

**JPMORGAN CAZENOVE SERVICE COMPANY**  
(Registered Number: 00714070)

**Annual report for the year ended 31 December 2016**



**JPMORGAN CAZENOVE SERVICE COMPANY**  
**Annual report for the year ended 31 December 2016**

<b>Contents</b>	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 13

# JPMORGAN CAZENOVE SERVICE COMPANY

## Strategic report

The directors present their strategic report of JPMorgan Cazenove Service Company (the "Company") for the year ended 31 December 2016.

### Overview

The Company is incorporated and domiciled in England and Wales. It is an indirect subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase is a financial holding company incorporated under Delaware law in 1968, it is a global leading financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide. The Company had £13,387,000 in assets and £13,387,000 in total shareholder's equity as of 31 December 2016.

### Principal activity

The principal activity of the Company was to act as the legal employer of staff in the Capital, Equity and Debt Markets businesses and second them to other firm undertakings.

As part of an internal reorganisation carried out in the 2014, the Company transferred the legal employment of its staff to the JPMorgan Chase undertakings to which they were assigned.

The principal activity of the Company is now management of cash. However there have been no activities relating to cash management in the current year. All activities in the current year relate to discontinued operations of the entity and have been disclosed as such in the income statement.

### Review of business

The directors were satisfied with the performance of the Company.

#### *Income Statement:*

The results for the year are set out on page 7 and show the Company's loss for the financial year is £3,364,000 (2015: £451,000).

#### *Balance sheet:*

The Company's net assets as at 31 December 2016 were £13,387,000 (2015: £16,751,000). The position of the Company is set out on page 8.

### Future outlook

On 23 June 2016, the U.K. voted by referendum to leave the European Union ("Brexit"). On 29 March 2017, the U.K. government formally invoked Article 50 of the Lisbon Treaty, giving an expected exit date of the end of March 2019. The British Prime Minister has laid out twelve "negotiation objectives" for Brexit, which confirmed the U.K. will not remain a member of the Single Market, but will pursue a Free Trade Agreement that provides the greatest possible access to the Single Market. Further, the U.K. Government will seek a phased arrangement to ensure the orderly transition of the legal and regulatory framework for financial services, and promote stability and market confidence.

Many international banks, including JPMorgan Chase, operate substantial parts of their European Union ("EU") businesses from entities based in the U.K. Upon the U.K. leaving the EU, the regulatory and legal environment that would then exist, and to which the Firm's U.K. operations would then be subject, will depend on, in certain respects, the nature of the arrangements agreed to with the EU and other trading partners.

These arrangements cannot be predicted, but currently the Firm does not believe any of the likely identified scenarios would threaten the viability of the Firm's business units or the Firm's ability to serve clients across the EU and in the U.K. However, it is possible that under some scenarios, changes to the Firm's legal entity structure and operations would be required, which might result in a less efficient operating model across the Firm's European legal entities. The Firm is in the process of evaluating plans to ensure its continued ability to operate in the U.K. and the EU beyond the expected exit date.

The impact of Brexit on the Company's business model and risks will continue to be assessed as part of the Firmwide analysis and planning phase in considering a strategic post-Brexit legal entity structure.

Taking into account the financial position of the Company and its ability to meet its liabilities as they fall due, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

The management will assess the future strategy of the Company in due course.

## JPMORGAN CAZENOVE SERVICE COMPANY

### Strategic report (continued)

#### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Firm and are not managed separately. The directors do not consider that the company is exposed to significant financial risks.

On behalf of the Board

Director



L. Navarrete

21/08/2017

# **JPMORGAN CAZENOVE SERVICE COMPANY**

## **Directors' report**

The directors present their report and the audited financial statements of JPMorgan Cazenove Service Company (the "Company") for the year ended 31 December 2016. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase"). The registered number of the Company is 00714070.

Refer to the Strategic Report for future outlook.

### **Results and dividends**

The results for the year are set out on page 7 and show the Company's loss for the financial year after taxation is £3,364,000 (2015: £451,000).

No dividends were paid or proposed during the year (2015: £nil).

### **Directors**

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

L.J. Navaratne

S.M. White

### **Directors' interests**

None of the directors has any beneficial interest in the Company. The Company is a subsidiary of a company incorporated in England and Wales. The ultimate holding company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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 the year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards, comprising FRS101 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **JPMORGAN CAZENOVE SERVICE COMPANY**

## **Directors' report (continued)**

### **Disclosure of information to auditors**

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Qualifying third party indemnity provision**

An indemnity is provided to the directors of the Company under the By-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co is kept at the registered office of the Company.

### **Company secretary**

The secretary of the Company who served during the year was as follows:

J.P. Morgan Secretaries (UK) Limited

### **Registered address**

25 Bank Street  
Canary Wharf  
London E14 5JP  
England and Wales

### **Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

### **On behalf of the Board**



Director **L. Navarrete**

..... **21 / 08 / 2017**

# **Independent auditors' report to the members of JPMorgan Cazenove Service Company**

## **Report on the financial statements**

### **Our opinion**

In our opinion, JPMorgan Cazenove Service Company's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **What we have audited**

The financial statements, included within the Annual report (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2016;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the 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 addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **Independent auditors' report to the members of JPMorgan Cazenove Service Company (continued)**

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

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

#### **What an audit of financial statements involves**

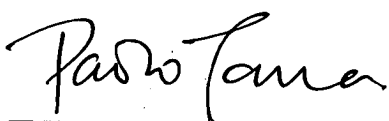
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



---

Paolo Taurae (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London 21 August 2017



# JPMORGAN CAZENOVE SERVICE COMPANY

## Income statement

Year ended 31 December		2016	2015
	Notes	£'000	£'000
<b>Discontinued operations</b>			
Administrative expenses	7	(1)	273
Other expense	5	(3,363)	(724)
<b>Loss from discontinued operations before taxation</b>	7	<b>(3,364)</b>	<b>(451)</b>
Tax on loss from discontinued operations	8	—	—
<b>Loss from discontinued operations for the financial year</b>		<b>(3,364)</b>	<b>(451)</b>

There were no other items of comprehensive income or expense and therefore, no statement of comprehensive income or expense has been separately presented.

The notes on pages 10 - 13 form an integral part of these financial statements.

# JPMORGAN CAZENOVE SERVICE COMPANY

## Balance sheet

31 December		2016	2015
	Notes	£'000	£'000
<b>Current assets</b>			
Cash at bank and in hand	9	13,387	17,292
		<b>13,387</b>	<b>17,292</b>
Creditors: amounts falling due within one year	10	—	(541)
<b>Net current assets</b>		<b>13,387</b>	<b>16,751</b>
<b>Equity</b>			
Called-up share capital	11	1,000	1,000
Other reserves		10,176	10,176
Retained earnings		2,211	5,575
<b>Total equity</b>		<b>13,387</b>	<b>16,751</b>

The financial statements on pages 7 to 13 were approved by the Board of Directors on 21/08 2017 and signed on its behalf by:

Director



L. Navarabne

21/08/2017

The notes on pages 10 - 13 form an integral part of these financial statements

**JPMORGAN CAZENOVE SERVICE COMPANY**  
**Statement of changes in equity**

	Called-up share capital	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
<b>Balance as at 1 January 2015</b>	<b>1,000</b>	<b>10,568</b>	<b>6,026</b>	<b>17,594</b>
Loss for the financial year	—	—	(451)	(451)
Movement in other reserves	—	(392)	—	(392)
<b>Balance as at 31 December 2015</b>	<b>1,000</b>	<b>10,176</b>	<b>5,575</b>	<b>16,751</b>
Loss for the financial year	—	—	(3,364)	(3,364)
<b>Balance as at 31 December 2016</b>	<b>1,000</b>	<b>10,176</b>	<b>2,211</b>	<b>13,387</b>

Other reserves represents capital contribution reserve.

The notes on pages 10 - 13 form an integral part of these financial statements.

# **JPMORGAN CAZENOVE SERVICE COMPANY**

## **Notes to the financial statements**

### **1. General information**

The Company is a private unlimited company incorporated and domiciled in England and Wales. The Company is a wholly-owned indirect subsidiary of JPMorgan Chase Bank N.A., which is one of the principal subsidiaries of JPMorgan Chase & Co (the "Firm" or "JPMorgan Chase"). The Company's immediate parent undertaking is JP Morgan Cazenove Holdings, incorporated in England and Wales. The parent undertaking of the smallest group in which the Company's results are consolidated is J.P. Morgan Capital Holdings Limited, incorporated in the England and Wales but domiciled in Luxembourg. The Company's ultimate parent undertaking and controlling party is JPMorgan Chase & Co, which is incorporated in the state of Delaware in the United States of America. JPMorgan Chase & Co. is also the parent undertaking of the largest group in which the results of the Company are consolidated. The largest and smallest parent groups' consolidated financial statements can be obtained from the Company's registered office, at 25 Bank Street, Canary Wharf, London, E14 5JP, England and Wales.

### **2. Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") with reduced disclosures.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information disclosures (paragraph 38, IAS 1 'Presentation of financial statements' ("IAS 1") for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance with IFRS - Paragraph 16, IAS 1;
- Cash flow statement and related notes IAS 7 'Cash flow statements';
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24"));
- Related party transactions with wholly owned JPMorgan Chase undertakings (paragraph 18 and 19, IAS 24)
- Disclosure requirements of IFRS 7 'Financial Instruments: Disclosures'; and
- Disclosure requirements of IFRS 13 'Fair Value Measurement' (paragraph 91 - 99 of IFRS 13).

### **3. Critical accounting estimates and judgements**

The preparation of financial statements generally requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. Due to the nature of business undertaken by the Company, no significant accounting estimates or judgements were required in preparation of these financial statements.

### **4. Significant accounting policies**

The following are principal accounting policies applied in the preparation of these financial statements. These policies have been applied consistently to all the years presented, unless otherwise stated.

#### **4.1 Foreign currency translation**

Monetary assets and liabilities in foreign currencies are translated into Pound Sterling ("GBP") at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into GBP at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

#### **4.2 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Taking into account the cash flows and the financing structure, GBP is considered as functional and presentation currency of the Company.

# JPMORGAN CAZENOVE SERVICE COMPANY

## Notes to the financial statements (continued)

### 4. Significant accounting policies (continued)

#### 4.3 Income and expense recognition

Turnover from direct and indirect expense recharges is recognised in the period in which the service took place.

#### 4.4 Current and deferred tax

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

#### 4.5 Cash and cash equivalents

Cash and cash equivalents include cash and balances at banks and loans and advances to banks with maturities of three months or less.

### 5. Other expense

	2016	2015
	£'000	£'000
Foreign exchange translation loss	—	(724)
Other expenses*	(3,363)	—
	(3,363)	(724)

\*Other expenses represent the final payment made in respect of the deficit of the JPMorgan Cazenove (1987) Pension Scheme, that was derecognised in the prior year.

### 6. Directors emoluments

	2016	2015
	£	£
Emoluments*	2,041	1,384
Total contributions to a defined contribution plan	119	119
Total value of long term incentive plans (LTIPs) for all directors	49	17
Number of directors who exercised share options	—	—
Number of directors with shares received or receivable under LTIPs	1	1
Number of directors to whom defined contribution pension rights accrued	2	2

\*The amounts shown above in respect of emoluments paid to directors exclude amounts paid or due to directors under long term incentive plans, the value of share options granted or exercised and benefits to which directors are entitled under any pension schemes.

In accordance with the Companies Act 2006, the directors emoluments above represent the proportion paid or payable in respect of qualifying services only. Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

The directors are employees of other companies in the Firm and all expenses, including remuneration, are paid by those companies and not recharged. The directors do not consider that a significant element of their remuneration relates to the Company for the current financial year.

# JPMORGAN CAZENOVE SERVICE COMPANY

## Notes to the financial statements (continued)

### 7. Loss from discontinued operations before taxation

	2016	2015
	£'000	£'000
Loss from discontinued operations before taxation is stated after crediting:		
Staff costs:		
Share based payments	—	(273)

During the year, the auditors' remuneration of £16,000 (2015: £15,450) was met by another JPMorgan Chase undertaking and not recharged.

Administrative expenses for current year represents bank charges.

The total expense for the year relating to share based payments was £nil (2015: £273,000 deferred cancellation vested), all of which relates to equity settled share based payments.

The average monthly number of staff employed by the Company during the year was none (2015: none).

### 8. Tax on loss from discontinued operations

	2016	2015
	£'000	£'000
(a) Analysis of tax charge for the year		
Current taxation		
UK Corporation tax on loss for the year	—	—
Total tax expense for the year	—	—

#### (b) Factors affecting the current tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK (20%). The differences are explained below:

	2016	2015
	£'000	£'000
Loss from discontinued operations before taxation	(3,364)	(451)
Loss from discontinued operations before taxation multiplied by standard rate of corporation tax in UK 20% (2015: 20.25%)	(673)	(91)
Effects of:		
Pension contribution	(143)	—
Share based awards	—	(712)
Losses surrendered for nil consideration	816	803
Total tax expense for the year	—	—

### 9. Cash at bank and in hand

All bank balances are held with JPMorgan Chase undertakings.

### 10. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Amounts owed to JPMorgan Chase undertakings	—	541
	—	541

**JPMORGAN CAZENOVE SERVICE COMPANY**  
**Notes to the financial statements (continued)**

**11. Called-up share capital**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Issued and fully paid share capital</b>		
100,000,000 (2015: 100,000,000) ordinary shares of £0.01 each	1,000	1,000