

# Citco London Limited and Subsidiaries

Annual Report 2016

Registered Number: 3818926

CITCO



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## 1. Officers and Professional Advisers

### Directors

M Francombe  
A Kowalski

### Secretary and registered office

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

### Independent Auditor

Hill House  
1 Little New Street  
London  
EC4A 3TR  
Hill House

## 2. Report of the Directors

The directors present their report together with the audited financial statements of Citco London Limited (the 'Company') and its subsidiaries (together, the 'Group') for the year ended December 31, 2016.

The directors have not prepared a Strategic Report, as the Company is entitled to the exemption for small companies.

### Principal activities

The principal activity of the Company is the provision of company secretarial and trust administration services. The Group is also the representative office in the United Kingdom of the Citco Corporate & Trust Division. The Group also acts as a regulated operator of collective investment schemes through its subsidiary Citco REIF Services UK Limited.

### Results and dividends

The Group's profit for the year is £224,229 (2015: £224,788) and is shown in the Consolidated Statement of Comprehensive Income. There were no other recognized gains or losses in the year (2015: none).

The directors have not declared a dividend for the year (2015: none). On June 8, 2017 a dividend of \$700,000 (2015: none) was paid by Citco REIF Services UK Limited to Citco London Limited.

### Going concern

The directors are satisfied with the performance of the Group. The directors have, at the time of approving the financial statements, a reasonable expectation that the Group 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 were as follows:

M Francombe  
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.

### Financial risk management objectives and policies

The Company's activities expose it to certain risks and further detail is provided in Note 4.3 to the financial statements.

### 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 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 Group and of the profit or loss of the Group or 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 Group'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 Group'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 Group 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 Group 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.

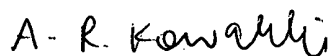
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Auditor**

Deloitte LLP 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.

This directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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



Adam Kowalski

Director

7 Albemarle Street, London, W1S 4HQ

July 14, 2017

### 3. Consolidated Financial Statements

Consolidated statement of comprehensive income for the year ended December 31,

|  | Note | 2016             | 2015      |
|--|------|------------------|-----------|
|  |      | £                | £         |
| Revenue:   |      |                  |           |
| Operating income   |      | <b>2,193,185</b> | 2,188,348 |
| Operating expenses:  |      |                  |           |
| Personnel expenses   | 4.4  | <b>987,921</b>   | 1,299,605 |
| Office rent  |      | <b>178,491</b>   | 137,077   |
| Office and administration expenses                         |      | <b>27,283</b>    | 35,673    |
| Professional services                                      | 4.5  | <b>39,998</b>    | 35,898    |
| Depreciation, amortization                                 | 4.6  | <b>34,581</b>    | 59,075    |
| Allowance for doubtful debt                                | 4.13 | <b>(18,164)</b>  | (14,671)  |
| Other operating expenses                                   | 4.7  | <b>729,587</b>   | 418,781   |
|  |      | <b>1,979,697</b> | 1,971,438 |
| <b>Net profit from operations</b>                          |      | <b>213,488</b>   | 216,910   |
| Net finance income   | 4.8  | <b>63,481</b>    | 36,042    |
| <b>Net profit before tax</b>                               |      | <b>276,969</b>   | 252,952   |
| Income tax expense   | 4.9  | <b>(52,740)</b>  | (28,164)  |
| <b>Net profit after tax and total comprehensive income</b> |      | <b>224,229</b>   | 224,788   |
| Attributable to:   |      |                  |           |
| Shareholder of the Company                                 |      | <b>224,229</b>   | 224,788   |

All results derive from continuing operations.

The notes on pages 11 to 34 form an integral part of these consolidated financial statements.

## Consolidated statement of financial position as at December 31,

|  | Note | 2016             | 2015      |
|--|------|------------------|-----------|
|  |      | £                | £         |
| <b>Assets:</b>   |      |                  |           |
| <b>Non-current assets</b>                                      |      |                  |           |
| Property, plant and equipment                                  | 4.10 | 1,256            | 6,581     |
| Intangible assets  | 4.11 | 174,060          | 203,316   |
| Deferred tax assets  | 4.12 | 12,470           | 14,047    |
|  |      | <b>187,786</b>   | 223,944   |
| <b>Current assets</b>  |      |                  |           |
| Trade receivables  | 4.13 | 787,064          | 550,183   |
| Other receivables and accrued income                           | 4.14 | 59,883           | 31,920    |
| Current receivables from affiliated companies                  | 4.18 | 76,451           | 10,531    |
| Cash and cash equivalents                                      | 4.15 | 2,275,562        | 2,290,334 |
|  |      | <b>3,198,960</b> | 2,882,968 |
| <b>Total assets</b>  |      | <b>3,386,746</b> | 3,106,912 |
| <b>Equity and liabilities:</b>                                 |      |                  |           |
| Share capital  | 4.16 | 1,764,168        | 1,764,168 |
| Retained earnings  |      | 861,165          | 636,936   |
| <b>Total equity attributable to shareholder of the Company</b> |      | <b>2,625,333</b> | 2,401,104 |
| <b>Current liabilities</b>                                     |      |                  |           |
| Other payables and accrued expenses                            | 4.20 | 281,789          | 231,007   |
| Current payables to affiliated companies                       | 4.19 | 79,496           | 80,104    |
| Deferred income  | 4.21 | 357,279          | 343,022   |
| Current tax liabilities  |      | 42,849           | 51,675    |
|  |      | <b>761,413</b>   | 705,808   |
| <b>Total equity and liabilities</b>                            |      | <b>3,386,746</b> | 3,106,912 |

The notes on pages 11 to 34 form an integral part of these consolidated financial statements.

The consolidated financial statements of Citco London Limited (registered number: 3818926) were approved by the board of directors and authorized for issue on July 14, 2017. They were signed duly on its behalf by:

A. R. Kowalski

Adam Kowalski (Director)



## Consolidated statement of changes in equity for the year ended December 31,

|  | Issued<br>ordinary<br>shares | Retained<br>earnings | Total            |
|--|------------------------------|----------------------|------------------|
|  | £                            | £                    | £                |
| Balance as at January 1, 2016  | 1,764,168                    | 636,936              | 2,401,104        |
| Net profit for the year and total comprehensive income                             | —                            | 224,229              | 224,229          |
| Total equity attributable to shareholder of the<br>Company as at December 31, 2016 | <u>1,764,168</u>             | <u>861,165</u>       | <u>2,625,333</u> |

|  | Issued<br>ordinary<br>shares | Retained<br>earnings | Total            |
|--|------------------------------|----------------------|------------------|
|  | £                            | £                    | £                |
| Balance as at January 1, 2015  | 1,764,168                    | 412,148              | 2,176,316        |
| Net profit for the year and total comprehensive income                             | —                            | 224,788              | 224,788          |
| Total equity attributable to shareholder of the<br>Company as at December 31, 2015 | <u>1,764,168</u>             | <u>636,936</u>       | <u>2,401,104</u> |

The notes on pages 11 to 34 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows under indirect method for the year ended December 31,

|  | Note | 2016             | 2015             |
|--|------|------------------|------------------|
|  |      | £                | £                |
| Cash flows from operating activities:                                  |      |                  |                  |
| Net profit/(loss) for the year   |      | 224,229          | 224,788          |
| Adjusted for:  |      |                  |                  |
| - Income tax expense   | 4.9  | 52,740           | 28,164           |
| - Depreciation and amortization  | 4.6  | 34,581           | 59,075           |
| - Net finance expense/ (income)  | 4.8  | 608              | (624)            |
|  |      | <u>312,158</u>   | <u>311,403</u>   |
| Movement in working capital:   |      |                  |                  |
| - (Increase)/decrease in trade receivables                             |      | (236,881)        | 269,936          |
| - (Increase)/decrease in other receivables and accrued income          |      | (27,963)         | 63,871           |
| - (Increase)/decrease in current receivables from affiliated companies |      | (65,920)         | 20,517           |
| - Increase/(decrease) in other payables and accrued expenses           |      | 50,782           | (97,113)         |
| - (Decrease) in current payables to affiliated companies               |      | (608)            | (18,250)         |
| - Increase/(decrease) in deferred income                               |      | 14,257           | (116,803)        |
| Cash generated by operations:  |      | <u>45,825</u>    | <u>433,561</u>   |
| Interest paid  |      | (708)            | (1,071)          |
| Interest received  |      | 100              | 1,695            |
| Income taxes paid  |      | (59,989)         | (34,527)         |
| <b>Net cash flow (used in)/generated by operating activities</b>       |      | <u>(14,772)</u>  | <u>399,658</u>   |
| Cash flows from investing activities:                                  |      |                  |                  |
| Additions to property, plant and equipment                             | 4.10 | -                | (5,815)          |
| <b>Net cash flow used in investing activities</b>                      |      | <u>-</u>         | <u>(5,815)</u>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            |      | <u>(14,772)</u>  | <u>393,843</u>   |
| Cash and cash equivalents:   |      |                  |                  |
| Cash and cash equivalents as at January 1,                             |      | 2,290,334        | 1,896,491        |
| Cash and cash equivalents as at December 31,                           |      | <u>2,275,562</u> | <u>2,290,334</u> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            |      | <u>(14,772)</u>  | <u>393,843</u>   |

The notes on pages 11 to 34 form an integral part of these consolidated financial statements.

## 4. Notes to the Consolidated Financial Statements

### 4.1. General

#### 4.1.1. Ownership

Citco London Limited (hereafter referred to as 'the Company') was incorporated on July 29, 1999 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 CC&T Holdings Limited, which is a member of the group headed by Citco III Limited (the 'Citco Group'), incorporated in George Town, Grand Cayman, Cayman Islands. Citco III Limited is the ultimate controlling party of the Citco Group. Other subsidiaries owned by Citco III Limited are referred to as affiliated companies.

The consolidated financial statements of the Company for the year ended December 31, 2016 comprise the Company and its subsidiaries (together referred to as 'the Group').

#### 4.1.2. Activities

##### **Citco Corporate and Trust ('CCT')**

The Group acts as the United Kingdom office for the CCT division. CCT services are offered internationally throughout Citco's offices in Europe, the Americas, the Caribbean, the Indian Ocean, Australia, and Asia. Through these offices, CCT provides management, registered office services, legal, accounting, administration, and web-based services to clients seeking to protect their assets and gain access to worldwide financial markets.

Services offered include:

- *Real Estate Investment Fund Services*  
REIF Services group offers a product program available to the Real Estate Investment Fund industry.
- *Multinational Clients*  
Provides full corporate domiciliary and management services, fiduciary management, accounts and legal support services regardless of jurisdiction.
- *Private Client and Family Advisory*  
Tailors solutions for high net worth individuals looking for wealth management.
- *Global Subsidiary Governance Services*  
Assists multinational companies in meeting the challenges presented in complying with today's global standards of good corporate governance.
- *Corporate Client Services*  
Establishes, organizes, and manages corporations in a choice of jurisdictions.
- *Structured Finance*  
Provides quality corporate management and administration services from the most important capital markets.

The Group also acts as a regulated operator of UK collective investment schemes, through its subsidiary Citco REIF Services UK Limited.

#### 4.1.3. Group structure

The consolidated financial statements include the financial statements of the Company and its directly owned subsidiaries, which include the following main companies.

| Name                             | Principal place of business             | Ownership |
|----------------------------------|---|-----------|
| - Citco REIF Services UK Limited | 7 Albemarle Street, London, W1S 4HQ, UK | 100%      |
| - Citco Management (UK) Limited  | 7 Albemarle Street, London, W1S 4HQ, UK | 100%      |
| - Marle (UK) Limited             | 7 Albemarle Street, London, W1S 4HQ, UK | 100%      |
| - Marle Nominees Limited         | 7 Albemarle Street, London, W1S 4HQ, UK | 100%      |

#### 4.1.4. 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 Group is operating.

#### 4.1.5. Approval of the Board

These consolidated financial statements have been approved for issuance by the Board of Directors on July 14, 2017.

## 4.2. 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 Group 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.

#### 4.2.1. New and amended standards adopted by the Group

The following standards and amendments have been applied for the first time for the reporting period commencing January 1, 2016:

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization, prohibiting revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortizing intangible assets

The adoption of these amendments has had no impact on the disclosures or the amounts recognized in the consolidated financial statements.

- Amendments to IAS 1 Disclosure Initiative, encouraging companies to apply professional judgment in determining what information to disclose in the financial statements.

The adoption of this amendment has had no material impact on the disclosures or the amounts recognized in the consolidated financial statements.

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations, adding new guidance on how to account for the acquisition of interest in joint operations that constitutes a business.

The adoption of this amendment has had no impact on the disclosures or the amounts recognized in the consolidated financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: applying the consolidation exception, clarifying the requirements when accounting for investment entities.

The adoption of this amendment has had no impact on the disclosures or the amounts recognized in the consolidated financial statements.

- Annual Improvements to IFRSs 2012-2014 Cycle, minor amendments to a number of standards

The adoption of the improvements made in the 2012-2014 Cycle has had no material impact on the disclosures or the amounts recognized in the consolidated financial statements.

#### 4.2.2. 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 consolidated financial statements. Below is a listing of the upcoming new standards and interpretations:

- IFRS 9 Financial Instruments, annual periods on or after January 1, 2018.  
The standard sets out the principles for the recognition, derecognition, classification and measurement of financial assets and financial liabilities together with the requirements relating to the impairment of financial assets and hedge accounting.  
The Company is in the process of undertaking a detailed assessment of the impact on the financial asset classifications and the requirements for financial liabilities. The new hedging rules do not apply as the Company does not apply hedge accounting. The new impairment model for financial assets is an expected credit loss model, which may result in the earlier recognition of credit losses.
- IFRS 15 Revenue Contracts with Customers, annual periods on or after January 1, 2018.  
The standard establishes when revenue should be recognized, how it should be measured and what disclosures about contracts with customers are needed.  
At this stage, the Company estimates that there will be no material impact on the amounts recognized in the consolidated financial statements.
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses, annual periods on or after January 1, 2017.  
The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Amendments to IAS 7 Disclosure Initiative, annual periods on or after January 1, 2017.  
The amendment requires companies to disclose information about changes in their financial liabilities.

#### 4.2.3. 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 (Note 4.2.22).

#### 4.2.4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made at December 31, 2016. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect returns through its power over the investee.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition.

All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

#### 4.2.5. 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 consolidated income statement for the year.

#### 4.2.6. Revenue recognition

Revenue comprises the value for the rendering of services in the ordinary course of the Group's activities. The Group 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 consolidated 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 Group bases its estimates on historic results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is generated from contractual service agreements with the Group's clients.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable. Interest income is recognized as earned.

#### 4.2.7. Operating expenses

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

#### 4.2.8. Retirement benefit costs

Payments to defined contribution retirement schemes are charged as an expense as they fall due.

#### 4.2.9. 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 consolidated 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 Group'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 consolidated 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.

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 Group 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 Other Comprehensive Income ('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.

#### 4.2.10. Property, plant and equipment

Machinery and equipment and leasehold improvements 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        |
| Leasehold improvements  | Term of the 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 consolidated income statement.

#### 4.2.11. Intangible assets

##### Goodwill and operator contracts

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the consolidated income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

#### 4.2.12. Impairment

For intangible assets with indefinite lives (i.e. goodwill), the Group reviews the carrying amount at the end of the reporting period and earlier if such indication warrants impairment testing. For tangible and intangible assets with finite lives, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and wherever there is an indication that the asset may be impaired.

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. Subsequent reversals of impairment losses are not allowed for goodwill impairments.

#### **4.2.13. Financial instruments**

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group 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.

#### **4.2.14. Trade receivables**

Trade receivables are measured at their amortized cost using the effective interest method, less any impairment.

#### **4.2.15. 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.

#### **4.2.16. Accrued income**

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

#### **4.2.17. Deferred income**

Deferred income is stated at nominal value. Deferred income relates to income invoiced but not earned until a future reporting period.

#### **4.2.18. 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.

#### **4.2.19. Trade payables**

Trade payables are measured at amortized cost using the effective interest method, less any impairment. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

#### **4.2.20. Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, the provision is determined by discounting the expected future cash flows. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **4.2.21. Consolidated 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.

#### **4.2.22. 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 assets has 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 £174,060 as at December 31, 2016 (2015: £203,316).

## 4.3. Financial risk management

### 4.3.1. Risk overview

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

The main risks identified by the Group, 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) Capital adequacy risk: the risk that the capital position is not consistent with the Group's overall risk profile and strategy, and it therefore, holds an inappropriate level of capital against its minimum regulatory capital requirements.

#### Market risk

The Group'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 Group's exposure to market risks and the Board and Group 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 Group's income is generated primarily in GBP and does not give rise to significant currency risk. A proportion of the Group's overheads are invoiced in US Dollars by other entities within Citco group. The Company manages this currency risk by ensuring that such invoices are settled promptly to limit the exposure to outstanding amounts.

#### 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 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 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 Group does not have significant exposure to interest rate movements.

### 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 Group 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 Group mitigates credit risk by choosing only reputable banks as counterparty for liquid funds and derivative financial instruments.

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

### 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 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.

### Liquidity risk table

The following table details the Group'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 Group can be required to pay.

|   | Up to 1<br>month | 1-3<br>months | 3-12<br>months | Total     |
|---|------------------|---------------|----------------|-----------|
|   | £                | £             | £              | £         |
| As at December 31, 2016                       |                  |               |                |           |
| <i>Current assets</i>                         |                  |               |                |           |
| Trade receivables                             | 222,287          | 112,009       | 452,768        | 787,064   |
| Other receivables and accrued income          | –                | 54,020        | 1,500          | 55,520    |
| Current receivables from affiliated companies | 76,451           | –             | –              | 76,451    |
| Cash and cash equivalents                     | 2,275,562        | –             | –              | 2,275,562 |
| Total assets                                  | 2,574,300        | 166,029       | 454,268        | 3,194,597 |
| <i>Current liabilities</i>                    |                  |               |                |           |
| Other payables and accrued expenses           | 43,808           | 237,981       | –              | 281,789   |
| Current payables to affiliated companies      | 79,496           | –             | –              | 79,496    |
| Deferred income                               | 71,732           | 141,598       | 143,949        | 357,279   |
| Total liabilities                             | 195,036          | 379,579       | 143,949        | 718,564   |

|   | Up to 1<br>month | 1-3<br>months | 3-12<br>months | Total     |
|---|------------------|---------------|----------------|-----------|
|   | £                | £             | £              | £         |
| As at December 31, 2015                       |                  |               |                |           |
| <i>Current assets</i>                         |                  |               |                |           |
| Trade receivables                             | –                | 357,620       | 192,563        | 550,183   |
| Other receivables and accrued income          | –                | 22,586        | 2,474          | 25,060    |
| Current receivables from affiliated companies | –                | 10,531        | –              | 10,531    |
| Cash and cash equivalents                     | 2,290,334        | –             | –              | 2,290,334 |
| Total assets                                  | 2,290,334        | 390,737       | 195,037        | 2,876,108 |
| <i>Current liabilities</i>                    |                  |               |                |           |
| Other payables and accrued expenses           | –                | 169,099       | –              | 169,099   |
| Current payables to affiliated companies      | –                | 80,104        | –              | 80,104    |
| Total liabilities                             | –                | 249,203       | –              | 249,203   |

### Operational risk

To ensure the operational risk is adequately controlled, an extensive internal control framework has been set up. Also an extensive training program staff has been introduced in view of the growth of the Group. Operational Risk Management frameworks have been established in all divisions and an Enterprise Risk Management framework is currently being implemented across all Citco companies.

### Reputational risk

The Group'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 Group 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 Group.

#### 4.3.1. Capital adequacy

The Group's directors review the capital structure on a routine basis. As a part of this review the directors consider the cost of capital and the risks associated with each business line. The Group 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 2015.

#### 4.4. Personnel expenses

|                          | 2016           | 2015             |
|--------------------------|----------------|------------------|
|                          | £              | £                |
| Salaries and bonuses     | 686,852        | 755,741          |
| Social charges and taxes | 149,525        | 111,608          |
| Pension expenses         | 47,271         | 55,285           |
| Other personnel expenses | 104,273        | 376,971          |
| Personnel expenses       | <u>987,921</u> | <u>1,299,605</u> |

The average number of full-time employees for the year was 8 (2015: 12).

Personnel expenses include the expenses associated with the Board of Directors. See Note 4.26 for Directors' remuneration.

#### 4.5. Professional services other than audit fees

|   | 2016          | 2015          |
|---|---------------|---------------|
|   | £             | £             |
| Legal fees  | 828           | 2,242         |
| Tax fees  | 13,000        | 21,965        |
| Other   | 26,170        | 11,691        |
| Total professional services other than audit fees | <u>39,998</u> | <u>35,898</u> |

#### 4.6. Depreciation and amortization

|                               | Note | 2016          | 2015          |
|-------------------------------|------|---------------|---------------|
|                               |      | £             | £             |
| Leasehold improvements        | 4.10 | 184           | 17,488        |
| Machinery and equipment       | 4.10 | 5,141         | 12,332        |
| Depreciation                  |      | <u>5,325</u>  | <u>29,820</u> |
| Amortization:                 |      |               |               |
| Other intangibles             | 4.11 | 29,256        | 29,255        |
| Depreciation and amortization |      | <u>34,581</u> | <u>59,075</u> |

## 4.7. Other operating expenses

|                                       | 2016           | 2015           |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| Infrastructure support fees           | 306,368        | 152,830        |
| Group Management fees                 | 170,560        | 113,269        |
| Group IT Management fees              | 97,141         | 64,825         |
| Fees payable to the Company's Auditor | 45,375         | 57,945         |
| Royalty fee                           | 34,548         | –              |
| Travel                                | 30,737         | 19,653         |
| Training                              | 3,090          | 2,296          |
| Marketing                             | –              | 2,806          |
| Other                                 | 41,768         | 5,157          |
| Other operating expenses              | <u>729,587</u> | <u>418,781</u> |

### 4.7.1. Auditor's remuneration

|   | 2016          | 2015          |
|---|---------------|---------------|
|   | £             | £             |
| Fees payable to the Company's auditors for the audit of the Company's annual accounts                                   | 30,000        | 25,000        |
| Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries annual accounts | 21,000        | 17,000        |
| Total audit fee   | <u>51,000</u> | <u>42,000</u> |
| Other services pursuant to legislation  | 6,000         | 3,000         |
| Total non-audit fee   | <u>6,000</u>  | <u>3,000</u>  |
| Auditor's remuneration  | <u>57,000</u> | <u>45,000</u> |

There were no non-audit services provided by the auditor to the Company in the year or in the previous year.

## 4.8. Net finance income

|                       | 2016          | 2015          |
|-----------------------|---------------|---------------|
|                       | £             | £             |
| Interest income       | 100           | 1,695         |
| Interest expense      | (708)         | (1,071)       |
| Foreign exchange gain | 64,089        | 35,418        |
| Net finance income    | <u>63,481</u> | <u>36,042</u> |

All interest income and expenses are attributable to continuing operations.

## 4.9. Income tax expense

|   | 2016          | 2015            |
|---|---------------|-----------------|
|   | £             | £               |
| Current tax expense:                                    |               |                 |
| Current tax   | 51,662        | 53,466          |
| Previous year tax                                       | (499)         | (4,469)         |
|   | <u>51,163</u> | <u>48,997</u>   |
| Deferred tax expense:                                   |               |                 |
| Current year  | 1,577         | (2,243)         |
| Previous year tax                                       | –             | (18,590)        |
|   | <u>1,577</u>  | <u>(20,833)</u> |
| Income tax expense in the consolidated income statement | <u>52,740</u> | <u>28,164</u>   |

### Reconciliation of the effective tax rate

|   |             | 2016           |             | 2015           |
|---|-------------|----------------|-------------|----------------|
|   | %           | £              | %           | £              |
| Net profit before tax                     |             | <u>276,969</u> |             | <u>252,952</u> |
| Income tax using the domestic tax rate of | 20.0        | 55,394         | 20.3        | 51,223         |
| Other adjustments                         | (0.7)       | (2,155)        | –           | –              |
| Impact of prior years adjustments         | (0.2)       | (499)          | (9.1)       | (23,059)       |
| Income tax expense                        | <u>19.1</u> | <u>52,740</u>  | <u>11.1</u> | <u>28,164</u>  |

The total amount of unrecognized deferred tax assets at December 31, 2016 amounted to £Nil (2015: £Nil).



## 4.10. Property, plant and equipment

|   | Leasehold<br>improvements | Machinery<br>and<br>equipment | Total   |
|---|---------------------------|-------------------------------|---------|
|   | £                         | £                             | £       |
| Cost:                                       |                           |                               |         |
| As at January 1, 2016 and December 31, 2016 | 98,565                    | 189,089                       | 287,654 |
| Accumulated depreciation:                   |                           |                               |         |
| As at January 1, 2016                       | 98,381                    | 182,692                       | 281,073 |
| Depreciation                                | 184                       | 5,141                         | 5,325   |
| As at December 31, 2016                     | 98,565                    | 187,833                       | 286,398 |
| Net carrying amount:                        |                           |                               |         |
| As at December 31, 2016                     | —                         | 1,256                         | 1,256   |

|                           | Leasehold<br>improvements | Machinery<br>and<br>equipment | Total   |
|---------------------------|---------------------------|-------------------------------|---------|
|                           | £                         | £                             | £       |
| Cost:                     |                           |                               |         |
| As at January 1, 2015     | 98,565                    | 183,274                       | 281,839 |
| Additions                 | —                         | 5,815                         | 5,815   |
| As at December 31, 2015   | 98,565                    | 189,089                       | 287,654 |
| Accumulated depreciation: |                           |                               |         |
| As at January 1, 2015     | 80,893                    | 170,360                       | 251,253 |
| Depreciation              | 17,488                    | 12,332                        | 29,820  |
| As at December 31, 2015   | 98,381                    | 182,692                       | 281,073 |
| Net carrying amount:      |                           |                               |         |
| As at December 31, 2015   | 184                       | 6,397                         | 6,581   |

The net carrying amount of the Group's equipment includes an amount of £Nil (2015: £Nil) in respect of assets held under finance leases.

## 4.11. Intangible assets

|   | Goodwill       | Operator contracts | Total          |
|---|----------------|--------------------|----------------|
|   | £              | £                  | £              |
| Cost:                                       |                |                    |                |
| As at January 1, 2016 and December 31, 2016 | <u>130,178</u> | <u>209,661</u>     | <u>339,839</u> |
| Accumulated amortization:                   |                |                    |                |
| As at January 1, 2016                       | –              | 136,523            | 136,523        |
| Amortization charge                         | –              | 29,256             | 29,256         |
| As at December 31, 2016                     | <u>–</u>       | <u>165,779</u>     | <u>165,779</u> |
| Net carrying amount:                        |                |                    |                |
| As at December 31, 2016                     | <u>130,178</u> | <u>43,882</u>      | <u>174,060</u> |

|   | Goodwill       | Operator contracts | Total          |
|---|----------------|--------------------|----------------|
|   | £              | £                  | £              |
| Cost:                                       |                |                    |                |
| As at January 1, 2015 and December 31, 2015 | <u>130,178</u> | <u>209,661</u>     | <u>339,839</u> |
| Accumulated amortization:                   |                |                    |                |
| As at January 1, 2015                       | –              | 107,268            | 107,268        |
| Amortization charge                         | –              | 29,255             | 29,255         |
| As at December 31, 2015                     | <u>–</u>       | <u>136,523</u>     | <u>136,523</u> |
| Net carrying amount:                        |                |                    |                |
| As at December 31, 2015                     | <u>130,178</u> | <u>73,138</u>      | <u>203,316</u> |

The goodwill arose on the acquisition of Equity Partnerships Fund Management Limited (subsequently renamed Citco REIF Services UK Limited). The other intangible asset arose from the purchase of a series of operator contracts. The useful life of this 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 results of the impairment test showed that the recoverable amounts were higher than the net carrying amount.

## 4.12. Deferred tax

|                     | 2016          | 2015          |
|---------------------|---------------|---------------|
|                     | £             | £             |
| Deferred tax assets | <u>12,470</u> | <u>14,047</u> |

The following deferred tax assets and deferred tax liabilities were recognized by the Group:

|                         | Deferred tax liabilities | Deferred tax assets | Total         |
|-------------------------|--------------------------|---------------------|---------------|
|                         | £                        | £                   | £             |
| As at January 1, 2016   | –                        | 14,047              | 14,047        |
| Decrease                | –                        | (1,577)             | (1,577)       |
| As at December 31, 2016 | <u>–</u>                 | <u>12,470</u>       | <u>12,470</u> |

|                         | Deferred tax liabilities | Deferred tax assets | Total         |
|-------------------------|--------------------------|---------------------|---------------|
|                         | £                        | £                   | £             |
| As at January 1, 2015   | (6,786)                  | –                   | (6,786)       |
| Increase                | –                        | 14,047              | 14,047        |
| Decrease                | 6,786                    | –                   | 6,786         |
| As at December 31, 2015 | <u>–</u>                 | <u>14,047</u>       | <u>14,047</u> |

### 4.12.1. Deferred tax assets and deferred tax liabilities

|                               | Assets        |               | Liabilities |          | Net           |               |
|-------------------------------|---------------|---------------|-------------|----------|---------------|---------------|
|                               | 2016          | 2015          | 2016        | 2015     | 2016          | 2015          |
|                               | £             | £             | £           | £        | £             | £             |
| Property, plant and equipment | <u>12,470</u> | <u>14,047</u> | <u>–</u>    | <u>–</u> | <u>12,470</u> | <u>14,047</u> |

## 4.13. Trade receivables

|                             | 2016           | 2015           |
|-----------------------------|----------------|----------------|
|                             | £              | £              |
| Trade receivables           | 808,662        | 593,997        |
| Allowance for doubtful debt | (21,598)       | (43,814)       |
| As at December 31,          | <u>787,064</u> | <u>550,183</u> |

An allowance has been made for estimated irrecoverable amounts from the services provided of £21,598 (2015: £43,814). This allowance has been determined based on a client specific methodology.

The Group does not hold any collateral over these balances.

The average age of these receivables is 124 days (2015: 187 days). No interest is charged on trade receivables which are past due.

### 4.13.1. Age of trade receivables past due but not impaired

|                    | 2016           | 2015           |
|--------------------|----------------|----------------|
|                    | £              | £              |
| 30-60 days         | 31,397         | 127,422        |
| 60-90 days         | 195,975        | 18,387         |
| 90-120 days        | –              | 24,649         |
| > 120 days         | 25,198         | 71,518         |
| As at December 31, | <u>252,570</u> | <u>241,976</u> |

### 4.13.2. Movement in the allowance for doubtful debt

|   | 2016          | 2015          |
|---|---------------|---------------|
|   | £             | £             |
| As at January 1,  | 43,814        | 50,279        |
| Amounts recovered during the year                                   | (4,052)       | 8,206         |
| (Decrease) in allowance recognized in consolidated income statement | (18,164)      | (14,671)      |
| As at December 31,  | <u>21,598</u> | <u>43,814</u> |

In determining the recoverability of the trade receivables, the Group 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.

## 4.14. Other receivables and accrued income

|  | 2016          | 2015          |
|--|---------------|---------------|
|  | £             | £             |
| Accrued income, work in progress         | 34,735        | 19,287        |
| Prepaid expenses                         | 4,363         | 6,860         |
| Security deposits                        | 1,500         | 1,500         |
| Net disbursements due from third parties | –             | 3,299         |
| Other receivables                        | 19,285        | 974           |
| As at December 31,                       | <u>59,883</u> | <u>31,920</u> |

Work in progress is based on the hours recorded by staff on clients multiplied by the hourly rate, which have not been invoiced to clients at year-end. A provision is made for time recorded where it is doubtful that this will be invoiced to the client.

## 4.15. Cash and cash equivalents

|  | 2016             | 2015             |
|--|------------------|------------------|
|  | £                | £                |
| Bank balance with affiliated companies | 1,055,050        | 2,194,904        |
| Current accounts with other banks      | 1,220,512        | 95,430           |
| As at December 31,                     | <u>2,275,562</u> | <u>2,290,334</u> |

## 4.16. Share capital

Authorized shares:

|  | 2016             | 2015             |
|--|------------------|------------------|
|  | Number of shares | Number of shares |
| Ordinary shares at a par value of £ 1 each | <u>1,764,168</u> | <u>1,764,168</u> |

Ordinary shares issued and fully paid:

|                         | Number of shares | £                |
|-------------------------|------------------|------------------|
| As at January 1, 2015   | <u>1,764,168</u> | <u>1,764,168</u> |
| As at December 31, 2015 | 1,764,168        | 1,764,168        |
| Movement                | –                | –                |
| As at December 31, 2016 | <u>1,764,168</u> | <u>1,764,168</u> |

## 4.17. Retirement benefit schemes

### Defined contribution schemes

The Group pays premiums to defined contribution retirement schemes for qualifying employees except for employees that are defined as Citco Group employees. The assets of the schemes are held separately from those of the Group in funds under the control of trusts, foundations and the like. Where there are employees who leave the scheme prior to vesting fully in the contributions, contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to the consolidated income statement of £47,271 (2015: £55,285) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

## 4.18. Current receivables from affiliated companies

|  | Note | 2016          | 2015          |
|--|------|---------------|---------------|
|  |      | £             | £             |
| Citco C&T Holdings (Luxembourg) S. à r. l. |      | 71,365        | –             |
| Citco REIF Services (Luxembourg) S.A.      |      | 3,022         | –             |
| The Citco Group Limited                    |      | 2,064         | –             |
| Citco (UK) Limited                         |      | –             | 9,850         |
| Citco Financial Products (London) Limited  |      | –             | 353           |
| Citco Vilnius, UAB                         |      | –             | 328           |
| As at December 31,                         | 4.25 | <u>76,451</u> | <u>10,531</u> |

Repayment terms on the above affiliated company balances are within one month. No interest is due on these balances.

## 4.19. Current payables to affiliated companies

|                                      | Note | 2016          | 2015          |
|--------------------------------------|------|---------------|---------------|
|                                      |      | £             | £             |
| Citco Fund Services (London) Limited |      | 42,730        | 42,377        |
| 7 Albemarle Street Limited           |      | 20,955        | 37,727        |
| Citco (UK) Limited                   |      | 14,346        | –             |
| Citco Vilnius, UAB                   |      | 1,465         | –             |
| As at December 31,                   | 4.25 | <u>79,496</u> | <u>80,104</u> |

Repayment terms on the above affiliated company balances are within one month. No interest is due on these balances.

## 4.20. Other payables to accrued expenses

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | £              | £              |
| Accrued expenses                                | 95,753         | 87,226         |
| VAT/sales tax payable                           | 77,013         | 52,928         |
| Taxes and social security contributions payable | 20,850         | 23,629         |
| Pension payable                                 | 4,605          | 7,300          |
| Other payables                                  | 83,568         | 59,924         |
| As at December 31,                              | <u>281,789</u> | <u>231,007</u> |

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

## 4.21. Deferred income

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | £              | £              |
| Administrative services still to be performed | <u>357,279</u> | <u>343,022</u> |

Deferred income is payable within one year.

## 4.22. Categories of financial assets and financial liabilities

### Financial Assets

|                        | 2016             | 2015             |
|------------------------|------------------|------------------|
|                        | £                | £                |
| Bank balances and cash | 2,275,562        | 2,290,334        |
| Receivables            | 923,398          | 592,634          |
| As at December 31,     | <u>3,198,960</u> | <u>2,882,968</u> |

### Financial Liabilities

|                    | 2016           | 2015           |
|--------------------|----------------|----------------|
|                    | £              | £              |
| As at December 31, | <u>122,345</u> | <u>184,707</u> |

## 4.23. 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.

## 4.24. Operating lease arrangement

Lease payments under operating leases recognized in the consolidated income statement for the year ended December 31, 2016 amount to USD 120,141 thousand (2015: USD 91,921 thousand).

As at the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

|                                       | 2016           | 2015           |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| Within one year                       | 138,445        | 120,191        |
| In the second to fifth year inclusive | 552,636        | 462,394        |
| After five years                      | 34,355         | 141,350        |
| As at December 31,                    | <u>725,436</u> | <u>723,935</u> |

Operating lease payments includes rentals payable by the Group for its office and residential properties under non-cancellable leases expiring within 7 years. On renewal the term of the lease are negotiated.



## 4.25. Related party transactions

Related party transactions are recognized on an arm's length basis. A summary of the transactions between the Group and its related parties for the year ended December 31, are as follows:

The Group has intercompany current account balances with affiliated companies as follows, on an arm's length basis:

|  | Note | 2016            | 2015     |
|--|------|-----------------|----------|
|  |      | £               | £        |
| Receivables                              | 4.18 | <b>76,451</b>   | 10,531   |
| Payables                                 | 4.19 | <b>(79,496)</b> | (80,104) |
| Net balance (payable) as at December 31, |      | <b>(3,045)</b>  | (69,573) |

The following services were provided by the Group to affiliated companies:

|                      | 2016           | 2015      |
|----------------------|----------------|-----------|
|                      | £              | £         |
| Operational services | <b>706,886</b> | 1,028,759 |

The following services were provided by the affiliated companies to the Group:

|   | 2016           | 2015    |
|---|----------------|---------|
|   | £              | £       |
| Operational services                    | <b>485,872</b> | 315,629 |
| Management fees                         | <b>170,560</b> | 113,269 |
| Information technology services expense | <b>97,141</b>  | 64,825  |
| Royalty fee                             | <b>34,548</b>  | —       |
| Interest expense                        | <b>24</b>      | 692     |
|   | <b>788,145</b> | 494,415 |

## 4.26. Directors' remuneration

Remuneration paid to the directors during the year was as follows:

|                            | 2016           | 2015           |
|----------------------------|----------------|----------------|
|                            | £              | £              |
| Salary and fringe benefits | 389,256        | 329,253        |
| Pension premiums           | 26,100         | 25,950         |
| Directors' remuneration    | <u>415,356</u> | <u>355,203</u> |

The remuneration of the directors is decided by the shareholders.

Remuneration of the highest paid director:

|                                       | 2016           | 2015           |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| Salary and fringe benefits            | 278,116        | 219,613        |
| Pension premiums                      | 16,200         | 16,200         |
| Remuneration of highest paid director | <u>294,316</u> | <u>235,813</u> |

## 4.27. Events after the reporting date

There were no events that have occurred subsequent to December 31, 2016 through to the date that the financial statements were signed which would require further adjustment or disclosure.

## 5. Company Financial Statements

Company statement of comprehensive income for the year ended December 31,

|  | Note  | 2016             | 2015      |
|--|-------|------------------|-----------|
|  |       | £                | £         |
| Revenue:   |       |                  |           |
| Operating income   |       | <b>1,982,603</b> | 1,959,666 |
| Operating expenses:  |       |                  |           |
| Personnel expenses   | 4.4   | <b>987,921</b>   | 1,299,605 |
| Housing expenses   |       | <b>178,491</b>   | 137,077   |
| Office and administration expenses                                     |       | <b>27,283</b>    | 35,558    |
| Professional services  |       | <b>32,877</b>    | 33,025    |
| Depreciation   | 6.2   | <b>4,231</b>     | 27,632    |
| Movement in allowance for doubtful debt                                | 6.4.2 | <b>(19,165)</b>  | (8,846)   |
| Other operating expenses   |       | <b>695,739</b>   | 397,993   |
|  |       | <b>1,907,377</b> | 1,922,044 |
| <b>Profit from operations</b>  |       | <b>75,226</b>    | 37,622    |
| Finance income   |       | <b>41,288</b>    | 35,550    |
| <b>Profit before tax</b>   |       | <b>116,514</b>   | 73,172    |
| Income tax (expense)/income  |       | <b>(20,649)</b>  | 8,498     |
| <b>Profit for the year and total comprehensive income for the year</b> |       | <b>95,865</b>    | 81,670    |
| Attributable to:   |       |                  |           |
| Shareholder of the Company   |       | <b>95,865</b>    | 81,670    |

All results derive from continuing operations.

The notes on pages 39 to 44 form an integral part of these financial statements.

## Company statement of financial position as at December 31,

|  | Note | 2016             | 2015             |
|--|------|------------------|------------------|
|  |      | £                | £                |
| <b>Assets:</b>   |      |                  |                  |
| <b>Non-current assets</b>                                      |      |                  |                  |
| Property, plant and equipment                                  | 6.2  | 1,256            | 5,487            |
| Investment in subsidiaries                                     | 6.3  | 562,499          | 562,499          |
| Deferred tax assets  |      | 12,470           | 14,047           |
|  |      | <b>576,225</b>   | <b>582,033</b>   |
| <b>Current assets</b>  |      |                  |                  |
| Trade receivables  | 6.4  | 631,672          | 428,980          |
| Other receivables and accrued income                           | 6.5  | 55,724           | 31,515           |
| Current receivables from affiliated companies                  | 6.7  | 133,237          | 78,173           |
| Cash and cash equivalents                                      | 6.6  | 1,394,913        | 1,517,104        |
|  |      | <b>2,215,546</b> | <b>2,055,772</b> |
| <b>Total assets</b>  |      | <b>2,791,771</b> | <b>2,637,805</b> |
| <b>Equity and liabilities:</b>                                 |      |                  |                  |
| Share capital  | 4.16 | 1,764,168        | 1,764,168        |
| Retained earnings  |      | 437,246          | 341,381          |
| <b>Total equity attributable to shareholder of the Company</b> |      | <b>2,201,414</b> | <b>2,105,549</b> |
| <b>Current liabilities</b>                                     |      |                  |                  |
| Other payables and accrued expenses                            | 6.9  | 237,309          | 191,330          |
| Current payables to affiliated companies                       | 6.8  | 79,496           | 80,104           |
| Deferred income  | 6.10 | 262,794          | 245,810          |
| Current tax liabilities  |      | 10,758           | 15,012           |
|  |      | <b>590,357</b>   | <b>532,256</b>   |
| <b>Total equity and liabilities</b>                            |      | <b>2,791,771</b> | <b>2,637,805</b> |

The notes on pages 39 to 44 form an integral part of these financial statements.

The Company financial statements of Citco London Limited (registered number: 3818926) were approved by the board of directors and authorized for issue on July 14, 2017. They were signed duly on its behalf by:

*A. R. Kowalski*

Adam Kowalski (Director)

## Company statement of changes in equity for the year ended December 31,

|  | Issued<br>ordinary<br>shares | Retained<br>earnings | Total            |
|--|------------------------------|----------------------|------------------|
|  | £                            | £                    | £                |
| Balance as at January 1, 2016  | 1,764,168                    | 341,381              | 2,105,549        |
| Profit for the year and total comprehensive income                                 | –                            | 95,865               | 95,865           |
| Total equity attributable to shareholder of the<br>Company as at December 31, 2016 | <u>1,764,168</u>             | <u>437,246</u>       | <u>2,201,414</u> |

|  | Issued<br>ordinary<br>shares | Retained<br>earnings | Total            |
|--|------------------------------|----------------------|------------------|
|  | £                            | £                    | £                |
| Balance as at January 1, 2015  | 1,764,168                    | 259,711              | 2,023,879        |
| Profit for the year and total comprehensive income                                 | –                            | 81,670               | 81,670           |
| Total equity attributable to shareholder of the<br>Company as at December 31, 2015 | <u>1,764,168</u>             | <u>341,381</u>       | <u>2,105,549</u> |

The notes on pages 39 to 44 form an integral part of these financial statements.

## Company statement of cash flows for the year ended December 31,

|  | Note | 2016                    | 2015                  |
|--|------|-------------------------|-----------------------|
|  |      | £                       | £                     |
| Cash flows from operating activities:                                  |      |                         |                       |
| Net profit for the year  |      | 95,865                  | 81,670                |
| Adjusted for:  |      |                         |                       |
| - Income tax expense   |      | 20,649                  | (8,498)               |
| - Depreciation   | 6.2  | 4,231                   | 27,632                |
| - Interest income  |      | 699                     | (1,289)               |
|  |      | <u>121,444</u>          | <u>99,515</u>         |
| Movement in working capital:   |      |                         |                       |
| - (Increase)/decrease in trade receivables                             |      | (202,692)               | 217,432               |
| - (Increase)/decrease in other receivables and accrued income          |      | (24,209)                | 63,698                |
| - (Increase)/decrease in current receivables from affiliated companies |      | (55,064)                | 20,626                |
| - Increase/(decrease) in other payables and accrued expenses           |      | 45,979                  | (50,359)              |
| - (Decrease)/increase in current payables to affiliated companies      |      | (608)                   | (17,843)              |
| - Increase/(decrease) in deferred income                               |      | 16,984                  | (111,916)             |
| Cash (used in)/generated by operation                                  |      | <u>(98,167)</u>         | <u>221,153</u>        |
| Interest paid  |      | (699)                   | (406)                 |
| Interest received  |      | -                       | 1,695                 |
| Income taxes paid  |      | (23,326)                | (39,852)              |
| <b>Net cash flow (used in)/generated by operating activities</b>       |      | <u><b>(122,191)</b></u> | <u><b>182,590</b></u> |
| Cash flows from investing activities:                                  |      |                         |                       |
| Additions to plant property and equipment                              |      | -                       | (5,815)               |
| <b>Net cash flow used in investing activities</b>                      |      | <u><b>-</b></u>         | <u><b>(5,815)</b></u> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            |      | <u><b>(122,191)</b></u> | <u><b>176,775</b></u> |
| Cash and cash equivalents:   |      |                         |                       |
| Cash and cash equivalents as at January 1,                             | 6.6  | 1,517,104               | 1,340,329             |
| Cash and cash equivalents as at December 31,                           | 6.6  | <u>1,394,913</u>        | <u>1,517,104</u>      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            |      | <u><b>(122,191)</b></u> | <u><b>176,775</b></u> |

The notes on pages 39 to 44 form an integral part of these financial statements.

## 6. Notes to the Company Financial Statements

### 6.1. Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by the Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') adopted by the European Union.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those in Note 4.2 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

## 6.2. Property, plant and equipment

|   | Leasehold<br>improvements | Machinery<br>and<br>equipment | Total   |
|---|---------------------------|-------------------------------|---------|
|   | £                         | £                             | £       |
| Cost:                                       |                           |                               |         |
| As at January 1, 2016 and December 31, 2016 | 98,565                    | 178,966                       | 277,531 |
| Accumulated depreciation:                   |                           |                               |         |
| As at January 1, 2016                       | 98,381                    | 173,663                       | 272,044 |
| Depreciation                                | 184                       | 4,047                         | 4,231   |
| As at December 31, 2016                     | 98,565                    | 177,710                       | 276,275 |
| Net carrying amount:                        |                           |                               |         |
| As at December 31, 2016                     | —                         | 1,256                         | 1,256   |

|                           | Leasehold<br>improvements | Machinery<br>and<br>equipment | Total   |
|---------------------------|---------------------------|-------------------------------|---------|
|                           | £                         | £                             | £       |
| Cost:                     |                           |                               |         |
| As at January 1, 2015     | 98,565                    | 173,151                       | 271,716 |
| Additions                 | —                         | 5,815                         | 5,815   |
| As at December 31, 2015   | 98,565                    | 178,966                       | 277,531 |
| Accumulated depreciation: |                           |                               |         |
| As at January 1, 2015     | 80,893                    | 163,519                       | 244,412 |
| Depreciation              | 17,488                    | 10,144                        | 27,632  |
| As at December 31, 2015   | 98,381                    | 173,663                       | 272,044 |
| Net carrying amount:      |                           |                               |         |
| As at December 31, 2015   | 184                       | 5,303                         | 5,487   |



### 6.3. Investment in subsidiaries

|                    | 2016           | 2015           |
|--------------------|----------------|----------------|
|                    | £              | £              |
| As at December 31, | <u>562,499</u> | <u>562,499</u> |

There were no movements in investment in subsidiaries in either year.

### 6.4. Trade receivables

|                              | 2016            | 2015            |
|------------------------------|-----------------|-----------------|
|                              | £               | £               |
| Trade receivables            | 647,303         | 467,826         |
| Allowance for doubtful debts | <u>(15,631)</u> | <u>(38,846)</u> |
| As at December 31,           | <u>631,672</u>  | <u>428,980</u>  |

An allowance has been made for estimated irrecoverable amounts from the services provided of £15,631 (2015: £38,846). This allowance has been determined based on a specific identification methodology.

The Company does not hold any collateral over these balances.

The average age of these receivables is 133 days (2015: 202 days). No interest is charged on trade receivables which are past due.

#### 6.4.1. Ageing of trade receivables past due but not impaired

|             | 2016           | 2015          |
|-------------|----------------|---------------|
|             | £              | £             |
| 30-60 days  | 31,397         | 9,982         |
| 60-90 days  | 170,923        | 18,387        |
| 90-120 days | –              | 21,529        |
| > 120 days  | 9,340          | 27,061        |
| Total       | <u>211,660</u> | <u>76,959</u> |

#### 6.4.2. Movement in the allowance for doubtful debt

|   | 2016            | 2015           |
|---|-----------------|----------------|
|   | £               | £              |
| As at January 1,  | 38,846          | 40,881         |
| Amounts written off during the year                             | (4,050)         | 6,811          |
| (Credit)/charge in allowance recognized in the income statement | <u>(19,165)</u> | <u>(8,846)</u> |
| As at December 31,  | <u>15,631</u>   | <u>38,846</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 debts.

## 6.5. Other receivables and accrued income

|  | 2016          | 2015          |
|--|---------------|---------------|
|  | £             | £             |
| Accrued income, work in progress         | 30,575        | 18,882        |
| Prepaid expenses                         | 4,363         | 6,860         |
| Security deposits                        | 1,500         | 1,500         |
| Net disbursements due from third parties | –             | 3,299         |
| Other receivables                        | 19,286        | 974           |
| As at December 31,                       | <u>55,724</u> | <u>31,515</u> |

Accrued income is based on the hours recorded by staff on clients multiplied by the hourly rate, which have not been invoiced to clients at year-end. A provision is made for time recorded where it is doubtful that this will be invoiced to the client.

## 6.6. Cash and cash equivalents

|  | 2016             | 2015             |
|--|------------------|------------------|
|  | £                | £                |
| Bank balance with affiliated companies | 632,298          | 1,450,504        |
| Current accounts with other banks      | 762,615          | 66,600           |
| As at December 31,                     | <u>1,394,913</u> | <u>1,517,104</u> |

## 6.7. Current receivables from affiliated companies

|  | Note | 2016           | 2015          |
|--|------|----------------|---------------|
|  |      | £              | £             |
| Citco C&T Holdings (Luxembourg) S. à r. l. |      | 71,365         | –             |
| Citco REIF Services UK Limited             |      | 56,786         | 65,961        |
| Citco REIF Services (Luxembourg) S.A.      |      | 3,022          | –             |
| The Citco Group Limited                    |      | 2,064          | –             |
| Citco (UK) Limited                         |      | –              | 9,850         |
| Citco Management (UK) Limited              |      | –              | 1,680         |
| Citco Financial Products (London) Limited  |      | –              | 353           |
| Citco Vilnius, UAB                         |      | –              | 329           |
| As at December 31,                         | 6.11 | <u>133,237</u> | <u>78,173</u> |

## 6.8. Current payables to affiliated companies

|                                       | Note | 2016          | 2015          |
|---------------------------------------|------|---------------|---------------|
|                                       |      | £             | £             |
| Citco Fund Services (London) Limited  |      | 42,730        | 42,377        |
| 7 Albemarle Street Limited            |      | 20,955        | 37,727        |
| Citco Vilnius, UAB                    |      | 14,346        | –             |
| Citco REIF Services (Luxembourg) S.A. |      | 1,465         | –             |
| As at December 31,                    | 6.11 | <u>79,496</u> | <u>80,104</u> |

## 6.9. Other payables and accrued expenses

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | £              | £              |
| Accrued expenses                                | 72,253         | 62,226         |
| VAT/ sales tax payable                          | 57,116         | 38,373         |
| Taxes and social security contributions payable | 20,850         | 23,629         |
| Pension fund premium payable                    | 4,605          | 7,300          |
| Other payables                                  | <u>82,485</u>  | <u>59,802</u>  |
| As at December 31,                              | <u>237,309</u> | <u>191,330</u> |

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

## 6.10. Deferred income

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | £              | £              |
| Administrative services still to be performed | <u>262,794</u> | <u>245,810</u> |

Deferred income is payable within one year.

## 6.11. Related party transactions

A summary of the transactions between the Company and its related parties are as follows:

|   | Note | 2016          | 2015           |
|---|------|---------------|----------------|
|   |      | £             | £              |
| Receivables                                 | 6.7  | 133,237       | 78,173         |
| Payables                                    | 6.8  | (79,496)      | (80,104)       |
| Net receivable/(payable) as at December 31, |      | <u>53,741</u> | <u>(1,931)</u> |

The following services were provided by the Company to affiliated companies:

|                      | 2016           | 2015             |
|----------------------|----------------|------------------|
|                      | £              | £                |
| Operational services | <u>889,876</u> | <u>1,299,605</u> |

The following services were provided by the affiliated companies to the Company:

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | £              | £              |
| Operational services                    | 306,827        | 152,830        |
| Intercompany expense recharge           | 179,504        | 163,488        |
| Management fees                         | 170,560        | 112,922        |
| Information technology services expense | 97,141         | 65,002         |
| Royalty fee                             | 26,238         | –              |
| Interest expense                        | 15             | 27             |
| As at December 31,                      | <u>780,285</u> | <u>494,269</u> |

## 6.12. Directors' remuneration

Details of the Company's directors' remuneration are given in the Group Consolidated Financial Statements Note 4.26.

## 6.13. Events after the reporting date

Details of the Company's subsequent events are given in the Group Consolidated Annual Statement, Note 4.27.

## 7. Independent Auditor's Report

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITCO LONDON LIMITED

We have audited the financial statements of Citco London Limited for the year ended

31 December 2016 which comprise the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 4 to 4.27 and 6 to 6.13 respectively. 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 group's and the parent 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 group's and of the parent company's affairs as at 31 December 2016 and of the group's and the parent company's 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, based on the work undertaken in the course of the audit:

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

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

**Matters on which we are required to report by exception**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report.



Theo Brennand (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

July 14, 2017