Citco REIF Services UK Limited

Annual Report 2020

Registered Number: 03552187

Citco REIF Services UK Limited
Contents

General Information

Directors
A Kowalski
M Francombe (resigned on 26 March 2020)

Secretary and registered office
Citco Management (UK) Limited
7 Albemarle Street,
London,
W1S 4HQ,
United Kingdom

Independent auditor
Deloitte Ireland LLP,
Chartered Accountants and Statutory Audit Firm,
Deloitte & Touche House,
29 Earlsfort Terrace,
Dublin,
D02 AY28,
Ireland

Incorporation date
April 24, 1998

Registration number
03552187

Strategic Report of Directors

The directors present their strategic report together with the audited financial statements of Citco REIF Services UK Limited the "Company" for the year ended December 31, 2020.

Principal activities

During the year, the Company ceased its activities of operator services to unregulated collective investment schemes and removed all of its permissions with the FCA, effective on July 1, 2020. The Company continues to provide corporate administrator services to Citco Fund Services clients with UK real assets structures, which is now its principal activity.

Results and dividends

The Company profit for the year is GBP 43,682 (2019: profit GBP 74,391) and is shown in the statement of other comprehensive income. There were no other recognized gains or losses in the year (2019: Nil).

The directors have not declared or paid a dividend for 2020 (2019: Nil).

During the year, the Company issued no ordinary shares (2019: Nil).

Key performance indicators

The performance of the business has been analyzed at group level, in line with group policy. The directors have monitored performance indicators and are satisfied with the Company's performance. The principal performance indicators are income and profit levels, along with financial resources, all of which are monitored on a monthly basis against annual targets.

Principal risks and uncertainties

The Company's activities expose it to certain risks and further detail is provided in Note 3. Financial risk and capital management to the financial statements.

Significant events during current period

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home).

At this stage, the impact on business and results has not been significant and based on the Company's experience to date it is expected that this will remain the case. The Company has found increased demand for services and expect this to continue. The Company will continue to follow the various government policies and advice and, in parallel, the Company will do the utmost to continue our operations in the best and safest way possible without jeopardising the health of employees.

Future developments in the business

There are no expected changes in business activities in the future.

Approval of the Financial Statements

The financial statements were approved by the Board of Directors and authorised for issuance on August 16, 2021:

DocuSigned by:

A R Kowalski

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A Kowalski
Director

Report of the Directors

The directors present their annual report together with the audited financial statements of the Company for the year ended December 31, 2020.

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 at least 12 months from the date of the approval of the financial statements. 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, were as follows:

(a) A Kowalski

(b) M Francombe (resigned on 26 March 2020)

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year 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 ("IFRS") 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 directors:

(a) properly select and apply accounting policies;

(b) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

(c) 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

(d) 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.

Financial risk management objectives and policies

The Company's activities expose it to certain risks and further detail is provided in Note 3. Financial risk and capital management to the financial statements.

Proposed dividends

Refer to the Strategic Report of the Directors for dividends proposed and paid.

Future developments in the business

Refer to the Strategic Report of the Directors for future developments of the business.

Report of the Directors

Subsequent events

There are no subsequent events requiring adjustment to the financial statements.

Disclosure of information to the 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 Group's auditor is unaware; and

(b) the director has taken all the steps that he ought to have taken as 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.

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

Auditor

Deloitte Ireland LLP are auditors for the Company and appropriate arrangements have been put in place for them to be appointed as auditor in the absence of an Annual General Meeting.

Approval of the Financial Statements

The financial statements were approved by the Board of Directors and authorised for issuance on August 16, 2021:

DocuSigned by:

A R Kowalski

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A Kowalski
Director

Citco REIF Services UK Limited
Income statement
for the year ended December 31, 2020

	Notes	2020	2019
		GBP 000	GBP 000
Revenue:			
Corporate governance services	4	139	279
		139	**279**
Operating expenses:			
Personnel expenses	5	9	16
Office rent		-	27
Office and administration expenses		-	1
Professional services	6	31	35
Expected credit (reversal)/losses		(6)	8
Other operating expenses	7	54	85
		88	**172**
Net profit from operations		**51**	**107**
Net finance expense	8	7	3
Net profit before tax		**44**	**104**
Income tax expense	9	-	30
Net profit for the year		**44**	**74**
Attributable to:			
Shareholder of the Company		**44**	**74**

All results derive from continuing operations.

There are no other comprehensive income for the year ended December 31, 2020.

Notes 1 to 22 are an integral part of the financial statements and can be found on page 10 to 24.

Citco REIF Services UK Limited
Statement of financial position
as at December 31, 2020

	Notes	2020	2019
		GBP 000	GBP 000
Assets			
Current assets			
Trade receivables	10	38	40
Other receivables and accrued income	11	10	14
Cash and cash equivalents	12	623	584
		671	638
Total assets		**671**	**638**
Equity and liabilities			
Equity			
Share capital	13	685	685
Retained earnings		(73)	(117)
Total equity attributable to shareholder of the Company		612	568
Current liabilities			
Deferred income	14	9	-
Payables to affiliated companies	15	6	8
Other payables and accrued expenses	16	33	30
Current tax liabilities		11	32
		59	70
Total equity and liabilities		**671**	**638**

Notes 1 to 22 are an integral part of the financial statements and can be found on page 10 to 24.

The financial statements for Citco REIF Services UK Limited (Registered number 03552187) were approved by the Board of Directors and authorized for issuance on August 16, 2021 and are signed on its behalf by:

DocuSigned by:
A R Kowalski
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A Kowalski
Director

Citco REIF Services UK Limited
Statement of changes in equity for the year ended December 31, 2020

	Share Capital	Retained earnings	Total equity
	GBP 000	GBP 000	GBP 000
As at January 1, 2020	**685**	**(117)**	**568**
Net profit for the year	-	44	44
Total equity attributable to shareholders of the Company at December 31, 2020	**685**	**(73)**	**612**

Citco REIF Services UK Limited
Statement of changes in equity for
the year ended December 31, 2020

	Share Capital	Retained earnings	Total equity
	GBP 000	GBP 000	GBP 000
As at January 1, 2019	**685**	**(191)**	**494**
Net profit for the year	-	74	74
Total equity attributable to shareholders of the Company at December 31, 2019	**685**	**(117)**	**568**

Citco REIF Services UK Limited
Statement of cash flows
for the year ended December 31, 2020

	Notes	2020	2019
		GBP 000	GBP 000
Cash flows from operating activities			
Net profit for the year		44	74
Adjustments to reconcile net profit for the year to net cash flows:			
Net finance expense	8	7	3
Income tax expense	9	-	30
		51	107
Working capital adjustments:			
Decrease in trade receivables		2	170
Decrease/(increase) in other receivables and accrued income		4	(13)
Increase in other payables and accrued expenses		3	-
Increase/(decrease) in deferred income		9	(63)
Decrease in current tax liabilities		(21)	(37)
(Decrease)/increase in payables to affiliated companies		(2)	3
		46	167
Interest paid		-	(3)
Income tax (paid)/refund		(6)	33
Net cash flows from operating activities		**40**	**197**
Net increase in cash and cash equivalents		**40**	**197**
Cash and cash equivalents at January 1,		584	387
Increase in cash and cash equivalent		39	197
Cash and cash equivalents at December 31,	**12**	**623**	**584**

1. General

1.1. Ownership

The Company is privately held (Registration Number: 03552187) and it was incorporated on April 24, 1998. The Company is ultimately owned by Citco III Limited.

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 address of its registered office is as follows:

7 Albemarle Street,
London, W1S 4HQ,
United Kingdom

1.2. Activities

The principal activity of the Company is the provision of corporate administrator services to Citco Fund Services clients with UK real assets structures.

1.3. Currency

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

1.4. Approval of the Board

These financial statements have been approved for issuance by the Board of Directors on August 16, 2021.

2. Principal accounting policies

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the European Union ("EU"). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain 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.

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.

2.2. Going concern

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or on liquidity might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.

2.3. New standards adopted

The following standards and amendments, effective from January 1, 2020, did not have any material impact on the Company's disclosures or the amounts recognized:

- Amendment to IFRS 9, and IFRS 4 - Interest benchmark reform
- Amendments to IFRS 16 - Covid-19 Related rent concessions

2.4. New standards and interpretations not yet adopted

The IASB has issued a number of minor amendments to IFRS effective January 1, 2021. These amendments are not expected to have a significant impact on the Company.

2.5. Use of estimates in the preparation of financial statements

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Although these estimates are based on management's best knowledge of current events and actions, actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Management have considered the impact of COVID-19 relating to sources of uncertainity in the financial statements and have determined it does not create a significant material impact on the amounts reported at the year end.

2.6. Foreign currency translation

Transactions in currencies other than USD (the functional currency) 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.

2. Principal accounting policies (continued)

2.7. Revenue recognition

Revenue comprises the value for the rendering of services in the ordinary course of the Company's activities. 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.

2.8. Operating expenses

Operating expenses are calculated at cost and are recognized in the period to which they relate. 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.

2.9. Taxation

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

The current tax 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.

2.10. Property, plant and equipment

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

2. Principal accounting policies (continued)

2.10. Property, plant and equipment (continued)

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 basis:

Plant and equipment	3 - 10 years
Leasehold improvements	Term of lease
Right-of-use Assets	Term of lease

These assets are reviewed at each reporting period for indications of impairment. If an indication of impairment exists, the recoverable amount of the asset is estimated based on its fair value. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In addition, the useful lives of these assets are also reviewed and adjusted, if appropriate, at each reporting period.

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.

2.11. Intangible assets

Acquired intangible assets

Intangible assets acquired through acquisitions such as client lists, and are recognized separately from goodwill, are initially recognized at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, intangible assets acquired in an acquisition are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The useful life of acquired client lists ranges from 3 to 10 years.

2.12. Financial assets and financial liabilities

Recognition and derecognition of financial instruments

Recognition of financial assets

Financial assets are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments. Debt securities and certain other financial assets measured at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognized using trade date accounting. Trade date is the date on which the Company commits to purchase or sell the asset.

The only significant financial assets held by the Company are cash deposits and receivables from affiliated companies.

Cash deposits are reflected in the financial statements without any valuation or expected credit loss adjustments.

The directors felt a classification of amortized cost was appropriate for the receivable balances as they give rise to cash flows that are solely payments of principal. There is no financing component. The credit risk arising from these receivables was assessed to be negligible and therefore no expected credit loss was recorded in the financial statements. Please refer to Note 17 for categorization of financial instruments.

2.13. Trade receivables

In accordance with IFRS 9, trade receivables are measured at amortized cost using the effective interest method, less any ECL (impairment). In order to determine the amount of ECL to be recognized in the financial statements, the Company uses a provision matrix based on its historical observed default rates which is adjusted for any forward-looking estimates.

2. Principal accounting policies (continued)

2.14. Work in progress

Work in progress is valued at the estimated realizable value of services already performed, but that are not yet invoiced. Work in progress is included within other receivables and accrued income.

2.15. Accrued income

Accrued income is stated at its nominal value. Accrued income includes fees for services provided but that are not yet invoiced.

2.16. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits. Cash and cash equivalents are measured at amortized cost using the effective interest method, less any impairment

2.17. Trade payables

In accordance with IFRS 9, trade payables are measured at amortized cost using the effective interest method. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

2.18. statement of cash flows

Cash and cash equivalents for the purpose of the statement of cash flows include cash on hand 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. Financial risk and capital management

In its operating environment and daily activities, the Company encounters various risks and constantly strives to mitigate related risks.

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; and
- (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) Strategic risk: The risk to perspective earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions in lack of responsiveness to changes in the business environment.

(e) 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.

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 review 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 is exposed to foreign exchange risk in respect of funding day-to-day activities and capital expenditure. In managing this risk management utilizes forward exchange contracts for any imbalances or firm commitments for planned capital expenditure.

3. Financial risk and capital management (continued)

Currency risk (continued)

The table below summarizes the Company's exposure to currency risk translated to GBP:

	USD	EUR	GBP	Total
	GBP 000	GBP 000	GBP 000	GBP 000
As at December 31, 2020				
Current assets				
Trade receivables	26	9	3	38
Other receivables and accrued income	1	2	7	10
Cash and cash equivalents	112	-	511	623
Total assets	**139**	**11**	**521**	**671**
Current liabilities				
Deferred income	-	9	-	9
Payables to affiliated companies	6	-	-	6
Other payables and accrued expenses	-	-	33	33
Current tax liabilities	-	11	-	11
Total liabilities	**6**	**20**	**33**	**59**
Net balance sheet position	**133**	**(9)**	**488**	**612**
As at December 31, 2019				
Total assets	110	-	528	638
Total liabilities	-	-	70	70
Net balance sheet position	**110**	**-**	**458**	**568**

Interest rate risk

Interest rate risk is the current or prospective risk to earnings and capital arising from adverse movements in interest rates.

Lease arrangements: the base rate on the Company lease arrangement is floating 1 month LIBOR plus a margin of 2.5%, therefore the group is exposed to changes to LIBOR.

Liquidity risk management

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 Company's short, medium and long-term funding and liquidity management requirements. The Company 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. In addition, the Company manages any counterpart risk in respect of liquidity through its utilization of the Counter Party Risk Monitoring System.

3. Financial risk and capital management (continued)

Liquidity risk table

The following table details the Company's remaining contractual maturity for its financial assets and liabilities. The table has been drawn up based on the cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to receive and pay, respectively.

The table below summarizes the Company exposure to liquidity risk translated to GBP:

	Up to 1 month	1-3 months	3-12 months	Total
	GBP 000	GBP 000	GBP 000	GBP 000
As at December 31, 2020				
Current assets				
Trade receivables	38	-	-	38
Other receivables and accrued income	10	-	-	10
Cash and cash equivalents	623	-	-	623
Total assets	**671**	**-**	**-**	**671**
Current liabilities				
Deferred income	9	-	-	9
Payables to affiliated companies	6	-	-	6
Other payables and accrued expenses	33	-	-	33
Total liabilities	**48**	**-**	**-**	**48**
As at December 31, 2019				
Non current assets				
Current assets				
Trade receivables	18	22	-	40
Other receivables and accrued income	22	(8)	-	14
Cash and cash equivalents	584	-	-	584
Total assets	**624**	**14**	**-**	**638**
Current liabilities				
Payables to affiliated companies	8	-	-	8
Other payables and accrued expenses	-	13	17	30
Current tax liabilities	1	-	31	32
Total liabilities	**9**	**13**	**48**	**70**

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.

3. Financial risk and capital management (continued)

Strategic risk

The Company operates in a fast-moving and specialised market with demands from many external stakeholders. To ensure the strategic risk is adequately controlled, the Company sets strategic objectives and delegates management committees across different divisions responsible for monitoring risks to strategic objectives and identifying and implementing actions where needed.

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 program for staff has been introduced in view of the growth of the Company. In addition, the operational processes of CFS are certified under International Standard on Assurance Engagements ("ISAE") No. 3402, Assurance Reports on Controls at a Service Organization. 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.

Capital adequacy risk

The Company's risk management committee reviews the capital structure on a routine basis. Based on the recommendations of the Financial Risk Management 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. The Company's overall strategy remains unchanged from 2019.

4. Revenue from contracts with customers

The Company derives revenue from the the following major revenue lines in the United Kingdom:

	2020	2019
	GBP 000	GBP 000
Corporate governance services	139	279
Revenue	**139**	**279**

5. Personnnel expenses

	2020	2019
	GBP 000	GBP 000
Related party personnel recharge	9	16
Personnel expenses	**9**	**16**

The Company had no employees during the current or prior year. The personnel expenses relate to recharged expenses of staff employed by Citco London Limited, the Company's parent.

6. Professional services

	2020	2019
	GBP 000	GBP 000
Professional fees	6	6
Audit fees	25	24
Related party professional fees	-	5
Professional services	**31**	**35**

6. Professional services (continued)

Fees to independent auditor:

The following is a summary of the fees to our independent auditor (Deloitte Accountants B.V.) for the years ended December 31, 2020 and 2019.

	2020	**2019**
	GBP 000	GBP 000
Audit fees	19	18
Audit-related fees	6	6
Audit fees	**25**	**24**

7. Other operating expenses

	2020	**2019**
	GBP 000	GBP 000
Bank charges	1	-
Other related party expenses	52	85
Other expenses	1	-
Other operating expenses	**54**	**85**

8. Net finance expense

	2020	**2019**
	GBP 000	GBP 000
Foreign exchange	7	3
Net finance income	**7**	**3**

9. Income tax

The major components of income tax expense for the years ended December 31, 2020 and 2019 are:

Consolidated Statement of Profit or Loss

	Notes	2020 GBP 000	2019 GBP 000
Current income tax:			
Currrent tax expense: current year		8	31
Current tax expense: prior year		(8)	(1)
		-	**30**
Income tax expense		-	**30**

	%	2020 GBP 000	%	2019 GBP 000
Net profit before tax		44		104
		44		**104**
Income tax using the domestic corporation tax rate	0.19%	8	0.19%	20
Non-deductible expenses	-%	-	0.10%	11
Over provided in prior years	(0.18)%	(8)	(0.01)%	(1)
Income tax expense	0.01%	-	0.29%	30

10. Trade receivables

	2020 GBP 000	2019 GBP 000
Trade receivables	43	61
Allowance for expected credit losses	(5)	(21)
As at December 31,	**38**	**40**

The Company does not hold any collateral over these balances.

The average age of these receivables is 112 days (2019: 80 days). No interest is charged on trade receivables that are past due.

No allowance has been made for estimated irrecoverable amounts from the services provided of GBP 4,648 (2019: GBP 20,720). This allowance has been determined using a provision matrix based on its historical observed default rates which is adjusted for any forward-looking estimates.

10.1. Age of trade receivables past due but not impaired

	2020 GBP 000	2019 GBP 000
61-90 days	4	-
Over 90 days	7	40
As at December 31,	**11**	**40**

10. Trade receivables (continued)

10.1. Age of trade receivables past due but not impaired (continued)

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.

10.2. Movement in the expected credit losses

The movement in the allowance for expected credit losses is as follows:

	2020	2019
	GBP 000	GBP 000
As at January 1,	**21**	**13**
Amounts (written off)/recovered during the year	(2)	(14)
(Decrease)/increase in allowance recognised in the consolidated income statement	(14)	22
As at December 31,	**5**	**21**

11. Other receivables and accrued income

	2020	2019
	GBP 000	GBP 000
Accrued income and WIP	10	14
As at December 31,	**10**	**14**

12. Cash and cash equivalents

	2020	2019
	GBP 000	GBP 000
Current account with other banks	138	57
Bank balances with affiliated companies	485	527
As at December 31,	**623**	**584**

Bank balances earn interest at the respective short-term deposit market rates. Banks are required to deposit a minimum average balance, calculated monthly, with the central banks, which is not available for use in the Company's day-to-day operations. These deposits bear little or no interest.

13. Share capital

Authorised shares

	2020	2019
	Number of shares Thousands	Number of shares Thousands
Ordinary shares at a par value of of GBP 1 each	685	685
	685	**685**

Ordinary shares issued and fully paid

Ordinary shares issued and fully paid at a par value of GBP 1 per share.

13. Share capital (continued)

Ordinary shares issued and fully paid (continued)

At January 1, 2020	**685**	**685**
Movement	-	-
At December 31, 2020	**685**	**685**

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

During the year, no shares were issued by the Company (2019: nil).

14. Deferred income

	2020	**2018**
	GBP 000	GBP 000
Deferred income	9	63
As at December 31	**9**	**63**

15. Payables to affiliated companies

	2020	**2019**
	GBP 000	GBP 000
Citco C&T Holdings (Luxembourg) S.a r.l.	2	8
Citco Vilnius, UAB	4	-
As at December 31,	**6**	**8**

All amounts payable to affiliated companies are interest free and payable on demand.

16. Other payables and accrued expenses

	2020	**2019**
	GBP 000	GBP 000
Accrued expenses	24	30
VAT payable	9	-
As at December 31,	**33**	**30**

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

17. Categories of financial assets and financial liabilities

Financial assets

	2020 GBP 000	2019 GBP 000
Cash and cash equivalents	623	584
Loans and receivables	49	44
As at December 31,	**672**	**628**

Financial liabilities

	2020 GBP 000	2019 GBP 000
Other liabilities	30	45
As at December 31,	**30**	**45**

18. Financial assets and liabilities not carried at fair value

The fair value of assets and liabilities maturing within 12 months is assumed to approximate their carrying amount.

19. Related party transactions

The short-term intercompany accounts serve to capture transactions including cash loans and intercompany income. The amounts are unsecured, bear no interest and are repayable on demand. Due to the short-term nature of these balances, book value approximates fair value.

The Company has entered into an agreement with affiliates, whereby the Company provides certain accounting, administrative, clerical and other services to specific customer entities on behalf of the affiliates. Fees paid by the affiliates to the Company for these services are recorded in related party income.

In the ordinary course of business, the Company enters into a number of related party transactions, which management believes are at an arm's length basis.

The Company has intercompany current account balances with affiliated companies:

	Notes	2020 GBP 000	2019 GBP 000
Payables	15	(6)	(8)
Net balance payable at December 31,		**(6)**	**(8)**

19. Related party transactions (continued)

The following services were provided by the Parent Company and/or affiliated companies to the Company:

	2020	**2019**
	GBP 000	GBP 000
Group support services Operational	18	37
support services General and	-	19
administrative services	1	2
Personnel	9	16
Royalty expense	3	4
As at December 31,	**31**	**78**

20. 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.

21. Significant events during the year

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home).

At this stage, the impact on business and results has not been significant and based on the Company's experience to date it is expected that this will remain the case. The Company have found increased demand for services and expect this to continue. The Company will continue to follow the various government policies and advice and, in parallel, the Group will do the utmost to continue our operations in the best and safest way possible without jeopardising the health of employees.

22. Events after the reporting date

There were no events that have occurred subsequent to December 31, 2020 through to the date that the financial statements were signed which would require further adjustment or disclosure.

Approval of the Financial Statements

The financial statements were approved by the Board of Directors and authorised for issuance on August 16, 2021:

DocuSigned by:

A R Kowalski

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A Kowalski
Director

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITCO REIF SERVICES UK LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Citco REIF Services UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and 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 Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 5.1 to 5.22.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITCO REIF SERVICES UK LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

As part of an audit in accordance with ISAs (UK), the auditor exercises professional judgment and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the company's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's (or where relevant, the group's) internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITCO REIF SERVICES UK LIMITED

- Concludes on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's (or where relevant, the group's) ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company (or where relevant, the group) to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework[s] that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included e.g. UK Companies Act, pensions legislation, tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included e.g. the company's operating licence / regulatory solvency requirements / environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITCO REIF SERVICES UK LIMITED

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or] 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITCO REIF SERVICES UK LIMITED

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.

Brian Forrester
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

17 September 2021