



# Annual Report and Financial Statements 2017

LGT UK Holdings Limited

Registered Number: 10011913

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**LGT UK Holdings Limited**

35 Great St. Helen's, London EC3A 6AP, England

LGT Group is represented in more than 20 locations in Europe, Asia and the Middle East.  
A complete address list can be seen at [www.lgt.com](http://www.lgt.com)



## **Board of directors and other information**

### **Directors**

O. de Perregaux (Swiss)  
U. Gaehwiler (Swiss)  
I. Enderli (Swiss)  
M. Kalsbeek (Dutch) (resigned 12 March 2018)  
M. Bourgeois (British) (appointed 01 April 2018)

### **Secretary**

Intertrust (UK) Limited (resigned 01 April 2018)  
S. Watson (appointed 01 April 2018)  
35 Great St. Helen's  
London EC3A 6AP  
England

### **Registered Office**

35 Great St. Helen's  
London EC3A 6AP  
England

### **Principal Banker**

LGT Bank Limited  
Herrengasse 12  
FL-9490 Vaduz  
Liechtenstein

### **Independent Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

### **Principal Solicitors**

Dentons UKMEA LLP  
One Fleet Place  
London EC4M 7WS  
England

## **Directors' report**

### **For the period ended 31 December 2017**

The Directors submit their annual report together with the audited financial statements for the period ended 31 December 2017. This report has been prepared in accordance with the special provisions relating to small companies. The Company is availing of the exemption from preparing a strategic report under section 15 of the Companies Act 2006.

#### **1. Principal activities and review of the business**

LGT UK Holdings Limited ("the Company") was incorporated on 18 February 2016. The Company was established for structuring purposes within LGT Group Foundation ("LGT Group") and it holds three LGT Group entities, namely LGT Vestra LLP ("Vestra"), LGT Capital Partners (UK) Limited ("CPUK") and LGT EC Holding Limited ("ECH").

The Company acquired a stake of 75.57% in Vestra in 2016, which remains unchanged at 31 December 2017. The Company will acquire the remaining 24.43% in the years 2019 and 2021. The Company does not have any control or influence over Vestra, which is consistent with the LGT Group policy on accounting for LGT subsidiaries and is in accordance with IFRS 10 – Consolidated Financial Statements. Vestra is consolidated at LGT Group level so consolidated accounts for the immediate parents, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

The Company acquired 100% of CPUK in 2016. For the current year, CPUK made a profit for the financial year of GBP 126,254 and amounts attributable to the equity shareholder at 31 December 2017 were GBP 2,845,579. The Company does not have control or influence over CPUK, which is consistent with the LGT Group policy on accounting for LGT subsidiaries and is in accordance with IFRS 10 – Consolidated Financial Statements. CPUK is consolidated at LGT Group level so consolidated accounts for the immediate parents, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

On 20 February 2017, the Company entered into a share purchase agreement to purchase 100% of the shares in European Capital Fund Management Limited (now renamed LGT European Capital Limited ("LGT EC")), a small Alternative Investment Fund Manager with operations in France and in Great Britain. The acquisition date was 01 June 2017. Thereafter, it was decided to restructure the ownership of LGT EC via a separate holding company named LGT EC Holding Ltd. It was agreed that the existing partners of LGT EC would purchase 40% of ECH's voting rights. The partners would continue to act as the management team of LGT EC. The remaining 60% of shares in LGT ECH are held by the Company. The transfer of ownership of ECH to the Company was effected on 22 November 2017.

It is intended that Company will purchase the remaining stake of 40% of LGT ECH in 2019 and 2021. Under the terms of the share purchase agreement, milestone payments will be made to the minority shareholders over a number of years to coincide with the share re-purchase. In line with IAS 19, these milestone payments have been treated as long-term employee benefits. As such, the milestone payments have been recognised in personnel expenses on an accruals basis.

In January 2017, the functional currency of the Company was changed to Swiss Franc ("CHF"). The change was made to comply with LGT Group policy that all LGT Group holding companies have a CHF functional currency and is supported by the change in currency to CHF of the financing received from LGT Bank Ltd. As such, all comparatives for the prior year have been restated from Great British Pounds ("GBP") to CHF. As the creation of the Company and the change in the functional currency occurred within 3 years, there is no requirement for a third Balance Sheet for comparative purposes.

The presentation currency changed from GBP to CHF to comply with the LGT Group policy. The comparative financial information for the prior year has been restated from GBP to CHF.

## **2. Results for the period and state of affairs at 31 December 2017**

The statement of comprehensive income and statement of financial position are set out on pages 10 and 11 respectively. After accounting for a loss for the financial period of CHF 33,914,409, amounts attributable to the equity shareholder at 31 December 2017 were CHF 55,697,030.

## **3. Current period developments**

Overall performance for the Company in the current year is in line with expectation. The following is a brief summary of the performance of the companies held by the Company.

### **Vestra:**

Vestra's revenue for the year to 31 December 2017 was GBP 52.0m, up GBP 24.0m from the prior 8 month account period to 31 December 2016 of GBP 28.0m, representing an annualised equivalent increase of 23%. This has been driven by successful net asset inflow growth over the year of GBP 2.1bn and strong market/portfolio performance of GBP 0.5bn, bringing year end Assets Under Management at 31 December 2017 to GBP10bn up 35% from 31 December 2016 GBP 7.4bn.

### **CPUK:**

CPUK's revenue for the year to 31 December 2017 was GBP 6.3m, up GBP 1.6m on prior year or 34%. Overall net profit for the year reduced from GBP 186k to GBP126k due to increased expenses. This is in line with expectation.

ECH:

ECH's sole purpose is to hold the investment in LGT EC. As such there is no trading income or notable profits or losses.

#### **4. Future developments**

The Company plans to maintain all of its investments in Vestra, CPUK and ECH for the foreseeable future.

#### **5. Risk management**

Risks associated with investment

The risk to the Company is the financial risk of losing the share capital invested in Vestra, CPUK and ECH. Claims against all companies in excess of their share capital will be ultimately claimed up the chain through the LGT Group structure.

Claims could materialise for a variety of business reasons, however, LGT Group minimise this risk by ensuring that, as with all LGT Group subsidiaries, there is sufficient strategic planning carried out before any LGT Group restructuring or new acquisition is made, a suitable corporate governance framework is instilled in the company and that key risk areas are adequately managed, either within LGT Group, by hiring adequately qualified resources, or externally through outsourcing.

Vestra

The main risk associated with the investment in Vestra is a risk that the investment asset will require an impairment. Possible triggers for an impairment of this investment may include an impairment of the goodwill associated with the acquisition of the investment by way of a reduction in the value associated with an LGT Group private banking presence in London or an impairment of intangible assets, by way of a significant change in the relationship managers employed by Vestra. An annual assessment of impairment of the investment in Vestra has been conducted internally.

CPUK

The main risk associated with the investment in CPUK is a risk that the investment asset will require an impairment. Possible triggers for an impairment may include CPUK becoming a loss-making entity or a reduction in the value of an LGT Group asset management presence in London. An annual assessment of impairment of the investment in CPUK has been conducted internally.

ECH

The main risk associated with the investment in ECH is a risk that the investment asset will require an impairment. Possible triggers for an impairment may include ECH becoming a loss-making entity or a reduction in the value of an LGT Group asset management presence in London and/or Paris. An annual assessment of impairment of the investment in ECH is conducted internally.

## **6. Directors**

The names of the persons who were Directors at any time during the period ended 31 December 2017 are as follows: O. de Perregaux, U. Gaehwiler, I. Enderli and M. Kalsbeek. The following changes to the Directors occurred during the post year end period:

M. Kalsbeek (resigned 12 March 2018)

M. Bourgeois (appointed 01 April 2018)

The Directors and the Secretary had no interest in the share capital of the Company for the period ending 31 December 2017.

Intertrust (UK) Limited were appointed to provide Company Secretarial Services to the Company on 01 July 2016. Intertrust (UK) Limited resigned as Secretary to the Company on 01 April 2018. Sylvia Watson was appointed to provide Company Secretarial Services to the Company on 01 April 2018.

## **7. Directors' responsibility statement**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the European Union ("EU"). UK company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.



The Company's financial statements for the period ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union "EU").

**8. Statement of disclosure to auditors**

As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.


**9. Post balance sheet events**

There are no post balance sheet events.

**10. Independent auditors**

PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm, who were appointed during the period have expressed their willingness to continue in office in accordance with the Companies Act, 2006.

On behalf of the Board

  
\_\_\_\_\_  
Olivier de Perregaux, Director

  
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Ivo Enderli, Director

**Date: 31 May 2018**



# ***Independent auditors' report to the members of LGT UK Holdings Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, LGT UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss and cash flows 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.

We have audited the financial statements, included within the Annual Report and Financial Statements 2017 (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholder's equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report and Financial Statements 2017 other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



## *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibility statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' 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 auditors' 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 auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Fiona de Búrca (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Dublin

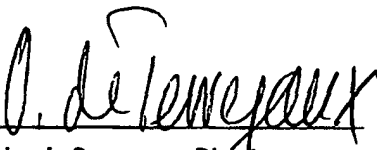
31 May 2018

## Statement of comprehensive income

For the the year ended 31 December 2017

	Note	2017 CHF '000	2016 CHF '000
<b>Operating activities</b>			
Personnel expenses	4	(29,905)	(9,287)
Operating expenses	5	(3,760)	(12)
<b>Total operating expenses</b>		<b>(33,665)</b>	<b>(9,299)</b>
<b>Finance costs</b>			
Interest expense	3	(249)	(513)
<b>Total finance costs</b>		<b>(249)</b>	<b>(513)</b>
<b>Profit before taxation</b>		<b>(33,914)</b>	<b>(9,812)</b>
Taxation on operating activities	6	-	-
<b>Net loss for the year</b>		<b>(33,914)</b>	<b>(9,812)</b>
<b>Total comprehensive loss for the period</b>		<b>(33,914)</b>	<b>(9,812)</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. The accompanying notes are an integral part of these financial statements.

  
Olivier de Perregaux, Director

  
Ivo Enderli, Director

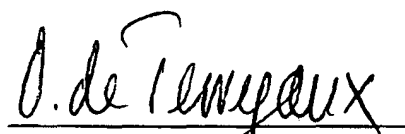
Date: 31 May 2018


## Statement of financial position

As at 31 December 2017

	Note	2017 CHF '000	2016 CHF '000
<b>Assets</b>			
<b>Non-current assets</b>			
Financial investment	7	201,628	198,681
<b>Total non-current assets</b>		<b>201,628</b>	<b>198,681</b>
<b>Current assets</b>			
Cash and cash equivalents	8	33	25
Current assets	9	815	-
<b>Total current assets</b>		<b>848</b>	<b>25</b>
<b>Total assets</b>		<b>202,476</b>	<b>198,706</b>
<b>Liabilities</b>			
Amounts due to banks	10	104,940	100,363
Current liabilities	11	1,039	27
Other liabilities	12	40,800	8,705
<b>Total liabilities</b>		<b>146,779</b>	<b>109,095</b>
<b>Equity capital</b>			
Share capital	13	102,643	102,643
Retained earnings	14	(43,726)	(9,812)
Revaluation Reserve	15	(3,220)	(3,220)
<b>Total equity capital and reserves</b>		<b>55,697</b>	<b>89,611</b>
<b>Total liabilities and equity capital</b>		<b>202,476</b>	<b>198,706</b>

The accompanying notes are an integral part of these financial statements.

  
Olivier de Perregaux, Director

  
Ivo Enderli, Director

Date: 31 May 2018

## Statement of changes in shareholder's equity

For the year ended 31 December 2017

	Share capital	Revaluation Reserve	Retained earnings	Total equity
Note	CHF '000	CHF '000	CHF '000	CHF '000
<b>As at 1 January 2017</b>	102,643	(3,220)	(9,812)	89,611
Total comprehensive loss for the period	-	-	(33,914)	(33,914)
<b>As at 31 December 2017</b>	<b>102,643</b>	<b>(3,220)</b>	<b>(43,726)</b>	<b>55,697</b>

	Share capital	Revaluation Reserve	Retained earnings	Total equity
Note	CHF '000	CHF '000	CHF '000	CHF '000
<b>As at 18 February 2016</b>	-	-	-	-
Share capital	13	102,643	-	102,643
Total comprehensive loss for the period	-	-	(9,812)	(9,812)
<b>As at 31 December 2016</b>	<b>102,643</b>	<b>-</b>	<b>(9,812)</b>	<b>92,831</b>
Revaluation reserve	-	(3,220)	-	(3,220)
<b>As at 31 December 2016</b>	<b>102,643</b>	<b>(3,220)</b>	<b>(9,812)</b>	<b>89,611</b>

The accompanying notes are an integral part of these financial statements.

## Statement of cash flows

For the year ended 31 December 2017

	Note	2017 CHF'000	2016 CHF'000
<b>Cash flows from operating activities</b>			
Loss on operating activities before taxation		(33,914)	(9,812)
Interest expense	3	249	513
Increase in current assets	9	(815)	-
Increase in current liabilities	11	573	27
Increase in bonus accruals	12	30,954	8,705
Increase in provision	12	1,580	-
Foreign currency revaluation	15	-	(3,220)
<b>Net cash inflow from operating activities</b>		<b>(1,373)</b>	<b>(3,787)</b>
<b>Cash flows from investing activities</b>			
Financial investment		(2,947)	(198,681)
Interest paid		(265)	(513)
<b>Net cash used from investing activities</b>		<b>(3,212)</b>	<b>(199,194)</b>
<b>Cash flows from financing activities</b>			
Issue of capital		-	102,643
Loan drawdowns received		1,453,388	445,135
Loan repayments made		(1,448,811)	(344,772)
<b>Net cash inflow from financing activities</b>		<b>4,577</b>	<b>203,006</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8</b>	<b>25</b>
Cash and cash equivalents at beginning of the year		25	-
<b>Cash and cash equivalents at 31 December</b>	8	<b>33</b>	<b>25</b>

The sale of LGT European Capital by LGT UK Holdings Limited to European Capital Holdings Limited was completed by a transfer *in specie*. This has resulted in non cash movement of CHF 4,939,000.

The accompanying notes are an integral part of these financial statements.

## Notes to the financial statements

### 1. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated. The financial statements as at 31 December 2017 are prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS.

#### a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS and IFRIC as adopted by the EU requires management to make certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in note 1(b).

The investments in Vestra and CPUK, and the acquisition of ECH, mean that under IFRS 10 – Consolidated Financial Statements – and under Section 399 of the Companies Act, 2006, the Company is required to prepare consolidated financial statements. The Company, however, is availing of an exemption from this requirement available under IFRS 10.4. This exemption is subject to certain conditions, which have all been met, and allows for the ultimate parent of the group i.e. LGT Group, to prepare financial statements which consolidate all LGT entities. Therefore the Company is not required to prepare consolidated financial statements. The Company prepares separate financial statements under IAS 27 – Consolidated and Separate Financial Statements. The required disclosures under this standard have been made in these financial statements.



The LGT Group Foundation, incorporated in the Principality of Liechtenstein, produce consolidated financial statements under IFRS which are available for public use at their registered address of: LGT Group, Herrengasse 12, FL-9490 Vaduz, Liechtenstein.

## **Changes in accounting principles and presentation**

### **Change in functional currency**

In January 2017, the functional currency of the Company was changed to Swiss Franc ("CHF"). The change was made to comply with LGT Group policy that all LGT Group holding companies have a CHF functional currency and is supported by the change in currency to CHF of the financing received from LGT Bank Ltd. As such, all comparatives for the prior year have been restated from Great British Pounds ("GBP") to CHF. As the creation of the Company and the change in the functional currency occurred within 3 years, there is no requirement for a third Balance Sheet for comparative purposes.

### **Change in presentation currency**

On 1 January 2017 the Company changed the currency in which it presents its financial results from GBP to CHF. To assist in this matter, comparative financial information for the period ending 31 December 2016 is represented in CHF in the Financial Statements. The conversion of the comparative financial information resulted in a notional foreign exchange revaluation reserve.

Assets and liabilities where the functional currency was other than CHF were translated into CHF at the relevant closing rates of exchange. Non-CHF trading results were translated into CHF at the relevant average rates of exchange. Differences arising from the retranslation of the opening net assets and the results for the year have been taken to the revaluation reserve.

## **Standards and interpretations that have been adopted**

The Company applied the following new and revised standards and interpretations for the first time in the financial year beginning on 1 January 2017:

- Amendments to IAS 7 Cash flow statement (effective 1 January 2017)
- Amendments to IAS 12 Income taxes (effective 1 January 2017)

The adoption has not led to any changes in the Company's accounting principles. The adoption has also not led to any changes in the presentation of either the Cash flow statement or tax notes. This is due to the specific amendments being related to areas within the standard to which the Company have no

exposure for the year ended 31 December 2017. The standards and interpretations did not have any impact on the reported results or financial position of the Company

**Standards and amendments to published standards that are mandatory for the financial period beginning on or after 01 January 2017**

There are no other IFRS or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 01 January 2017 that would be expected to have a material impact on the Company.

**New standard amendments and interpretations effective as at 1 January 2018 and have not been early adopted**

The following standards and amendments to standards are mandatory for the Company in future periods but are not relevant for the Company's operations for the year ended 31 December 2017. The Company will adopt these standards throughout 2018:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income, not recycling. An expected credit losses model replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there are no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The Company will implement IFRS 9 on 1 January 2018. The Company anticipates that the classification and measurement basis for its financial assets and liabilities will be unchanged by adoption of IFRS 9. The Company has assessed the effects of the expected credit loss model and has concluded that there is no material impact.

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018). This standard deals with revenue recognitions and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash

flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service. Variable consideration is included in the transaction price if it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018, and earlier application is permitted. The Company has assessed the effects of IFRS 15 and has concluded that there is no material impact.

- IFRS 16 Leases (effective 1 January 2019). This standard addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17, 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers', at the same time.

Based on initial analyses, the following new and revised standards and interpretations which have to be applied for financial years beginning on or after 1 January 2018 are not expected to have any significant impact on the reported results or financial position of the Company:

- Amendments to IFRS 2 Share based payments (effective 1 January 2018, early adoption permitted)
- Amendments to IAS 28 Investment in associates and joint ventures (effective 1 January 2018, early adoption permitted)
- Amendments to IAS 40 Investment property (effective 1 January 2018, early adoption permitted)
- IFRIC 22 Foreign currency transactions and advance consideration (effective 1 January 2018, early adoption permitted)
- IFRIC 23 Uncertainty over income tax treatments (effective 1 January 2019, early adoption permitted)
- IFRS 17 Insurance contracts (effective 1 January 2021, early adoption permitted)

**(b) Use of estimates**

The Board of Directors makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no estimates and assumptions identified that have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses within the next financial year.

**(c) Foreign currency translation**

**(i) Functional and presentation currency**

The functional and presentation currency of the Company changed from GBP to CHF in 2017. The prior year comparatives have been amended to reflect this change. The change was made to comply with LGT Group policy that all LGT Group holding companies have a CHF functional currency and is supported by the change in currency to CHF of the financing received from LGT Bank Ltd.

Assets and liabilities where the functional currency was other than CHF were translated into CHF at the relevant closing rates of exchange. Non-CHF trading results were translated into CHF at the relevant average rates of exchange. Differences arising from the retranslation of the opening net assets and the results for the year have been taken to the foreign currency translation reserve.

**(ii) Transactions and balances**

Foreign currency transactions are translated into CHF using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated using exchange rates at the period end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**(iii) List of period-end and average foreign currency rates per CHF/GBP.**

Foreign Currency	FX rate as at 31 December 2017	2017 average FX rate
CHF/GBP	1.319	1.275

Foreign Currency	FX rate as at 31 December 2016	2016 average FX rate
CHF/GBP	1.256	1.328

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise demand, call and term deposits with a maturity of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise all cash, short-term deposits and other money market instruments with a maturity of three months or less. Cash and cash equivalents are recorded at nominal value. Bank overdrafts are shown within borrowings in the current liabilities in the balance sheet.

**(e) Interest income**

Interest income is recognised in the statement of comprehensive income on an effective interest rate basis.

**(f) Interest expense**

Interest expense is recognised in the statement of comprehensive income on an effective interest rate basis.

**(g) Accrued expenses**

Expenses are recognised in the statement of comprehensive income on an accruals basis.

**(h) Borrowings**

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transactions costs and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest method.

**(i) Taxation**

Corporation tax is provided on the taxable profits of the Company. The current rate of corporation tax is 20%.

Deferred tax is provided on all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is not discounted.

**(j) Consolidation of subsidiary holdings**

All LGT Group subsidiaries are consolidated at Group level so consolidated accounts for the immediate parent, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

**(k) Classification of subsidiary holdings**

The Company classifies the subsidiary holdings of Vestra, CPUK and ECH as investments on the Statement of Financial Position. In accordance with IAS27, all subsidiary holdings are held at cost. On an annual basis the investments carrying amount (i.e. cost) is reviewed to determine whether there is any objective evidence of impairment. Where such evidence is identified, the investment is tested to determine whether the carrying value is less than its recoverable amount (i.e. the higher of fair value less costs to sell and value in use). Indicators of impairment could include, but are not limited to, significant changes to the funds industry and changes to the regulatory, market, economic or legal environments.

The remaining stake of 24.43% of Vestra will be purchased in 2019 and 2021. In line with IFRS3, this remaining consideration has been treated as remuneration. This remuneration amount has been recognised in personnel expenses on an accruals basis.

The Company classifies the subsidiary holdings of CP UK as an investment on the statement of financial position. This is held at its cost in compliance with IAS 27 i.e. the lower of the carrying amount and fair value less costs to sell. It is tested for impairment annually.

It is intended that the remaining stake of 40% of LGT ECH will be purchased in 2019 and 2021. Under the terms of the share purchase agreement, milestone payments will be made to the minority shareholders over a number of years to coincide with the share re-purchase. In line with IAS 19, these milestone payments have been treated as long-term employee benefits. As such, the milestone payments have been recognised in personnel expenses on an accruals basis.

**(l) Share capital**

Ordinary shares are classified as equity. The company is owned by LGT Group Holdings Limited as at 31 December 2017, who held 73,000,001 ordinary shares of GBP1 each. During the year, the functional currency was changed from GBP to CHF. Therefore, the value of the share capital was translated at the prevailing rate on the transaction date to CHF 102,643,401(2016: CHF 102,643,401).

**(m) Derivative financial instruments and hedging**

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets and valuation techniques including discounted cash flow models. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Certain derivative transactions represent financial hedging transactions and are in line with the risk management policy of the Company. However, in view of the strict and specific guidelines of IFRS, they do not fulfil the criteria to be treated as hedging transactions for accounting purposes. They are

therefore reported as trading positions. Changes in value are recorded in the Statement of Comprehensive Income.

## 2. Ownership and operations

The Company is part of the LGT Group Foundation. The beneficiary of the Company is the Prince of Liechtenstein Foundation. The beneficiary of the Prince of Liechtenstein Foundation is the reigning Prince of Liechtenstein, H.S.H. Prince Hans-Adam II. von und zu Liechtenstein. The Company is wholly owned by LGT Group Holding Ltd. The principal activity of the Company is to act as a holding company for LGT Group's UK interests.

3. Finance costs	2017 CHF '000	2016 CHF '000
Interest expense	249	513
<b>Total</b>	<b>249</b>	<b>513</b>

The interest expense relates to interest paid on loans received from LGT Bank Limited.

4. Personnel expenses	2017 CHF '000	2016 CHF '000
Remuneration accrual-Vestra	17,677	9,287
Employee benefit accrual-EC	12,228	-
<b>Total</b>	<b>29,205</b>	<b>9,287</b>

The remuneration accrual relates to deferred remuneration payable to employees or selling partners to acquire the remaining stake in Vestra. They will be paid in two tranches in 2019 and 2021.

The employee benefit accrual relates to deferred remuneration payable to selling partners to acquire the remaining stake in ECH. They will be paid in two tranches in 2019 and 2021.

5. Operating expenses	2017	2016
	CHF '000	CHF '000
Administrative expenses	1,346	11
Auditors remuneration – audit fees	87	18
Directors fees	15	4
Foreign exchange (gains)/losses	668	(21)
VAT	46	-
Provision	1,580	-
<b>Total</b>	<b>3,760</b>	<b>12</b>

Audit fees are paid to PricewaterhouseCoopers. Audit fees disclosed in the financial statements relate wholly to the Company's statutory audit. There are no other non-assurance audit fees paid to PricewaterhouseCoopers.

The provision relates to office lease costs that will arise when LGT EC move to a new premises. Under the terms of the agreement to acquire LGT EC, the Company agreed to service the remaining costs of the existing lease from the date when LGT EC move out of the premises. The Company are currently attempting to sub-let the office space however due to a number of considerations this is proving difficult. As such, a provision for the full amount of lease costs has been recognised. LGT EC will move out of the existing office on 01 April 2017, the lease expires on 14 December 2020 and the annual rent is GBP 442,960.

## 6. Taxation

The Current Year tax is nil. In accordance with section 99 of the Corporation Tax Act 2010 the Company has surrendered its losses to CPUK, a company of the group.

No deferred tax assets have been recognised for the carry-forward of unused tax losses and deductible temporary differences as management do not believe that it is probable that future taxable profit will be available against unused tax losses and deductible temporary differences.



7. Investment in subsidiaries	2017	2016
	CHF '000	CHF '000
LGT Vestra LLP	196,300	196,300
LGT Capital Partners (UK) Limited	2,381	2,381
LGT EC Holding Limited	2,947	-
<b>Total Investments</b>	<b>201,628</b>	<b>198,681</b>

All LGT Group subsidiaries are consolidated at Group level so consolidated accounts for the immediate parent, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

#### LGT European Capital Holding Limited

The company purchased a 60% shareholding in ECH, whilst the remaining 40% is owned by the partner managers of the European Capital Fund Management business. In accordance with IAS 27, the company carries the investment at cost.

8. Cash and cash equivalents	2017	2016
	CHF '000	CHF '000
Cash at bank	33	25
<b>Total</b>	<b>33</b>	<b>25</b>

The cash at bank balances are held with LGT Bank Limited in the amount of CHF 32,598 (2016: CHF 25,434).

9. Current Assets	2017	2016
	CHF '000	CHF '000
VAT recoverable	183	-
Derivative financial instruments	605	-
Other assets	27	-
<b>Total</b>	<b>815</b>	<b>-</b>

The derivative financial instruments consist of foreign exchange forward contracts to hedge the foreign currency risk of holding non-CHF assets and liabilities. The forwards are placed with LGT Bank Ltd on commercial terms.

10. Amounts due to banks	2017	2016
	CHF '000	CHF '000
Loans from banks	104,940	100,363
<b>Total</b>	<b>104,940</b>	<b>100,363</b>

The loans received from LGT Bank Limited were on commercial terms and at a market rate of 0.26% per annum (2016: 0.425%).

11. Current liabilities	2017	2016
	CHF'000	CHF '000
Accrued interest	2	27
Accrued expenses	129	-
VAT payable	229	-
Derivative financial instruments	240	-
Provision within 1 year	439	-
<b>Total</b>	<b>1,039</b>	<b>27</b>

The derivative financial instruments relate to forward contracts that are used to hedge the foreign currency risk of holding non-CHF assets and liabilities. The forwards are placed with LGT Bank Ltd on commercial terms.

The provision relates to office lease costs that will arise when LGT EC move to a new premises. Under the terms of the agreement to acquire LGT EC, the Company agreed to service the remaining costs of the existing lease from the date when LGT EC move out of the premises. The Company are currently attempting to sub-let the office space however due to a number of considerations this is proving difficult. As such, a provision for the full amount of lease costs has been realised. LGT EC will move out of the existing office on 01 April 2018, the lease expires on 14 December 2020 and the annual rent is GBP 442,960, which whas been split into within one year and greater than one year.

12. Other liabilities	2017	2016
	CHF'000	CHF '000
Vestra bonus accrual	27,431	8,705
ECH bonus accrual	12,228	-
Provision greater than 1 year	1,141	-
<b>Total</b>	<b>40,800</b>	<b>8,705</b>



	2017	2016
<b>LGT Ireland Limited (formerly LGT Bank (Ireland) Limited)</b>	<b>CHF '000</b>	<b>CHF '000</b>
Purchase of services		9
Amounts payable at period end		9

Registered address: Third Floor, 30 Herbert Street, Dublin 2, Ireland

	2017	2016
<b>LGT Bank AG, Dublin Branch</b>	<b>CHF '000</b>	<b>CHF '000</b>
Purchase of services	23	3
Amounts payable at period end	23	3

Registered address: Third Floor, 30 Herbert Street, Dublin 2, Ireland

Charges made to the Company by LGT Ireland Limited and LGT Bank AG, Dublin Branch are in relation to accountancy services provided.

	2017	2016
<b>LGT Bank Limited</b>	<b>CHF '000</b>	<b>CHF '000</b>
Cash at bank	33	25

Registered address: Herrengasse 12, FL-9490 Vaduz, Liechtenstein

The cash at bank balances are held with LGT Bank Limited, CHF 32,598 (2016: CHF 25,434). Forwards are placed with LGT Bank Limited in order to hedge the foreign currency risk of holding non-CHF.

	2017	2016
	EUR Nominal	EUR Nominal
Forward foreign exchange contracts entered into during year	10,480	-
Outstanding contracts at year end	10,480	-

	2017	2016
	USD Nominal	USD Nominal
Forward foreign exchange contracts entered into during year	2,035	-
Outstanding contracts at year end	2,035	-

	2017	2016
	GBP Nominal	GBP Nominal
Forward foreign exchange contracts entered into during year	40,439	-
Outstanding contracts at year end	20,797	-

The Company enters into derivative and foreign currency transactions with LGT Bank Limited in order to hedge Euro, US dollar and GBP currencies. The transactions are carried out during the normal course of business and prices obtained are based on market rates.

	2017	2016
<b>LGT Bank Limited</b>	<b>CHF '000</b>	<b>CHF '000</b>
Loans from banks	104,940	100,363

Registered address: Herrengasse 12, FL-9490 Vaduz, Liechtenstein

The loans received from LGT Bank Limited were on commercial terms and at a market rate of 0.26% per annum (2016: 0.425%).

	2017	2016
<b>LGT Vestra LLP</b>	<b>CHF '000</b>	<b>CHF '000</b>
Financial investment	196,300	196,300

Registered address: 14 Cornhill, London, EC3V 3NR

On 17 June 2016, the Company acquired a stake of 75.57% in Vestra. Vestra was acquired for an amount of GBP 134,514,850. Further capital injections were made into Vestra of GBP 6,050,470 in June 2016 and GBP 10,000,000 in December 2016. The Company will acquire the remaining 24.43% of Vestra in the years 2019 and 2021. The future payment for the purchase of the remaining 24.43% has been assessed and it has been determined that it should be treated as remuneration (see note 4).

	2017	2016
<b>LGT Capital Partners (UK) Limited</b>	<b>CHF '000</b>	<b>CHF '000</b>
Financial investment	2,381	2,381

Registered address: 35 Dover Street, London, W1S 4NQ

On 31 October 2016 the ownership of LGT Capital Partners (UK) Limited was transferred to the Company at a value of CHF 2,380,664, the carrying amount at which it was held by LGT Holding Denmark ApS. The Company is a direct parent and owns 100% of the share capital.

Per note 6 "Taxation", the Company has surrendered its losses to CPMK, a company of the group.

	CHF '000	CHF '000
<b>LGT EC Holding Limited</b>		
Financial investment	2,947	-

Registered address: 35 Dover Street, London, W1S 4NQ

On 1 June 2017, the company acquired European Capital Fund Management, which was renamed to LGT European Capital Limited. Thereafter, it was decided to restructure the ownership of LGT EC via a separate holding company named ECH. The company purchased a 60% shareholding in ECH, whilst the remaining 40% is owned by the partner managers of the European Capital Fund Management business. In accordance with IAS 27, the company carries the investment at cost.

	2017	2016
<b>Directors remuneration:</b>	<b>CHF '000</b>	<b>CHF '000</b>
Emoluments for services as Directors	15	5
Emoluments for other services	21	-

No loans were provided by the Company to key management personnel or any connected person during the period under review.

## 17. Financial instruments measured at fair value

### Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. In measuring fair value LGT Group utilises various valuation approaches and applies a hierarchy for prices and inputs that maximises the use of observable market information, where available.

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorised into one of three fair value hierarchy levels. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which the instrument is classified in its entirety is based upon the lowest level input that is significant to the position's fair value measurement.

#### Level 1

Quoted prices unadjusted in active markets for identical assets or liabilities. This level included listed equity securities and debt instruments on exchanges and exchange traded derivatives.

#### Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices). This level includes investments in hedge funds, mutual funds, the majority of OTC derivative contracts and structured debt.

### **Level 3**

Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes mainly private equity investments, issued structured debt as well as equity investments with significant unobservable components.

### **Valuation governance**

The Company's fair value measurement and model governance framework includes controls that are intended to ensure an adequate quality of fair value measurements reported in the financial statements. Responsibility for the ongoing measurement of financial and non-financial instruments at fair value resides with Group Risk Controlling, which is independent of the Company. Fair values provided by Group Risk Controlling are assessed for reasonableness by the Company.

### **Valuation techniques**

Valuation techniques are used to value positions for which a market price is not available from market sources. This includes in principle all derivatives transacted in the OTC market. LGT Group uses widely recognised valuation techniques for determining fair values that are not actively traded and quoted. The most frequently applied valuation techniques include discounted value of expected cash flow and option pricing methodologies.

Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "present value". When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by estimating the expected future cash flows using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modelling techniques and models.

The main assets of the Company are the investments in Vestra, CPUK and ECH. The investments are carried at the lower of cost and cost less impairment. Annual assessments of impairments of the investments are conducted internally on an annual basis.

### Fair value measurements and classification within the fair value hierarchy

The classification in the fair value hierarchy of the Company's financial and non-financial assets and liabilities measured at fair value is summarised in the table below.

Fair value measurement at the end of the year (CHF 000)	Level 1	Level 2	Level 3	2017 Total
<b>Assets</b>				
Derivative financial instruments	-	605	-	605
<b>Total assets measured at fair value</b>	-	<b>605</b>	-	<b>605</b>
<b>Liabilities</b>				
Derivative financial instruments	-	240	-	240
<b>Total liabilities measured at fair value</b>	-	<b>240</b>	-	<b>240</b>

There have been no transfers from Level 2 to Level 1 and vice versa.

Fair value measurement at the end of the year (CHF 000)	Level 1	Level 2	Level 3	2016 Total
<b>Assets</b>				
Investment in subsidiaries	-	-	-	-
Derivative financial instruments	-	-	-	-
<b>Total assets measured at fair value</b>	-	-	-	-
<b>Liabilities</b>				
Derivative financial instruments	-	-	-	-
<b>Total liabilities measured at fair value</b>	-	-	-	-

There have been no transfers from Level 2 to Level 1 and vice versa.

## 18. Risk Management

Risks are defined by the adverse impact on profitability of several distinct sources of uncertainty. Taking risk is core to the financial business and is an inevitable consequence of being in business. The major risks to which the Company is exposed are market, liquidity, operational and business, interest rate and currency risk, summarised as follows:

- The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks arise from open positions in currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Company does not engage in any trading activities and is exposed only to market risks



associated with a non-trading portfolio. Non-trading portfolios primarily arise from the interest rate and foreign exchange rate management of the Company's investment assets and liabilities. The market risks arising from non-trading activities are monitored locally and by LGT Group Risk Controlling.

- Liquidity risk is the risk that an entity will be unable to meet a financial commitment to a creditor or investor in whatever location or currency. The Company consider this risk to be a low risk.
- Operational and business risk is the risk of loss resulting from inadequate or failed processes or systems, human factors, or external events. The Company maintains systems of controls that it believes are reasonably designed to provide management and the Board of Directors with timely and accurate information about the operations of the Company. The Company believe this lowers the risk to an adequate level.
- The Company takes on exposure to interest rate risk, which is the risk that the interest rate will fluctuate because of changes in the market prices. The Company consider this risk to be a low risk.
- The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Company enters into derivative contracts on a non-speculative basis and solely for the purpose of limiting currency exposures. The principal derivative contracts entered into by the Company are foreign exchange forwards.

The financial position of the Company at the period end was considered satisfactory by the Directors.

#### **19. Post balance sheet events**

There were no post balance sheet events.

#### **20. Approval of financial statements**

The financial statements were approved by the Board of Directors on 31 May 2018.