

# Citco (UK) Limited and Subsidiaries

(Formerly Citco Advisors International Limited)

Annual Report 2017

Registered Number: 7904837

CITCO



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## 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

## Strategic Report of the directors for the year ended December 31, 2017

The directors present their strategic report together with the audited consolidated financial statements of the "Group" for the year ended December 31, 2017.

### 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.

### Results and dividends

The Company's loss for the year is GBP 465,000 (2016: loss GBP 131,000) and is shown in the Statement of Comprehensive Income. There were no other recognized gains or losses in the year (2016: Nil). The directors have not declared or paid a dividend for 2017. 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.

On March 9, 2017 the Company sold Time New Travel Company S. à r. l to a related party. No gain or loss was recognised on disposal.

### 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

September 28, 2018

## Report of the directors for the year ended December 31, 2017

The directors present their annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2017.

### 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.

### 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.

### Financial risk management objectives and policies

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

### Future developments and proposed dividends

There are no future developments in the business. The directors have not declared or paid a dividend for 2017

### Subsequent events

There were no events that have occurred subsequent to December 31, 2017 through to the date that the financial statements were signed which would require further adjustment or disclosure.

## Report of the directors for the year ended December 31, 2017 (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

September 28, 2018

## 2. Consolidated Financial Statements

Consolidated income statement for the year ended December 31,

	Note	2017	2016
		GBP 000	GBP 000
Revenue		18,112	10,502
Operating expenses:			
Personnel expenses	3.4	10,451	8,260
Restructuring expenses		81	—
Office rent		1,571	618
Office and administration expenses		395	218
Travel expenses		3,314	567
Professional services	3.5	433	556
Depreciation	3.6	994	216
Allowance for doubtful debts		25	—
Other operating expenses		400	247
		17,664	10,682
Net profit/(loss) from operations		448	(180)
Net finance expense/(income)	3.7	547	(165)
Net (loss) before tax		(99)	(15)
Income tax expense	3.8	366	116
Net (loss) after tax		(465)	(131)
Attributable to:			
Shareholder of the Company		(465)	(94)
Non-controlling interests		—	(37)
Net (loss) for the year		(465)	(131)

All results derive from continuing operations. The notes on pages 14 to 32 form an integral part of these consolidated financial statements.

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

	2017	2016
	GBP	
	000	GBP 000
Net (loss) for the year	(465)	(131)
Items that may be reclassified subsequently to consolidated income statement:		
Foreign exchange (loss) on translation of foreign operations	(81)	(7)
Total other comprehensive income, net of income tax	(81)	(7)
Total comprehensive (loss) for the year	(546)	(138)
Attributable to:		
Shareholder of the Company	(546)	(101)
Non-controlling interests	—	(37)
	(546)	(138)

All results derive from continuing operations. The notes on pages 14 to 32 form an integral part of these consolidated financial statements.



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

	Note	2017	2016
		GBP 000	GBP 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.9	12,019	13,126
Deferred tax assets	3.8	<u>38</u>	<u>–</u>
		12,057	13,126
<b>Current assets</b>			
Other receivables and accrued income	3.10	1,007	883
Current receivable from affiliated companies		1,815	1,676
Current tax assets		174	–
Cash and cash equivalents	3.11	<u>2,422</u>	<u>1,338</u>
		5,418	3,897
<b>Total assets</b>		<u>17,475</u>	<u>17,023</u>

All results derive from continuing operations. The notes on pages 14 to 32 form an integral part of these consolidated financial statements.

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

	Note	2017	2016
		GBP 000	GBP 000
<b>Equity and liabilities</b>			
Share capital	3.12	6,329	4,072
Translation reserve		(88)	(7)
Retained earnings		(233)	232
Equity attributable to shareholder of the Company		6,008	4,297
Non-controlling interests		—	(34)
<b>Total equity</b>		<b>6,008</b>	<b>4,263</b>
<b>Non-current liabilities</b>			
Finance lease liabilities	3.13	7,781	9,201
Deferred tax liabilities	3.8	—	33
Other liabilities		26	—
		<b>7,807</b>	<b>9,234</b>
<b>Current liabilities</b>			
Trade payables		81	201
Other payables and accrued expenses	3.14	2,081	1,781
Current payables to affiliated companies		450	790
Current tax liabilities		373	13
Current portion of finance lease liabilities	3.13	675	741
		<b>3,660</b>	<b>3,526</b>
<b>Total equity and liabilities</b>		<b>17,475</b>	<b>17,023</b>

All results derive from continuing operations. The notes on pages 14 to 32 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 September 28, 2018 and are signed on its behalf by:

Director:



G. Hassett

## Consolidated statement of changes in equity for the year ended December 31, 2017

Note	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, 2017	4,072	(7)	232	4,297	(34)	4,263
Net loss for the year	—	—	(465)	(465)	—	(465)
Other comprehensive income	—	(81)	—	(81)	—	(81)
Total comprehensive income	—	(81)	(465)	(546)	—	(546)
Issuance of shares 3.12	2,257	—	—	2,257	—	2,257
Total transactions with shareholder	2,257	—	—	2,257	—	2,257
Disposal of non-controlling interest	—	—	—	—	34	34
Total transaction with non-controlling interest	—	—	—	—	34	34
Balance as at December 31, 2017	6,329	(88)	(233)	6,008	—	6,008

All results derive from continuing operations. The notes on pages 14 to 32 form an integral part of these consolidated financial statements.

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

Note	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 income	–	(7)	–	(7)	–	(7)
Total comprehensive income	–	(7)	(94)	(101)	(37)	(138)
Issuance of shares 3.12	3,097	–	–	3,097	–	3,097
Payment of dividend	–	–	(567)	(567)	–	(567)
Total transaction with 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 32 form an integral part of these consolidated financial statements.

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

	Note	2017 GBP 000	2016 GBP 000
Cash flows from operating activities:			
Net (loss) for the year		(465)	(131)
Adjusted for:			
• Income tax expense	3.8	366	116
• Depreciation	3.6	994	216
• Net finance expense/(income)	3.7	547	(165)
		<u>1,442</u>	<u>36</u>
Movement in working capital:			
• (Increase) in other receivables and accrued income		(124)	(576)
• (Increase) in receivables from affiliated companies		(139)	(557)
• (Decrease) in trade payables		(120)	(75)
• Increase in other payables and accrued expenses		300	601
• (Decrease)/increase in current payable to affiliated companies		(340)	654
• (Decrease) in provisions		—	(176)
• Foreign exchange loss		492	168
• Increase in other liabilities		26	—
• Unrealized currency translation losses		(81)	(7)
Cash generated by operations		<u>1,456</u>	<u>68</u>
Interest paid		(427)	(3)
Income taxes paid		(251)	(74)
<b>Net cash flow generated by operating activities</b>		<u>778</u>	<u>(9)</u>
Cash flows from investing activities:			
Additions to property, plant and equipment	3.9	(935)	(12,865)
<b>Net cash flow (used in) investing activities</b>		<u>(935)</u>	<u>(12,865)</u>
Cash flows from financing activities:			
Issuance of shares	3.12	2,257	3,097
Dividend paid to the shareholder of the Company		—	(567)
(Repayment)/issuance of finance lease		(1,050)	9,942
Disposal of non-controlling interest		34	—
<b>Net cash flow generated by financing activities</b>		<u>1,241</u>	<u>12,472</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,084</u>	<u>(402)</u>
Cash and cash equivalents:			
Cash and cash equivalents as at January 1	3.11	1,338	1,740
Cash and cash equivalents as at December 31	3.11	2,422	1,338
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>1,084</u>	<u>(402)</u>

All results derive from continuing operations. The notes on pages 14 to 32 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 in England and is limited by shares. 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.

The largest company in which the results of the Company are consolidated is that headed by Citco III Limited, whose accounts are not publicly available. The smallest company in which they are consolidated is that headed by The Citco Group Limited whose accounts are not available to the public.

#### 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/ Registered office and Principal place of business	Proportion of ownership interest
AREDAVI GmbH	Aircraft leasing and financing	10 Universitätsring Vienna 1010 Austria	100%
Citco Shared Services (India) Private Limited	Back office processing for fund administration	103 Sharda Chambers 1 <sup>st</sup> Floor, 15. Sir V. Thackersey Marg New Marine Lines Mumbai Maharashtra 400020 India	100%
Time New Travel Company S. à r. l	Travel agency	8 Avenue Hoche, Paris 75008 France	60%

On November 23, 2016, the Company became the shareholder of AREDAVI 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. In 2017, 100% of the share capital of CSSIP has been transferred to the Company.

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

#### 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 fund administration services to other affiliated companies.

#### 3.1.4. 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.

#### 3.1.5. Approval of the Board

These consolidated financial statements have been approved for issuance by the Board of Directors on September 28, 2018.

## 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 4.

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 12 Recognition of Deferred Tax Assets for Unrealized Losses. Clarification of how to account for deferred tax assets related to debt instruments measured at fair value.

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

- Amendments to IAS 7 Disclosure Initiative, requires companies to disclose information about changes in their financing liabilities.

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

- Annual Improvements to IFRSs 2014-2016 Cycle, minor amendments to a number of standards

The adoption of the improvements made in the 2014-2016 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. 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 has undertaken 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 has no impact associated within the earlier recognition of credit losses on the company.

- 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.

The Company estimates that there will be no material impact on the amounts recognized in the consolidated financial statements.

- IFRS 16 Leases, annual periods on or after January 1, 2019.

The standard establishes principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

The Company is in the process of undertaking a detailed assessment of the impact on the financial asset and liability classifications.

### 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, 2017. 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.

### 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
Leasehold improvements	Term of the lease

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 if 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.

### 3.2.17. Critical accounting judgements and key source of estimate uncertainty

There were no critical accounting judgements.

## 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, 2017:					
<i>Non-current assets</i>					
Property, plant and equipment	325	11,109	–	585	12,019
Deferred tax assets	2	–	–	36	38
<i>Current assets</i>					
Other receivables and accrued income	325	238	–	444	1,007
Current receivables from affiliated companies	–	1,815	–	–	1,815
Current tax assets	–	–	174	–	174
Cash and cash equivalents	310	1,852	136	124	2,422
<b>Total assets</b>	<b>962</b>	<b>15,014</b>	<b>310</b>	<b>1,189</b>	<b>17,475</b>
<i>Non-current liabilities</i>					
Finance lease liabilities	–	7,781	–	–	7,781
Other liabilities	–	–	–	26	26
<i>Current liabilities</i>					
Trade payables	81	–	–	–	81
Other payables and accrued expenses	1,472	149	–	460	2,081
Current payables to affiliated companies	–	450	–	–	450
Current tax liabilities	121	–	–	252	373
Current portion of finance lease liabilities	–	675	–	–	675
<b>Total liabilities</b>	<b>1,674</b>	<b>9,055</b>	<b>–</b>	<b>738</b>	<b>11,467</b>
<b>Net balance sheet position</b>	<b>(712)</b>	<b>5,959</b>	<b>310</b>	<b>451</b>	<b>6,008</b>
As at December 31, 2016:					
Total assets	1,108	15,406	262	247	17,023
Total liabilities	1,925	10,806	12	17	12,760
<b>Net balance sheet position</b>	<b>(817)</b>	<b>4,600</b>	<b>250</b>	<b>230</b>	<b>4,263</b>

#### Currency sensitivity analysis

The Group is mainly exposed to the US Dollar.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in exchange rates.

If the GBP to US Dollar had been 10% higher and all other variables were held constant, the Group's net loss for the year ended December 31, 2017 would decrease by USD 1.1 million (2016: decrease by USD 0.7 million) and the Group's equity as at December 31, 2017 would increase by USD 0.6 million (2016: increase by USD 0.5 million).

If the GBP to US Dollar had been 10% lower and all other variables were held constant, the Group's net loss for the year ended December 31, 2017 would increase by USD 1.1 million (2016: increase by USD 0.7 million) and the Group's equity as at December 31, 2017 would decrease by USD 0.6 million (2016: decrease by USD 0.5 million).

**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, 2017, 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.

There are no financial assets that are past due and nor impaired at the balance sheet date.

**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.

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

	Up to 1 month	1-3months	3-12 months	>12 months	Total
	GBP 000	GBP 000	GBP 000	GBP 000	GBP 000
<b>As at December 31, 2017:</b>					
<i>Current assets</i>					
Other receivables and accrued income	303	303	216	–	822
Current receivables from affiliated companies	1,814	–	1	–	1,815
Cash and cash equivalents	2,422	–	–	–	2,422
<b>Total assets</b>	<b>4,539</b>	<b>303</b>	<b>217</b>	<b>–</b>	<b>5,059</b>
<i>Non-current liabilities</i>					
Finance lease liabilities	–	–	–	7,781	7,781
Other liabilities	–	–	–	26	26
<i>Current liabilities</i>					
Trade payables	41	40	–	–	81
Other payables and accrued expenses	2,081	–	–	–	2,081
Current payables to affiliated companies	245	–	205	–	450
Current portion of finance lease liabilities	56	112	507	–	675
<b>Total liabilities</b>	<b>2,423</b>	<b>152</b>	<b>712</b>	<b>7,807</b>	<b>11,094</b>
<b>As at December 31, 2016:</b>					
<i>Current assets</i>					
Other receivables and accrued income	232	231	247	–	710
Current receivables from affiliated companies	1,576	–	100	–	1,676
Cash and cash equivalents	1,338	–	–	–	1,338
<b>Total assets</b>	<b>3,146</b>	<b>231</b>	<b>347</b>	<b>–</b>	<b>3,724</b>
<i>Non-current liabilities</i>					
Finance lease liabilities	–	–	–	9,201	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
<b>Total liabilities</b>	<b>2,015</b>	<b>223</b>	<b>1,276</b>	<b>9,201</b>	<b>12,715</b>



### 3.4. Personnel expenses

	2017	2016
	GBP 000	GBP 000
Salaries and bonuses	8,632	6,766
Social charges and taxes	1,066	1,114
Pension expenses	525	237
Other personnel expenses	228	143
Personnel expenses	<u>10,451</u>	<u>8,260</u>

The average number of full-time employees for the year was 119 (2016: 39).

Personnel expenses include the expenses associated with the Board of Directors. See Note 3.20 for Director's remuneration.

### 3.5. Professional services

	2017	2016
	GBP 000	GBP 000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	23	23
Fees payable to the Company's auditors and their associates for the accounts audit of the Company's subsidiaries annual accounts	27	5
Other professional services	383	528
Professional services	<u>433</u>	<u>556</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

	2017	2016
	GBP 000	GBP 000
Machinery and equipment	944	216
Leasehold improvements	50	—
Depreciation	<u>994</u>	<u>216</u>

### 3.7. Net finance expense/(income)

	2017	2016
	GBP 000	GBP 000
Interest expense	427	3
Foreign exchange loss/(gain)	120	(168)
Net finance expense/(income)	<u>547</u>	<u>(165)</u>

### 3.8. Income tax expense

	2017	2016
	GBP 000	GBP 000
Current tax expense:		
Current year	407	137
Prior year	30	(23)
	<u>437</u>	<u>114</u>
Deferred tax expense:		
Current year	(76)	(22)
Prior year	5	24
	<u>(71)</u>	<u>2</u>
Total income tax expense	<u>366</u>	<u>116</u>

#### Reconciliation of the effective tax rate

	2017		2016	
	%	GBP 000	%	GBP 000
Net (loss) before tax		<u>(99)</u>		<u>(15)</u>
Income tax using the domestic corporate				
income tax rate of	19.2	(19)	20.0	(3)
Effect of rates different than statutory	(36.4)	36	260.0	(39)
Effect of losses not recognized	(256.6)	254	(1,040.0)	156
Non deductible items	(60.6)	60	(9.3)	1
Impact of prior years	<u>(35.4)</u>	<u>35</u>	<u>(4.0)</u>	<u>1</u>
Income tax expense	<u>(369.7)</u>	<u>366</u>	<u>(773.3)</u>	<u>116</u>

#### Recognized deferred tax assets and deferred tax liabilities

	2017	2016
	GBP 000	GBP 000
Property, plant and equipment	(11)	(33)
Other payables and accrued expenses	49	—
Total deferred tax assets/(liabilities)	<u>38</u>	<u>(33)</u>

Deferred tax assets have been recognized to the extent that it is considered more likely than not that there will be suitable taxable profits from the future reversal of the underlying timing difference can be deducted.

### 3.9. Property, plant and equipment

	Machinery and equipment	Leasehold improvements	Total
	GBP 000	GBP 000	GBP 000
Cost:			
As at January 1,	13,794	–	13,794
Additions	581	354	935
Foreign exchange (loss)	(1,079)	–	(1,079)
As at December 31,	13,296	354	13,650
Accumulated depreciation:			
As at January 1,	668	–	668
Depreciation	944	50	994
Foreign exchange (gain)	(31)	–	(31)
As at December 31,	1,581	50	1,631
Net carrying amount:			
As at December 31,	11,715	304	12,019

The Group's obligations under finance leases (Note 3.13) are secured by the lessor's title to a leased asset which has a carrying amount of GBP 11.1 million (2016: 12.7 million).

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

### 3.10. Other receivables and accrued income

	2017	2016
	GBP 000	GBP 000
Security deposits	479	350
Prepaid expenses	185	173
VAT receivable	231	143
Other receivables	112	217
As at December 31,	<u>1,007</u>	<u>883</u>

### 3.11. Cash and cash equivalents

	2017	2016
	GBP 000	GBP 000
Current accounts with other banks	923	374
Bank balances with affiliated companies	1,499	964
As at December 31,	<u>2,422</u>	<u>1,338</u>

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

### 3.12. Share capital

Authorized shares

	2017	2016
	Number of shares 000	Number of shares 000
As at January 1,	4,072	975
Issuance of ordinary shares at a par value of GBP 1 each	2,257	3,097
As at December 31,	<u>6,329</u>	<u>4,072</u>

In 2017, the Company issued 2,256,900 ordinary shares respectively of GBP 1.00 each.

### 3.13. Finance lease arrangements

#### 3.13.1 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.

#### 3.13.2 Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	GBP 000	GBP 000	GBP 000	GBP 000
Not later than one year	1,060	1,131	675	741
Later than one year and not later than five years	8,731	10,591	7,781	9,201
	9,791	11,722	8,456	9,942
Less: future finance charges	(1,335)	(1,780)	—	—
Present value of minimum lease payments	8,456	9,942	8,456	9,942

	2017	2016
	GBP 000	GBP 000
Included in the consolidated financial statements as:		
Current portion of finance lease liabilities	675	741
Non-current portion of finance lease liabilities	7,781	9,201
	8,456	9,942

### 3.14. Other payables and accrued expenses

	2017	2016
	GBP 000	GBP 000
Accrued expenses	1,760	1,434
Taxes and social security contributions payable	321	347
As at December 31,	2,081	1,781

### 3.15. Provisions

	Restructuring 2017	2016
	GBP 000	GBP 000
As at January 1	—	176
Provision used during the year	—	(176)
As at December 31,	—	—
Current	—	—
Non-current	—	—
As at December 31,	—	—

### 3.16. Categories of financial assets and financial liabilities

#### Financial Assets

	2017	2016
	USD 000	USD 000
Cash and cash equivalents	2,422	1,338
Loans and receivables	2,407	2,242
As at December 31,	4,829	3,580

#### Financial Liabilities

	2017	2016
	USD 000	USD 000
Other liabilities	2,210	2,224

### 3.17. 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.

### 3.18. Operating lease arrangements

Lease payments under operating leases recognized in the consolidated income statement for the period ended December 31, 2017 amount to GBP 1,444 thousand (2015: GBP 592 thousand).

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

	2017	2016
	GBP 000	GBP 000
Within one year	1,705	1,028
In the second to fifth years inclusive	3,559	4,357
After five years	–	106
As at December 31,	<u>5,264</u>	<u>5,491</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.

### 3.19. Related party transactions

Related party transactions are recognized on an arm's length basis and are due within 12 months of the balance sheet date. A summary of the transactions between the Group and its related parties for the year ended December 31, are as follows:

	2017	2016
	GBP 000	GBP 000
Receivables	1,815	1,676
Payables	(450)	(790)
Net balance receivable	<u>1,365</u>	<u>886</u>

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

	2017	2016
	GBP 000	GBP 000
Services rendered to:		
The Citco Group Limited	10,635	8,984
B&C Technology Ltd	255	942
Citco Fund Services (Ireland) Limited	1,383	251
Citco Fund Services (Luxembourg) S.A.	492	156
Citco Fund Services (Holdings) Limited	2,395	53
Citco Fund Services (Cayman Islands) Limited	777	–
Citco Fund Administration (Cayman Islands) Limited	296	–
Citco Fund Services (Guernsey) Limited	250	90
Other affiliated companies	<u>576</u>	<u>26</u>
As at December 31,	<u>17,059</u>	<u>10,502</u>

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

	2017	2016
	GBP 000	GBP 000
Office and residential rental charges	753	473
Travel expenses	122	—
Other	31	—
	<u>906</u>	<u>473</u>

### 3.20. Directors' remuneration

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

	2017	2016
	GBP 000	GBP 000
Salary and fringe benefits	1,711	1,398
Pension	10	10
Director's remuneration	<u>1,721</u>	<u>1,408</u>

The total of salary and fringe benefits payable to the highest paid director was GBP 1,711,000 (2016: GBP 1,398,000).

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

### 3.21. Events after the reporting date

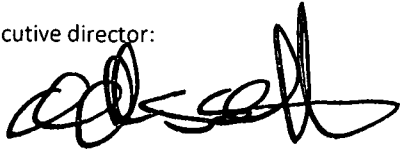
On January 22, 2018 the Company issued 180,356 ordinary shares of GBP 1.00 and made a capital contribution of GBP 180,356 in Aredvi GmbH.



**Signing of the Consolidated Financial Statements**

On September 28, 2018 the Board of Directors authorized the Consolidated Financial Statements for issuance.

Executive director:

A handwritten signature in black ink, appearing to read 'GHassett', with a stylized, cursive script.

Glenn Hassett

Chief Financial Officer

## 5. Citco (UK) Limited Company Financial Statements

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

	Note	2017	2016
		GBP 000	GBP 000
Revenue		12,302	10,502
Operating expenses	A	(11,735)	(10,099)
Net finance expense/(income)	C	121	(164)
<b>Profit for the year before tax</b>		<b>446</b>	<b>567</b>
Income tax expense	D	151	116
<b>Profit for the year after tax</b>		<b>295</b>	<b>451</b>
Attributable to:			
Shareholder of the Company		295	451
<b>Profit for the year</b>		<b>295</b>	<b>451</b>

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 39 to 43 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 25 to 32.

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

	Note	2017	2016
		GBP 000	GBP 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	E	325	354
Investments in subsidiary	F	5,531	36
Deferred tax assets	D	2	—
		5,858	390
<b>Current assets</b>			
Other receivables and accrued income	G	326	545
Current receivables from affiliated companies		1,441	4,965
Cash and cash equivalents	H	1,520	1,162
		3,287	6,672
<b>Total assets</b>		<b>9,145</b>	<b>7,062</b>
<b>Equity and liabilities</b>			
Share capital	3.12	6,329	4,072
Retained earnings		1,072	777
<b>Total equity attributable to shareholder of the Company</b>		<b>7,401</b>	<b>4,849</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	D	—	33
		—	33
<b>Current liabilities</b>			
Trade payables		81	201
Other payables and accrued expenses	I	1,473	1,678
Current payable to affiliated companies		69	288
Current tax liabilities		121	13
		1,744	2,180
<b>Total equity and liabilities</b>		<b>9,145</b>	<b>7,062</b>

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 39 to 43 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 25 to 32.

The financial statements of Citco (UK) Limited (Registered number 7904837) were approved by the Board of Directors and authorized for issuance on September 28, 2018 and are signed on its behalf by:

Director:

A handwritten signature in black ink, appearing to be 'G. Hassett', with a stylized, cursive script.

G. Hassett

## Citco (UK) Limited statement of changes in equity for the year ended December 31, 2017

	Issued ordinary shares	Retained earnings	Total
	GBP 000	GBP 000	GBP 000
Balance as at January 1, 2017	4,072	777	4,849
Net profit for the year	—	295	295
Other comprehensive income:	—	—	—
Total comprehensive income	—	295	295
Issuance of shares	2,257	—	2,257
Total transactions with shareholder	2,257	—	2,257
Total equity attributable to shareholder of the Company as at December 31, 2017	6,329	1,072	7,401

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 39 to 43 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 25 to 32.

## 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 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 39 to 43 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 25 to 32.

## Citco (UK) Limited Notes to the financial statements

### A. Operating expenses

	2017	2016
	GBP 000	GBP 000
Personnel expenses	8,879	8,196
Operating expenses	2,856	1,903
	<u>11,735</u>	<u>10,099</u>

	2017	2016
	GBP 000	GBP 000
Personnel expenses :		
Salaries and bonuses	7,357	6,719
Social charges and taxes	1,064	1,097
Pension expenses	365	237
Other personnel expenses	93	143
Personnel expenses	<u>8,879</u>	<u>8,196</u>

The average number of full-time employees for the year was 46 (2016: 39).

For details of the Company's Director's remuneration, refer to note 3.20.

### B. Auditor's remuneration

	2017	2016
	GBP 000	GBP 000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	23	23
Fees payable to the Company's auditors and their associates for the accounts audit of the Company's subsidiaries annual accounts	10	5
	<u>33</u>	<u>28</u>

### C. Net finance expense/(income)

	2017	2016
	GBP 000	GBP 000
Interest expense	–	4
Foreign exchange loss/(gain)	121	(168)
Net finance expense/(income)	<u>121</u>	<u>(164)</u>

## D. Income tax expense

	2017	2016
	GBP 000	GBP 000
Current year	95	137
Prior year	20	(23)
	<u>115</u>	<u>114</u>
Deferred tax expense:		
Current year	31	(22)
Prior year	5	24
	<u>36</u>	<u>2</u>
Total income tax expense	<u>151</u>	<u>116</u>

### Reconciliation of the effective tax rate

		2017		2016
	%	GBP 000	%	GBP 000
Net profit before tax		<u>446</u>		<u>567</u>
Income tax using the domestic corporate income tax rate of	20.0	89	19.9	113
Non deductible items	8.2	37	0.4	2
Impact of prior years	<u>5.5</u>	<u>25</u>	<u>0.2</u>	<u>1</u>
Income tax expense	<u>33.8</u>	<u>151</u>	<u>20.5</u>	<u>116</u>

The UK corporation tax rate was 20% decreasing to 19% from April 2017 (2016: 20%). The setting of the corporate tax main rate to 19% from 20% was announced by the government at the 2015 Summer Budget. For the purpose of the financial statements, we have used a group wide average rate of 20%.

### Recognized deferred tax assets and deferred tax liabilities

	2017	2016
	GBP 000	GBP 000
Recognize deferred tax asset and deferred tax liabilities		
Property, plant and equipment	<u>2</u>	<u>(33)</u>
	<u>2</u>	<u>(33)</u>



## E. Property, plant and equipment

	Machinery and equipment	
	2017	2016
	GBP 000	GBP 000
Cost:		
As at January 1,	1,023	930
Additions	201	93
As at December 31,	1,224	1,023
Accumulated depreciation:		
As at January 1,	669	453
Depreciation	230	216
As at December 31,	899	669
Net carrying amount:		
As at December 31,	325	354

## F. Investments in subsidiary

	2017	2016
	GBP 000	GBP 000
As at January 1	36	4
Investment in AREDA GmbH	4,329	31
Investment in Citco Shared Services (India) Private Limited	1,170	1
Disposal of investment in New Time Travel Company S. à r. l.	(4)	—
As at December 31,	5,531	36

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

## G. Other receivables and accrued income

	2017	2016
	GBP 000	GBP 000
Prepaid expenses	129	173
VAT receivable	72	143
Security deposits	22	22
Other receivables	103	207
As at December 31,	326	545

## H. Cash and cash equivalents

	2017	2016
	GBP 000	GBP 000
Current accounts with other banks	255	198
Bank balances with affiliated companies	1,265	964
As at December 31,	1,520	1,162

## I. Other payables and accrued expenses

	2017	2016
	GBP 000	GBP 000
Accrued expenses	1,191	1,343
Taxes and social security contributions payable	282	335
As at December 31,	1,473	1,678

## J. Risk management

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

## K. Related parties transactions

Related party transactions are recognized on an arm's length basis and are due within 12 months of the balance sheet date. A summary of the transactions between the Company and its related parties for the year ended December 31, are as follows:

	2017	2016
	GBP 000	GBP 000
Receivables	1,441	4,965
Payables	(69)	(287)
Net balance receivable as at December 31,	<u>1,372</u>	<u>4,678</u>

	2017	2016
	GBP 000	GBP 000
Services rendered to:		
The Citco Group Limited	9,230	8,984
B&C Technology Ltd	255	942
Citco Fund Services (Ireland) Limited	1,383	251
Citco Fund Services (Luxembourg) S.A.	492	156
Other affiliated companies	942	169
As at December 31,	<u>12,302</u>	<u>10,502</u>

	2017	2016
	GBP 000	GBP 000
Office and residential rental charges	<u>753</u>	<u>473</u>

## L. Subsequent events

Details of the Company's subsequent events are given in the Group consolidated financial statements, note 3.21.

## 6. Independent auditor's report to the members of Citco (UK) Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion:

- the financial statements of Citco (UK) Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 3.1 to 3.19 for the group and notes A to K for the parent company.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### Basis for opinion

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

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

#### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.*

### Auditor's responsibilities for the audit of the financial statements

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

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

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

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

- adequate accounting records have not been kept 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.

We have nothing to report in respect of these matters.

**Use of our report**

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



Jessica Hodges (Senior statutory auditor)  
For, and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
September 28, 2018