

JHSW LIMITED

Registered Number: 00532081

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2018



JHSW LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

The Directors present their report and the audited financial statements of JHSW Limited ("the Company") for the year ended 31 December 2018.

Principal activities

The Company is a wholly-owned subsidiary of Citigroup Global Markets Europe Limited ("CGMEL").

On 1 January 2001, the Company surrendered its authorisation with the Financial Services Authority, since replaced by the Prudential Regulation Authority and the Financial Conduct Authority, and is now categorised as a Former Authorised Institution. Since that date the Company has not conducted any regulated business.

The Company has undertaken no trading activities during the year.

Going concern

The financial statements have been prepared on a going concern basis taking into account the Company's existing capital and the ultimate reliance on support from the Company's parent. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions. Given the Company's ultimate reliance on the support of the parent, please refer to the risk factors impacting Citigroup Inc. from its 2018 annual report, on form 10-K at <http://www.citigroup.com/citi/investor/sec.htm>. The Directors have no plans to change the Company's principal activities.

Results and dividends

During the financial year and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss and has not recognised any other comprehensive income during the financial year and the preceding financial year.

The current year audit fee of £5,411 for the 2018 financial statements is borne and paid by another group company (2017: £4,998).

The total net assets as at 31 December 2018 of the Company amounted to £388 thousand (2017: £388 thousand).

The Company's strategy is to continue to remain in operation for the foreseeable future as there remains a potential for claims to be made against it by former customers. These potential claims are handled and settled by a Trust created specifically for this purpose therefore no liability is recognized in the books of the Company.

No dividends were paid by the Company during the year (2017: £nil) and the Directors do not recommend payment of a dividend (2017: £nil).

Principal risks and uncertainties

Operational risk

As the Company was once an authorised financial institution there remains a potential for claims to be made against it by former customers.

Directors

The Directors who held office during the year ended 31 December 2018 and since year end were:

D I Sharland
J D K Bardrick

Directors' Indemnity

The Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

JHSW LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

Statement of Directors' responsibilities in respect of the Directors' report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues.

Political and charitable contributions

No charitable donations and political contributions were made during the year (2017: £nil).

Employee involvement

There were no persons employed by the Company during the year and no persons have been employed by the Company since the year end.

Strategic Report

Section 414B of the Companies Act 2006 states that a company is entitled to the small companies exemption in relation to the strategic report for a financial year if it would be so entitled but for being or having been a member of an ineligible group. As such, the Company has elected to exercise this exemption in relation to the preparation of a Strategic Report for this financial year.

JHSW LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

Provision of information to auditors

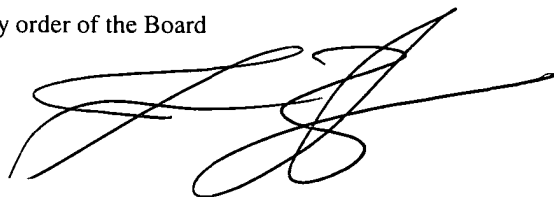
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

A handwritten signature in black ink, appearing to be 'J D K Bardrick', written over a horizontal line.

J D K Bardrick
Director

09 September 2019

Incorporated in England and Wales

Registered Office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB

Registered Number: 00532081

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JHSW LIMITED

Opinion

We have audited the financial statements of JHSW Limited ("the Company") for the year ended 31 December 2018 which comprise the income statement, balance sheet, Statement of Changes in Equity and related notes, including the principal accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JHSW LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Matthew Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

09 September 2019

JHSW LIMITED

INCOME STATEMENT

for the year ended 31 December 2018

The Company did not trade during the current and preceding financial year and earned no income and incurred no expenses during the current and previous year.

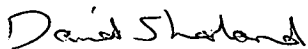
BALANCE SHEET

as at 31 December 2018

	Note	2018 £000	2017 £000
Current assets			
Amounts owed by parent undertaking	4	388	388
Net assets		388	388
Capital and reserves			
Called up share capital	5	100	100
Profit and loss account		288	288
Equity shareholders' funds		388	388

The accompanying notes on pages 8 to 10 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Directors and were signed on their behalf on 09 September 2019.



D I Sharland
Director

Registered Number: 00532081

JHSW LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share capital	Profit and loss account	Total
	£000	£000	£000
As at 1 January 2017	100	288	388
Result for the year	-	-	-
As at 1 January 2018	100	288	388
Result for the year	-	-	-
As at 31 December 2018	100	288	388

The accompanying notes on pages 8 to 10 form an integral part of these financial statements.

JHSW LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken exemption available under FRS 101 not to disclose all transactions with other group companies and investees of the group qualifying as related parties. It has also taken the exemption available under FRS 101 not to prepare a cash flow statement and the effects of new but not yet effective IFRSs and Capital Management disclosures.

These financial statements have been prepared under the historical cost convention. The functional and financial statements presentational currency of the Company is Pound Sterling ("£") and all values are rounded to the nearest pound, except where otherwise indicated.

The Directors have satisfied themselves that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The Company's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually.

The accounting policy set out below has, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

b) Changes in accounting policy and disclosures

Standards issued and effective

There are a number of accounting standards that have been issued by the International Accounting Standards Board ("IASB"), which became effective during 2018. They include:

- **IFRS 9 - Financial Instruments.** The IASB completed the final element of its comprehensive response to the financial crisis with the publication of IFRS 9 in July 2014. The improved standard includes a logical model for classification and measurement, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard replaces the existing guidance in IAS 39 - Financial Instruments: Recognition and Measurement and carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The standard has no material impact on the financial statements.
- **IFRS 15 - Revenue from Contracts with Customers.** In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15. The core principle of the new Standard is to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The revenue is recognized when the control over the goods or services is transferred to the customer. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. IFRS 15 has no material impact on the financial statements.

JHSW LIMITED

NOTES TO THE FINANCIAL STATEMENTS

c) Taxation

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which the losses can be utilised.

Deferred tax assets and liabilities are recognised for taxable and deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that there will be suitable profits available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred taxes are recognised as income tax benefit or expense in the income statement

d) Debtors

Debtors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, and subject to expected credit loss impairment under IFRS 9 as described above.

2. Directors' remuneration

None of the Directors received any remuneration during the current or preceding year in respect of their services to the Company.

3. Auditor's remuneration

The current year audit fee of £5,411 for the 2018 financial statements is borne and paid by another group company (2017: £4,998).

4. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	<u>388</u>	<u>388</u>

5. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
100,000 ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

JHSW LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Citigroup Global Markets Europe Limited ("CGMEL"), a company registered in England and Wales. The Company's ultimate parent company and ultimate controlling party is Citigroup Inc., incorporated in the State of Delaware, United States of America.

The audited financial statements of the parent are made available to the public annually in accordance with Companies House regulations and may be obtained from its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

The audited consolidated financial statements of Citigroup Inc. are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from its registered office at 1209 Orange Street, Wilmington, New Castle, DE, 19810, United States of America and www.citigroup.com/citi/corporategovernance/ar.htm.