

Citco (UK) Limited and Subsidiaries

(Formerly Citco Advisors International Limited)

Annual Report 2016

Registered Number: 7904837

CITCO

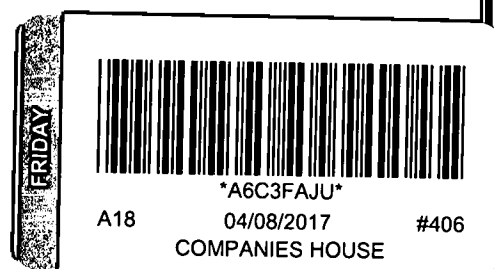


Table of Contents

1. Report of the directors and strategic report	4
2. Consolidated Financial Statements	7
3. Notes to the Consolidated Financial Statements	14
3.1. General	14
3.2. <i>Principal accounting policies</i>	16
3.3. Financial risk management	21
3.4. Personnel expenses	24
3.5. Professional services	24
3.6. Depreciation	24
3.7. Other operating expenses	24
3.8. Net finance (income)	25
3.9. Income tax expense	25
3.10. Property, plant and equipment	26
3.11. Other receivables and accrued income	26
3.12. Cash and cash equivalents	26
3.13. Share capital	27
3.14. Finance lease arrangements	27
3.15. Other payables and accrued expenses	28
3.16. Provisions	28
3.17. Operating lease arrangements	28
3.18. Related party transactions	29
3.19. Directors' remuneration	29
3.20. Events after the reporting date	29
4. Other information	31
5. Citco (UK) Limited Company Financial Statements	32
6. Independent Auditor's Report	41

1. Company Information

Directors

N. Braham

G. Hassett

Secretary and registered office

Citco (UK) Limited ("Company")

7 Albemarle Street

W1S 4HQ

London

United Kingdom

Independent auditor

Deloitte LLP

Hill House

London

EC4A 3TR

United Kingdom

Report of the directors for the year ended December 31, 2016

The directors present their annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2016.

Going concern

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

Directors

The directors of the Group, who served throughout the year and up to the date of this report, were as follows:

N. Braham

G. Hassett

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

Dividends

On March 17, 2016, the directors proposed a dividend for 2015 of USD 800,000/GBP 566,653 this was paid on March 24, 2016. The directors have not declared a dividend for 2016.

Directors' Responsibility Statement

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these consolidated financial statements, International Accounting Standard 1 requires that directors:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated 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.

Report of the directors for the year ended December 31, 2016 (continued)

Disclosure of Information to the Auditor

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

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

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

Auditor

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

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



Glenn Hassett

Director

7 Albemarle Street, London W1S 4HQ

July 27, 2017



Strategic Report of the directors for the year ended December 31, 2016

The directors present their strategic report together with the audited consolidated financial statements of the "Group" for the year ended December 31, 2016.

Principal activities

The Company holds strategic investments in other Citco Group companies and provides advisory, consultancy, administrative support services and the provision of marketing services to other affiliated companies. The strategic investments include activities involved in the provision of back office fund administration services to other affiliated companies.

Business review

The Group's loss for the year is GBP 138,000 (2015: Profit GBP 352,000) and is shown in the consolidated statement of comprehensive income.

Key performance indicators

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

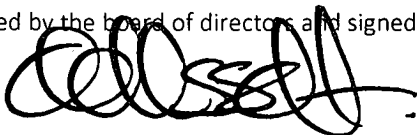
Principal risks and uncertainties

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

Future developments in the business

There are no future developments in the business.

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



Glenn Hassett

Director

7 Albemarle Street, London W1S 4HQ

July 27, 2017

2. Consolidated Financial Statements

Consolidated income statement for the year ended December 31,

	Note	2016	2015
		GBP 000	GBP 000
Revenue		10,502	10,140
Operating expenses:			
Personnel expenses	3.4	8,260	7,710
Restructuring expenses		—	176
Office rent		618	588
Office and administration expenses		218	217
Travel expenses		567	557
Professional services	3.5	556	204
Depreciation	3.6	216	209
Other operating expenses	3.7	247	138
		10,682	9,799
Net (loss)/profit from operations		(180)	341
Net finance (income)	3.8	(165)	(119)
Net (loss)/profit before tax		(15)	460
Income tax expense	3.9	116	108
Net (loss)/profit after tax		(131)	352
Attributable to:			
Shareholder of the Company		(94)	352
Non-controlling interests		(37)	—
Net (loss)/profit for the year		(131)	352

All results derive from continuing operations. The notes on pages 14 to 29 form an integral part of these consolidated financial statements.

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

	2016	2015
	GBP'000	GBP 000
Net (loss)/profit for the year	(131)	352
Items that may be reclassified subsequently to consolidated income statement:		
Foreign exchange (loss)	(7)	–
Total other comprehensive loss, net of income tax	(7)	–
Total comprehensive (loss)/income for the year	<u>(138)</u>	<u>352</u>
Attributable to:		
Shareholder of the Company	(101)	352
Non-controlling interests	(37)	–
	<u>(138)</u>	<u>352</u>

All results derive from continuing operations. The notes on pages 14 to 29 form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at December 31,

	Note	2016	2015
		GBP 000	GBP 000
Assets			
Non-current assets			
Property, plant and equipment	3.10	13,126	477
		13,126	477
Current assets			
Current receivable from affiliated companies		1,676	1,119
Other receivables and accrued income	3.11	883	307
Current tax receivable		—	27
Cash and cash equivalents	3.12	1,338	1,740
		3,897	3,193
Total assets		17,023	3,670

All results derive from continuing operations. The notes on pages 14 to 29 form an integral part of these consolidated financial statements.

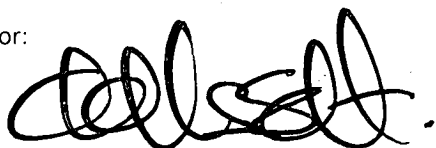
Consolidated statement of financial position as at December 31, (continued)

	Note	2016	2015
		GBP 000	GBP 000
Equity and liabilities			
Share capital	3.13	4,072	975
Translation reserve		(7)	—
Retained earnings		232	893
Equity attributable to shareholder of the Company		4,297	1,868
Non-controlling interests		(34)	3
Total equity		4,263	1,871
Non-current liabilities			
Finance lease liabilities	3.14	9,201	—
Deferred tax liabilities	3.9	33	31
Current liabilities			
Trade payables		201	276
Other payables and accrued expenses	3.15	1,781	1,180
Current payables to affiliated companies		790	136
Provisions	3.16	—	176
Current tax liabilities		13	—
Current portion of finance lease liabilities	3.14	741	—
Total equity and liabilities		17,023	3,670

All results derive from continuing operations. The notes on pages 14 to 29 form an integral part of these consolidated financial statements.

The financial statements of Citco (UK) Limited (Registered number 7904837) were approved by the Board of Directors and authorized for issuance on July 27, 2017 and are signed on its behalf by:

Director:



G. Hassett

Consolidated statement of changes in equity for the year ended December 31, 2016

	Issued ordinary shares GBP 000	Translation reserve GBP 000	Retained earnings GBP 000	Equity attributable to shareholder of the Company GBP 000	Non- controlling interest GBP 000	Total GBP 000
Balance as at January 1, 2016	975	–	893	1,868	3	1,871
Net loss for the year	–	–	(94)	(94)	(37)	(131)
Other comprehensive loss	–	(7)	–	(7)	–	(7)
Total comprehensive loss	–	(7)	(94)	(101)	(37)	(138)
Issuance of shares	3,097	–	–	3,097	–	3,097
Payment of dividend	–	–	(567)	(567)	–	(567)
Total transactions with the shareholder	3,097	–	(567)	2,530	–	2,530
Balance as at December 31, 2016	4,072	(7)	232	4,297	(34)	4,263

On March 24, 2016, the Company paid a dividend of GBP 566,653

All results derive from continuing operations. The notes on pages 14 to 29 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended December 31, 2015

	Issued ordinary shares GBP 000	Retained earnings GBP 000	Equity attributable to shareholder of the Company GBP 000	Non- controlling interest GBP 000	Total GBP 000
Balance as at January 1, 2015	597	541	1,138	–	1,138
Net profit for the year	–	352	352	–	352
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	352	352	–	352
Issuance of shares	378	–	378	–	378
Non-controlling interest in acquired subsidiary	–	–	–	3	3
Total transaction with the shareholder	378	–	378	3	381
Balance as at December 31, 2015	975	893	1,868	3	1,871

The Group did not declare or pay a dividend during the year.

All results derive from continuing operations. The notes on pages 14 to 29 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
		GBP 000	GBP 000
Cash flows from operating activities:			
Net (loss)/profit for the year		(131)	352
Adjusted for:			
• Income tax expense	3.9	116	108
• Depreciation	3.6	216	209
• Net finance (income)	3.8	(165)	(119)
		36	550
Movement in working capital:			
• (Increase) in receivables from affiliated companies		(557)	(292)
• (Increase) in other receivables and accrued income		(576)	(129)
• (Decrease) in trade payables		(75)	(71)
• Increase in other payables and accrued expenses		601	196
• Increase/(decrease) in current payable to affiliated companies		654	(263)
• Decrease/(increase) in provisions		(176)	176
• Foreign exchange gains		168	119
• Unrealized currency translation losses		(7)	–
Cash generated by operations		68	286
Interest paid		(3)	–
Income taxes paid		(74)	(120)
Net cash flow (used in)/generated by operating activities		(9)	166
Cash flows from investing activities:			
Additions to property, plant and equipment	3.10	(12,865)	(131)
Net cash flow (used in) investing activities		(12,865)	(131)
Cash flows from financing activities:			
Issuance of shares	3.13	3,097	378
Dividend paid to the shareholder of the Company		(567)	–
Issuance of finance lease liability		9,942	–
Contribution from non-controlling interest		–	3
Net cash flow generated by financing activities		12,472	381
Net (decrease)/increase in cash and cash equivalents		(402)	416
Cash and cash equivalents:			
Cash and cash equivalents as at January 1	3.12	1,740	1,324
Cash and cash equivalents as at December 31	3.12	1,338	1,740
(Decrease)/increase in cash and cash equivalents		(402)	416

All results derive from continuing operations. The notes on pages 14 to 29 form an integral part of these consolidated financial statements.

3. Notes to the Consolidated Financial Statements

3.1. General

3.1.1. Ownership

The Company is privately held and it was incorporated on January 10, 2013 as a Private Limited Company. The address of its registered office is as follows:

7 Albemarle Street
London
W1S 4HQ
United Kingdom

The Company is a wholly owned subsidiary of The Citco Group Limited, (The 'Parent Company') located in Grand Cayman, Cayman Islands. The Citco Group Limited is ultimately a wholly owned subsidiary of Citco III Limited, ('the Ultimate Parent Company') a Cayman Islands Company.

3.1.2. Group structure

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

Name	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest	Proportion of voting power held
Time New Travel Company S. à r. l	Travel agency	8 Avenue Hoche, Paris 75008 France	60%	60%
AREDVI GmbH	Aircraft leasing and financing	10 Universitätsring Vienna 1010 Austria	100%	100%
Citco Shared Services (India) Private Limited	Back office processing for fund administration	103 Sharda Chambers 1 st Floor, 15, Sir V. Thackersey Marg New Marine Lines Mumbai Maharashtra 400020 India	-%	-%

On November 23, 2016, the Company became the shareholder of AREDVI GmbH, an aircraft leasing and financing entity.

On September 9, 2016, Citco Shared Services India Private Limited ('CSSIP') was incorporated. As at December 31, 2016, the shares were not held by the Company. However, under IFRS 10 'consolidated financial statements' the Company was deemed to control CSSIP as the Company is exposed to variable returns from the Company's involvement with CSSIP and its ability to affect returns through its power over CSSIP. The after the balance sheet date, 100% of the share capital of CSSIP has been transferred to the Company.

3.1.3. Activities

The Company holds strategic investments in other Citco Group companies and provides advisory, consultancy, administrative support services and the provision of marketing services to other affiliated companies. The strategic investments include activities involved in the provision of back office processing for fund administration to other affiliated companies.

3.1.4. Change of name

On October 10, 2016, the name of the Company changed from Citco Advisors International Limited to Citco (UK) Limited.

3.1.5. Currency

The Company uses the GBP as functional currency and presentation currency, since that is the currency of the primary economic environment in which the Company is operating.

3.1.6. Approval of the Board

These consolidated financial statements have been approved for issuance by the Board of Directors on July 27, 2017.

3.2. Principal accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and its interpretations adopted by the European Union ('EU'). The consolidated 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.

Comparative figures

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

Going Concern

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 6.

The Group is expected to continue to generate positive cash flows as the entity provides support services to affiliated entities, and, in return, earns revenue based on the cost incurred.

The directors, having assessed the responses of the directors of the Company's parent, The Citco Group Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Group's financial position and of the enquiries made of the directors of The Citco Group Limited, the Company's directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual consolidated financial statements.

3.2.1. New and amended standards adopted by the Group

- 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.

3.2.2. New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been endorsed but are not yet effective. 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.
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 7 Disclosure Initiative, annual periods on or after January 1, 2017.
The amendment requires companies to disclose information about changes in their financial liabilities.

3.2.3. 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.

3.2.4. 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. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

3.2.5. 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.

On consolidation, the assets and liabilities of the Group's non-GBP operations are translated at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognized in OCI and transferred to the Group's translation reserve. On disposal of an entity, such cumulative translation differences are recognized as a gain or loss in the year in which the disposal takes place.

3.2.6. 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.

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

3.2.7. Operating expenses

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

3.2.8. Retirement benefit costs

Payments to defined contribution retirement schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement scheme.

For defined benefit retirement schemes, where insufficient information about the plan assets held by the pension fund or on behalf of the employees of the Group, the plan is treated as a defined contribution plan.

3.2.9. Taxation

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

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the 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.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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 OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.2.10. Property, plant and equipment

Machinery and equipment is 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
-------------------------	------------

Tangible assets with a purchase price of less than the equivalent of USD 500 are expensed in the year of purchase. Any assets with a purchase price between the equivalent of USD 500 and USD 2,500 are depreciated within the year of purchase.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

3.2.11. Trade receivables

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

3.2.12. 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.

3.2.13. 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.

3.2.14. 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.

3.2.15. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.2.16. 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.

3.3. Financial risk management

3.3.1. 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) Currency risk: The risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.
- (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.

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

It is the Company's policy not to actively enter into a risk position and it usually refinances in the same currency with the same maturity. The Ultimate Parent Company uses hedging techniques to protect the Company from sudden fluctuations in the currency markets in relation to operating income and expenses. Any currency risk resulting from fluctuations in exchange rates is reduced due to the ultimate parent company entering into forward contracts in order to hedge its exposure.

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

	GBP	USD	EUR	INR	Total
	GBP 000	GBP 000	GBP 000	GBP 000	GBP 000
As at December 31, 2016:					
<i>Non-current assets</i>					
Property, plant and equipment	354	12,772	–	–	13,126
<i>Current assets</i>					
Current receivables from affiliated companies	–	1,676	–	–	1,676
Other receivables and accrued income	555	–	81	247	883
Cash and cash equivalents	199	958	181	–	1,338
Total assets	1,108	15,406	262	247	17,023
<i>Non-current liabilities</i>					
Finance lease liabilities	–	9,201	–	–	9,201
Deferred tax liabilities	33	–	–	–	33
<i>Current liabilities</i>					
Trade payables	201	–	–	–	201
Other payables and accrued expenses	1,678	74	12	17	1,781
Current payables to affiliated companies	–	790	–	–	790
Current tax liabilities	13	–	–	–	13
Current portion of finance lease liabilities	–	741	–	–	741
Total liabilities	1,925	10,806	12	17	12,760
Net balance sheet position	(817)	4,600	250	230	4,263
As at December 31, 2015:					
Total assets	1,397	2,245	28	–	3,670
Total liabilities	1,663	136	–	–	1,799
Net balance sheet position	(266)	2,109	28	–	1,871

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Group.

The Group's maximum exposure to credit risk, arising from holdings of cash and cash equivalents as at December 31, 2016, is the carrying amount of those assets as indicated in the statement of financial position. This is managed by using only banks and brokers which are of high credit quality.

The Group is also exposed to credit risk on the receivables balances due at the period end date. A significant concentration of the receivables balance is due from one affiliated company as the Group makes the majority of revenue from this affiliated company.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast to actual cash flows. The following table represents the Group's remaining contractual maturity for its financial assets and financial liabilities. The table has been drawn up based the earliest date on which the Group can be required to receive and pay, respectively.

	Up to 1 month	1-3 months	3-12 months	>12 months	Total
	GBP 000	GBP 000	GBP 000	GBP 000	GBP 000
As at December 31, 2016:					
<i>Current assets</i>					
Current receivables from affiliated companies	1,576	–	100	–	1,676
Other receivables and accrued income	232	231	247	–	710
Cash and cash equivalents	1,338	–	–	–	1,338
Total assets	3,146	231	347	–	3,724
<i>Non-current liabilities</i>					
Finance lease liabilities	–	193	580	8,428	9,201
<i>Current liabilities</i>					
Trade payables	103	99	–	–	202
Other payables and accrued expenses	1,781	–	–	–	1,781
Current payables to affiliated companies	70	–	720	–	790
Current portion of finance lease liabilities	61	124	556	–	741
Total liabilities	2,015	416	1,856	8,428	12,715
As at December 31, 2015:					
<i>Current assets</i>					
Current receivables from affiliated companies	1,119	–	–	–	1,119
Other receivables and accrued income	117	118	–	–	235
Cash and cash equivalents	1,740	–	–	–	1,740
Total assets	2,976	118	–	–	3,094
<i>Current liabilities</i>					
Trade payables	138	138	–	–	276
Other payables and accrued expenses	1,180	–	–	–	1,180
Current payables to affiliated companies	136	–	–	–	136
Total liabilities	1,454	138	–	–	1,592

3.4. Personnel expenses

	2016	2015
	GBP 000	GBP 000
Salaries and bonuses	6,766	4,885
Social charges and taxes	1,114	764
Pension expenses	237	398
Other personnel expenses	143	1,663
Personnel expenses	<u>8,260</u>	<u>7,710</u>

The average number of full-time employees for the year was 39 (2015: 37).

3.5. Professional services

	2016	2015
	GBP 000	GBP 000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	28	18
Other professional services	<u>528</u>	<u>186</u>
Professional services	<u>556</u>	<u>204</u>

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

3.6. Depreciation

	2016	2015
	GBP 000	GBP 000
Machinery and equipment	<u>216</u>	<u>209</u>
Depreciation	<u>216</u>	<u>209</u>

3.7. Other operating expenses

	2016	2015
	GBP 000	GBP 000
Bank charges	11	8
Other expenses	<u>236</u>	<u>130</u>
Other operating expenses	<u>247</u>	<u>138</u>

3.8. Net finance (income)

	2016	2015
	GBP 000	GBP 000
Interest expense	3	–
Foreign exchange (gain)	(168)	(119)
Net finance (income)	(165)	(119)

3.9. Income tax expense

	2016	2015
	GBP 000	GBP 000
Current tax expense:		
Current year	137	125
Prior year	(23)	16
	114	141
Deferred tax expense:		
Current year	(22)	(33)
Prior year	24	–
	2	(33)
Total income tax expense	116	108

Reconciliation of the effective tax rate

		2016		2015
	%	GBP 000	%	GBP 000
Net (loss)/profit before tax		(15)		460
Income tax using the domestic corporate income tax rate of	0.2	(3)	20.3	93
Effect of rates different than statutory	2.6	(39)	(0.2)	(1)
Effect of losses not recognized	(10.4)	156	–	–
Non deductible and impact of prior years	(0.1)	2	3.5	16
Income tax expense	(7.7)	116	23.5	108

Recognized deferred tax (liabilities)

	2016	2015
	GBP 000	GBP 000
Property, plant and equipment	(33)	(31)
Total deferred tax (liabilities)	(33)	(31)

3.10. Property, plant and equipment

	Machinery and equipment	
	2016	2015
	GBP 000	GBP 000
Cost:		
As at January 1,	929	798
Additions	12,865	131
As at December 31,	13,794	929
Accumulated depreciation:		
As at January 1,	452	243
Depreciation	216	209
As at December 31,	668	452
Net carrying amount:		
As at December 31,	13,126	477

The Group's obligations under finance leases (Note 3.14) are secured by the lessor's title to a leased asset which has a carrying amount of GBP 12.7 million (2015: nil).

3.11. Other receivables and accrued income

	2016	2015
	GBP 000	GBP 000
Security deposits	350	30
Prepaid expenses	173	72
VAT receivable	143	168
Other receivables	217	37
As at December 31,	883	307

3.12. Cash and cash equivalents

	2016	2015
	GBP 000	GBP 000
Current accounts with other banks	374	395
Bank balances with affiliated companies	964	1,345
As at December 31,	1,338	1,740

Bank balances earn interest at the respective short-term deposit market rates.

3.13. Share capital

Issued and fully paid

	2016	2015
	Number of shares 000	Number of shares 000
As at January 1,	975	597
Issuance of ordinary shares at a par value of GBP 1 each	3,097	378
As at December 31,	4,072	975

On November 11, 2016 and December 8, 2016 the Company issued 241,955 and 2,855,104 ordinary shares respectively of GBP 1.00 each.

3.14. Finance lease arrangements

3.14.1 Leasing arrangements

The Company leased an asset under a finance lease arrangement. The lease term is 5 years. The Group has an option to purchase the asset for a nominal amount at the end of the lease term. The Group's obligations under the finance lease is secured by the lessors' title to the leased asset.

The interest rate underlying the finance lease obligation is three month LIBOR USD plus 3.45 percentage points per annum.

3.14.2 Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	GBP 000	GBP 000	GBP 000	GBP 000
Not later than one year	1,131	–	741	–
Later than one year and not later than five years	10,591	–	9,201	–
	11,722	–	9,942	–
Less: future finance charges	(1,780)	–	–	–
Present value of minimum lease payments	9,942	–	9,942	–

	2016	2015
	GBP 000	GBP 000
Included in the consolidated financial statements as:		
Current portion of finance lease liabilities	741	–
Non-current portion of finance lease liabilities	9,201	–
	9,942	–

3.15. Other payables and accrued expenses

	2016	2015
	GBP 000	GBP 000
Accrued expenses	1,434	810
Taxes and social security contributions payable	347	273
Other payables	–	97
As at December 31,	<u>1,781</u>	<u>1,180</u>

3.16. Provisions

	Restructuring 2016	2015
	GBP 000	GBP 000
As at January 1	176	–
Provisions made during the year	–	176
Provision used during the year	(176)	–
As at December 31,	<u>–</u>	<u>176</u>
Current	–	176
Non-current	–	–
As at December 31,	<u>–</u>	<u>176</u>

3.17. Operating lease arrangements

Minimum lease payments under operating leases recognized in the consolidated income statement for the period ended December 31, 2016 amount to GBP 592,432 (2015: GBP 549,491).

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
	GBP 000	GBP 000
Within one year	1,028	446
In the second to fifth years inclusive	4,357	1,369
After five years	106	422
As at December 31,	<u>5,491</u>	<u>2,237</u>

Operating lease payments includes rentals payable by the Group for its office and residential properties under non-cancellable leases expiring between 6 months and 6 years. On renewal the term of the lease are negotiated.

3.18. 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:

	2016	2015
	GBP 000	GBP 000
Receivables	1,676	1,119
Payables	(790)	(136)
Net balance receivable	<u>886</u>	<u>983</u>

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

	2016	2015
	GBP 000	GBP 000
Services rendered to:		
The Citco Group Limited	8,984	9,867
B&C Technology Ltd	942	273
Citco Fund Services (Ireland) Limited	251	–
Citco Fund Services (Luxembourg) S.A.	156	–
Other affiliated companies	169	–
As at December 31,	<u>10,502</u>	<u>10,140</u>

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

	2016	2015
	GBP 000	GBP 000
Office and residential rental charges	<u>473</u>	<u>468</u>

3.19. Directors' remuneration

Remuneration paid to the executive directors during the year and current account balances were as follows:

	2016	2015
	GBP 000	GBP 000
Salary and fringe benefits	1,398	1,150
Pension	10	32
Directors' remuneration	<u>1,408</u>	<u>1,182</u>

The total of directors' remuneration payable to the highest paid director was GBP 1,408,000 (2015: GBP 1,036,000).

The remuneration of the executive directors is decided by the shareholder.

3.20. Events after the reporting date

On March 9, 2017 the Company sold New Time Travel Co S. à r. l. to a related party.

Signing of the Consolidated Financial Statements

On July 27, 2017 the Board of Directors authorized the Consolidated Financial Statements for issuance.

Executive director:

Glenn Hassett

Chief Financial Officer

4. Other information

Statutory rules concerning appropriation of result

The Articles of Incorporation of the Company provide that the appropriation of the net result for the year is decided upon the annual General Meeting of shareholder.

Proposed appropriation of result for the financial year 2016

Awaiting the decision by the shareholder, the net result for the year has been included in retained earnings.

5. Citco (UK) Limited Company Financial Statements

Citco (UK) Limited Abbreviated statement of comprehensive income for the year ended December 31,

	Note	2016	2015
		GBP 000	GBP 000
Revenue		10,502	10,140
Operating expenses	A	(10,099)	(9,799)
Net finance income		164	119
Profit for the year before tax		567	460
Income tax expense	3.9	(116)	(108)
Profit for the year after tax		451	352
Attributable to:			
Shareholder of the Company		451	352
Profit for the year		451	352

Where applicable, the accounting policies of the Company are the same as those of the Group on pages 16 to 20. The notes identified alphabetically on page 38 to 40 are an integral part of these separate financial statements. Where the same items appear in the Group financial statements, reference is made to the notes (identified numerically) on pages 24 to 29.

Citco (UK) Limited statement of financial position for the year ended December 31,

	Note	2016	2015
		GBP 000	GBP 000
Assets			
Non-current assets			
Property, plant and equipment	B	354	477
Investments in subsidiary	C	36	4
		390	481
Current assets			
Current receivables affiliated companies		4,965	1,126
Other receivables and accrued income	D	545	307
Current tax receivable		—	27
Cash and cash equivalents	E	1,162	1,726
		6,672	3,186
Total assets		7,062	3,667
Equity and liabilities			
Share capital	3.13	4,072	975
Retained earnings		777	893
Total equity attributable to shareholder of the Company		4,849	1,868
Non-current liabilities			
Deferred tax liabilities	3.9	33	31
		33	31
Current liabilities			
Trade payables		201	276
Other payables and accrued expenses	F	1,678	1,180
Current payable affiliated companies		288	136
Current tax liabilities		13	—
Provisions	3.16	—	176
		2,180	1,768
Total equity and liabilities		7,062	3,667

Where applicable, the accounting policies of the Company are the same as those of the Group on pages 16 to 20. The notes identified alphabetically on page 38 to 40 are an integral part of these separate financial statements. Where the same items appear in the Group financial statements, reference is made to the notes (identified numerically) on pages 24 to 29.

The financial statements of Citco (UK) Limited (Registered number 7904837) were approved by the Board of Directors and authorized for issuance on July 27, 2017 and are signed on its behalf by:

Director:

A handwritten signature in black ink, consisting of several loops and a final vertical stroke, representing G. Hassett.

G. Hassett

Citco (UK) Limited statement of changes in equity for the year ended December 31, 2016

	Issued ordinary shares GBP 000	Retained earnings GBP 000	Total GBP 000
Balance as at January 1, 2016	975	893	1,868
Net profit for the year	—	451	451
Other comprehensive income:	—	—	—
Total comprehensive income	—	451	451
Issuance of shares	3,097	—	3,097
Payment of dividend	—	(567)	(567)
Total transactions with the shareholder	3,097	(567)	2,530
Total equity attributable to shareholder of the Company as at December 31, 2016	4,072	777	4,849

On March 24, 2016 the Company paid a dividend of GBP 566,653.

Where applicable, the accounting policies of the Company are the same as those of the Group on pages 16 to 20. The notes identified alphabetically on page 38 to 40 are an integral part of these separate financial statements. Where the same items appear in the Group financial statements, reference is made to the notes (identified numerically) on pages 24 to 29.

Citco (UK) Limited statement of changes in equity for the year ended December 31, 2015

	Issued ordinary shares	Retained earnings	Total
	GBP 000	GBP 000	GBP 000
Balance as at January 1, 2015	597	541	1,138
Net profit for the year and total comprehensive income	-	352	352
Issuance of shares	378	-	378
Total transactions with the shareholder	378	-	378
Total equity attributable to shareholders of the Company as at December 31, 2015	975	893	1,868

The Company did not declare or pay a dividend during the year.

Where applicable, the accounting policies of the Company are the same as those of the Group on pages 16 to 20. The notes identified alphabetically on page 38 to 40 are an integral part of these separate financial statements. Where the same items appear in the Group financial statements, reference is made to the notes (identified numerically) on pages 24 to 29.

Citco (UK) Limited statement of cash flows under indirect method for the year ended December 31,

	Note	2016	2015
		GBP 000	GBP 000
Cash flows from operating activities:			
Net profit for the year		451	352
Adjusted for:			
• Income tax expense	3.9	116	108
• Depreciation	B	216	209
• Net finance (income)		(164)	(119)
		619	550
Movement in working capital:			
• (Increase) in receivables from affiliated companies		(3,839)	(299)
• (Increase) in other receivables and accrued income		(238)	(129)
• (Decrease) in trade payables		(75)	(71)
• Increase in other payables and accrued expenses		498	196
• Increase/(decrease) in current payable to affiliated companies		152	(263)
• (Decrease)/increase in provisions		(176)	176
• Foreign exchange gains		164	119
Cash (used in)/generated by operations		(2,895)	279
Income taxes paid		(74)	(120)
Net cash flow (used in)/generated by operating activities		(2,969)	159
Cash flows from investing activities:			
Additions to property, plant and equipment	B	(93)	(131)
Net cash flow (used in) investing activities		(93)	(131)
Cash flows from financing activities:			
Issuance of shares	3.13	3,097	378
Dividend paid to the shareholder of the Company		(567)	–
Investment in subsidiaries	C	(32)	(4)
Net cash flow generated by financing activities		2,498	374
Net (decrease)/increase in cash and cash equivalents		(564)	402
Cash and cash equivalents:			
Cash and cash equivalents as at January 1	E	1,726	1,324
Cash and cash equivalents as at December 31	E	1,162	1,726
(Decrease)/increase in cash and cash equivalents		(564)	402

Where applicable, the accounting policies of the Company are the same as those of the Group on pages 16 to 20. The notes identified alphabetically on page 38 to 40 are an integral part of these separate financial statements. Where the same items appear in the Group financial statements, reference is made to the notes (identified numerically) on pages 24 to 29.

Citco (UK) Limited Notes to the financial statements

A. Operating expenses

	2016	2015
	GBP 000	GBP 000
Personnel expenses	8,196	7,710
Operating expenses	1,903	2,089
	<u>10,099</u>	<u>9,799</u>

	2016	2015
	GBP 000	GBP 000
Personnel expenses :		
Salaries and bonuses	6,719	5,256
Social charges and taxes	1,097	764
Pension expenses	237	398
Other personnel expenses	143	1,292
Personnel expenses	<u>8,196</u>	<u>7,710</u>

The average number of full-time employees for the year was 39 (2015: 37).

For details of the Company's Director's remuneration, refer to note 3.19.

B. Property, plant and equipment

	Machinery and equipment	
	2016	2015
	GBP 000	GBP 000
Cost:		
As at January 1,	930	799
Additions	93	131
As at December 31,	<u>1,023</u>	<u>930</u>
Accumulated depreciation:		
As at January 1,	453	244
Depreciation	216	209
As at December 31,	<u>669</u>	<u>453</u>
Net carrying amount:		
As at December 31,	<u>354</u>	<u>477</u>

C. Investments in subsidiary

	2016	2015
	GBP 000	GBP 000
As at January 1	4	–
Investment in New Time Travel Company S. à r. l.	–	4
Investment in AREDVI GmbH	31	
Investment in Citco Shared Services (India) Private Limited	1	
As at December 31,	<u>36</u>	<u>4</u>

For details of the Company's investment in subsidiaries refer to note 3.1.2.

D. Other receivables and accrued income

	2016	2015
	GBP 000	GBP 000
Prepaid expenses	173	72
VAT receivable	143	168
Security deposits	22	30
Other receivables	207	37
As at December 31,	<u>545</u>	<u>307</u>

E. Cash and cash equivalents

	2016	2015
	GBP 000	GBP 000
Current accounts with other banks	198	381
Bank balances with affiliated companies	964	1,345
As at December 31,	<u>1,162</u>	<u>1,726</u>

F. Other payables and accrued expenses

	2016	2015
	GBP 000	GBP 000
Accrued expenses	1,343	907
Taxes and social security contributions payable	335	273
As at December 31,	<u>1,678</u>	<u>1,180</u>

G. Risk management

Risk management in the context of the Company and the Group is considered in the Group consolidated financial statements, note 3.3.

H. Related parties transactions

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

	2016	2015
	GBP 000	GBP 000
Receivables	4,965	1,126
Payables	(287)	(136)
Net balance receivable as at December 31,	4,678	990

	2016	2015
	GBP 000	GBP 000
Services rendered to:		
The Citco Group Limited	8,984	9,867
B&C Technology Ltd	942	273
Citco Fund Services (Ireland) Limited	251	–
Citco Fund Services (Luxembourg) S.A.	156	–
Other affiliated companies	169	–
As at December 31,	10,502	10,140

	2016	2015
	GBP 000	GBP 000
Office and residential rental charges	473	468

I. Subsequent events

Details of the Company's subsequent events are given in the Group consolidated financial statements, note 20.

6. Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITCO (UK) LIMITED

We have audited the financial statements of Citco (UK) Limited for the year ended December 31, 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 3 to 3.20 and A to I 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 December 31, 2016 and of the group's loss 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 matters prescribed by the Companies Act 2006

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

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

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



Theo Brennand (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
July 27, 2017