance with BIPRU 3,4,6,7 and 10

As a limited licence firm, the Company is required to hold minimum capital being the higher of:

- (i) its base capital requirement (being £50,000); or
- (ii) its fixed overhead requirement; and
- (iii) the sum of its credit risk and market risk requirements

There is no requirement for the Company to hold any capital in respect of operational risk. However, the Company reviews the adequacy of its internal capital, taking into accounts its capital resources requirements and its current and future activities, at least annually and determines whether it is prudent to hold capital in excess of its capital resources requirements in respect of certain risks.

The Company has no trading book. It therefore has no minimum capital requirements in respect of trading book business.

The Company has no material foreign currency exposure. It therefore has no minimum capital requirements in respect of foreign currency exposure.

The Company has no positions in commodities and therefore no commodity position risk requirement.

As a limited licence firm there is no requirement for the Company to maintain an operational risk capital requirement.

The Company has neither retail nor equity exposures that require any allocation of capital.

The Company does not engage in any derivative trading or otherwise take positions in derivative instruments. It therefore has no counterparty risk in relation to such transactions.

The Company does not engage in securitization.

The Company has no non-trading book exposures in equities.

Credit risk and dilution risk

The directors consider, for accounting purposes, an exposure to be "past due" when a counterparty has failed to make a payment when contractually due. The directors consider an exposure to be "impaired" when it becomes likely that the exposure will realise less than its book value. The directors review all receivables for impairment on a regular basis and make provisions where they consider it appropriate.

At 31 December 2014 the directors considered £9,398 to be impaired and accordingly a provision for this amount is included in the financial statements.

Risk weighted exposure amounts in accordance with the standardised approach

The Company employs the simplified method of assessing weighted exposure amounts and does not employ ratings agencies in connection with this exercise. The Company's only exposure is in respect of its current account which is held with a subsidiary of the Company's parent group. The relevant, risk weighted exposure as at 31 December 2014 is £35,600.

Exposures to interest rate risk in the non-trading book

The Company is exposed to interest-rate risk only in relation to monies held on interest-bearing deposit with the Company's bankers, although the risk involved is considered negligible and accordingly a detailed measurement of interest rate risk has not been undertaken.

Remuneration

The Company ensures that its remuneration of Code Staff is in line with its business strategy, objectives, values and long-term interests, promotes sound and effective risk management, and does not encourage risk-taking that exceeds the Company's level of tolerated risk.

The Remuneration Committee is made up of at least three members of Senior Management drawn from the Company's parent entities, including at least one representative from the risk or internal audit functions. No change in the remuneration of the Code Staff, including the payment of discretionary bonuses or the agreement of guaranteed bonuses, will be made by the Board without having first received a recommendation from the Remuneration Committee.

Various members of the Company's Code Staff also perform functions within other subsidiaries of the Company's parent group. The following disclosures are therefore in respect of the Company and the Company's group:

	<u>Company</u> £	Group (excluding the <u>Company</u>) £	<u>Number of Code Staff</u>
Remuneration for the period	30,160	291,466	2



CITCO