DUNCAN LAWRIE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

REGISTERED NUMBER: 998511

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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STRATEGIC REPORT

The directors present their strategic report on Duncan Lawrie Limited ("the Company") for the year ended 31 December 2017.

Description of the business

Duncan Lawrie Limited is a wholly owned subsidiary of Camellia Plc ("Camellia"), an AIM listed company incorporated in England, and provided private banking services and was authorised and regulated by the Prudential Regulation Authority and Financial Conduct Authority under the Financial Services and Markets Act 2000. The Company is part of the Duncan Lawrie Holdings Group which provided holistic banking, investment management, financial planning and trust advisory services to individuals and their business interests, trusts and pension funds in the UK and Isle of Man. Following a decision taken by Camellia in 2016 the Duncan Lawrie Holdings Group has been winding down its operations in an orderly manner and on 27 December 2017 the Company ceased to be regulated.

Business review, including future outlook

The orderly wind-down of the business, which commenced in the latter part of 2016, gathered pace during 2017 and by the year-end was substantially complete. A high level summary of the achievements is as follows:

- Completed on the sale of the asset management business to Brewin Dolphin Limited which resulted in proceeds of £28m and a profit on sale of £19.3m
- Received in full the 10% retention on the sale of the loan book
- Collected out the remaining loan book, with only one unregulated loan remaining at 31 December 2017
- Repaid depositors. Only £15,000 of deposits representing 31 dormant accounts could not be traced and the funds were duly paid to The Reclaim Fund
- Sold the lease interests in 2 properties to other companies in the Camellia Group
- Settled all material contractual liabilities, in particular those in respect of dilapidation obligations under property leases
- Decommissioned all operational systems having created archives that will be retained for a period of six years
- Carried out a capital reduction to allow a dividend of £25m to be paid

During the first half of 2018 the one remaining loan is expected to be repaid, all other liabilities will be established and settled, the remaining staff will leave the business and surplus funds will be paid away by way of dividend. It is the intention to place the Company into Members Voluntary Liquidation in due course.

Key performance indicators

The key performance indicators used for a going concern are no longer appropriate. During 2017 and into 2018 the key performance indicators have focussed on monitoring the forecast proceeds from the wind-down, cost control, the speed of repayment of depositors and monetising all residual assets. It is anticipated that the total funds returned to the shareholder will be approximately £34.5m.

Employees

A summary of the employees at 31 December 2017 is as follows:

	Male	Female
Executive director	1	-
Other employee	1	-
	2	-

By order of the Board

J A Morton
Company Secretary
16 March 2018

DIRECTORS REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017, which they consider to be a true and fair reflection of the business.

Principal activities

The Company provided private banking services and was authorised and regulated by the Prudential Regulation Authority and Financial Conduct Authority under the Financial Services and Markets Act 2000. Following the decision to wind-down the business which was taken in 2016, the Company's regulatory permissions were cancelled on 27 December 2017. On 31 December 2017 the Company had one unregulated loan outstanding which is scheduled to be repaid during the first half of 2018 after which the Company will be placed into Members Voluntary Liquidation, the timing of which has yet to be determined.

Results and dividends

During the year ended 31 December 2017 the Company made a profit of £15,783,000 (2016: loss of £17,784,000). An interim dividend of £25,000,000 was paid during the year. The Board do not propose the payment of a final dividend. Details are shown in note 11.

Going concern

As a result of the decision to sell business assets, settle outstanding liabilities and obligations, repay depositors and then place the business in Members Voluntary Liquidation, the Directors have concluded that these financial statements should be prepared on a basis other than going concern. Consequently, all assets and liabilities have been recorded at their realisable value, where this was lower than the carrying amount of the relevant asset or liability. No upward revaluation of assets has taken place. All fixed assets have been classified as current assets. Costs directly associated with the decision to wind down the business have been accrued for as soon as the obligation is identified, which may be considerably in advance of settlement. The Directors are confident that the Company has sufficient resources to be able to meet its obligations as they fall due.

Directors

The following directors served throughout the period:

T K Franks
S A Walker

As a result of the decision to wind-down the Company, the following directors resigned:

R Armstrong	- resigned 30 June 2017
K B Coombs	- resigned 31 July 2017
C J Relleen	- resigned 30 June 2017
S J Tennant	- resigned 31 December 2017
R C Wastcoat	- resigned 30 June 2018
W B Mathews	- resigned 28 February 2018

Charitable donations

The company made charitable donations of £nil in the year (2016: £nil).

Risk management

Details of the principal risks faced by the Company are explained in note 2 of the financial statements.

Insurance

The Company has arranged and maintained throughout the financial year Directors and Officers liability insurance in respect of itself and its directors.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.

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.

DIRECTORS REPORT (continued)

Statement of Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report individually 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 necessary steps that they should have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

With effect from the completion of the 2016 audit, Deloitte were appointed as auditors to the Company. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

By order of the Board

J Morton
Company Secretary
16 March 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNCAN LAWRIE LIMITED

Report on the audit of the financial statements

Our Opinion
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31/12/2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (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 of Duncan Lawrie Limited (the 'company') which comprise:
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

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

Emphasis of matter – Financial statements prepared other than on a going concern basis
We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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

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

We have nothing to report in respect of these matters.

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNCAN LAWRIE LIMITED (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

Michael Williams

Michael Williams - Senior Statutory Auditor
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 March 2018

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Interest and similar income		194	2,454
Interest and similar expense		(158)	(681)
Net interest income	4	36	1,773
Fee and commission income		2,630	8,312
Fee and commission expense		(453)	(726)
Net fee and commission income	5	2,177	7,586
Total income		**2,213**	**9,359**
Dividend income from subsidiary company		4,033	-
Impairment of carrying value of investment in subsidiary company	16	(4,137)	-
Profit on disposal of property, plant and equipment		141	-
Other operating income	6	1,433	1,249
Profit on disposal of held to maturity assets		-	379
Profit on disposal of intangible assets	7	19,343	-
Loss on sale of loan book	13	(34)	(2,298)
Administrative expenses	8	(6,740)	(25,805)
Impairment charge	14	152	(594)
Profit/(loss) before income tax		16,404	(17,710)
Income tax	10	355	-
Profit/(loss) before other comprehensive expense		16,759	(17,710)
Other comprehensive (expense)/income			
Available for sale financial assets:			
Available for sale reserve		(976)	(74)
Total other comprehensive (expense)/income		(976)	(74)
Profit/(loss) and total comprehensive income/(expense) for the year		15,783	(17,784)

All results are derived from discontinued activities in respect of current and preceding years.

The notes on pages 11 to 28 are an integral part of these financial statements.

BALANCE SHEET
as at 31 December 2017

	Note	2017 £'000	2016 £'000
Assets			
Cash and balances with central banks	12	-	102,884
Loans and advances to banks	13	6,268	22,123
Loans and advances to customers	14	714	7,167
Available for sale assets	15	-	8,974
Investments in subsidiary undertakings	16	1,662	5,798
Property, plant and equipment	17	-	1,508
Intangible assets	18	-	6,238
Other assets	20	1,454	14,771
Total current assets		**10,098**	**169,463**
Liabilities			
Deposits from banks		-	2,067
Customer deposits		-	137,156
Other liabilities	21	600	11,525
Total current liabilities		**600**	**150,748**
Equity			
Share capital	26	6,000	41,000
Reserves		3,498	(22,285)
Total equity		**9,498**	**18,715**
Total equity and liabilities		**10,098**	**169,463**

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements on pages 7 to 28 were approved by the board of directors and authorised for issue on 16 March 2018. They were signed on its behalf by:

Susan Walker

S A Walker
Director

TKFranks

T K Franks
Director

REGISTERED NUMBER: 998511

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Share Capital	Share Premium	Retained Earnings	Available for sale reserve	Total Reserves	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016	36,000	318	(5,869)	1,050	(4,501)	31,499
Loss and total comprehensive expense for the year	-	-	(17,710)	(74)	(17,784)	(17,784)
Share capital issued	5,000	-	-	-	-	5,000
Balance at 31 December 2016	41,000	318	(23,579)	976	(22,285)	18,715
Profit and total comprehensive expense for the year	-	-	16,759	(976)	15,783	15,783
Share capital redeemed	(35,000)	-	35,000	-	35,000	-
Dividend paid	-	-	(25,000)	-	(25,000)	(25,000)
Balance at 31 December 2017	6,000	318	3,180	-	3,498	9,498

The notes on pages 11 to 28 are an integral part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Profit/(loss) before income tax		16,404	(17,710)
Dividend received from subsidiary		(4,033)	-
Depreciation and amortisation	8	142	579
Profit on disposal of tangible and intangible fixed assets		(19,484)	-
Impairment of assets		3,987	450
Cash flow used in operating activities before changes in operating assets and liabilities		(2,984)	(16,681)
Changes in operating assets and liabilities			
Net decrease/(increase) in loans and advances to banks and customers		6,605	34,180
Net increase in available for sale assets		-	-
Net decrease/(increase) in assets held to maturity		-	20,101
Net (Increase)/decrease in other assets		13,314	(12,433)
Net increase/(decrease) in deposits by banks and customers accounts		(139,223)	26,214
Net increase in other liabilities		(10,570)	8,908
Net cash inflow to/(outflow) from operating activities		(129,874)	76,970
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	(79)
Disposal of property, plant, equipment and intangible assets		27,088	-
Dividend received from subsidiary		4,033	-
Net cash (outflow from)/inflow to investing activities		31,121	(79)
Cash flows from financing activities			
Equity dividends paid		(25,000)	-
Issue of share capital		-	5,000
Net cash (outflow)/inflow to financing activities		(25,000)	5,000
Net increase/(decrease) in cash and cash equivalents		(126,737)	65,210
Cash and cash equivalents at beginning of year		133,005	67,795
Cash and cash equivalents at end of year	28	6,268	133,005

The notes on pages 11 to 28 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated. These accounting policies should be read in the context of the basis of preparation set out in Note 1.1

1.1 Basis of presentation
As a result of the decision taken by the ultimate parent company to dispose of its interest in the Company, the directors have therefore adopted a basis other than going concern in respect of the preparation of its financial statements. Consequently, all assets and liabilities have been recorded at their realisable value, where this was lower than the carrying amount of the relevant asset or liability. No upward revaluation of assets has taken place. All fixed assets have been classified as current assets and the costs directly associated with the decision to wind down the business have been provided for as soon as the liability has been identified. The Directors are confident that the Company has sufficient resources to be able to meet its obligations as they fall due.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as applicable to companies under the International Financial Reporting Interpretations Committee's (IFRIC) interpretations and the Companies Act 2006.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.21 below.

There are no standards or amendments to existing standards which have been published and are mandatory for the Company's accounting periods beginning after 1 January 2017 or later periods which are expected to have a significant impact on the results of the Company.

1.2 Investment in subsidiaries
(a) Exemption from preparing consolidated financial statements
The company has taken advantage of the exemption available under IAS 27 "Consolidated and separate financial statements" and section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The name and address of the ultimate holding company in whose financial statements the results of the Company and its subsidiaries are consolidated under International Financial Reporting Standards (which are publicly available) is detailed in note 27. Therefore, these financial statements present information about the individual undertaking only and not about its group.

(b) Investments in subsidiaries
Investments in subsidiaries are included in the balance sheet at cost less provision for impairment.

1.3 Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

1.4 Foreign currency translation
(a) 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"). The financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

1.5 Interest income and expense
Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, *prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract* that are an integral part of the effective interest rate including transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.6 Fee and commission income
Fees and commissions are generally recognised on an accruals basis when the service has been provided. Financial planning and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Investment management and custody fees are recognised rateably over the period the service is provided.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Summary of significant accounting policies (continued)

1.7 Costs of wind down
All costs associated directly with the decision to wind down the Company were provided for in the Financial Statements as soon as the liability was established, although settlement of some of the amounts often occured significantly later. These costs included staff redundancy and termination costs, advisor fees associated with the sale of business assets and the costs of terminating onerous contracts, where the costs of meeting obligations under the contracts exceeded the economic benefits received by the Company.

1.8 Financial assets and liabilities
The Company classifies financial assets and financial liabilities in the following categories: loans and receivables; held-to-maturity investments; available-for-sale financial assets and other financial liabilities. Management determines the classification of its investments at acquisition.

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when cash is advanced to the borrowers. Loans and receivables are carried at amortised cost using the effective interest method.

(b) Held-to-maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses.

(c) Available for sale
Available for sale investments are non-derivative financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Available for sale investments are carried at fair value.

The determination of fair values of financial assets and liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by valuation techniques.

Disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. These are:

- Level 1:	Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2:	Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued where all significant inputs are directly or indirectly observable from market
- Level 3:	Valuation techniques using significant unobservable inputs.

(d) Other financial liabilities
Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments and primarily comprise deposits by banks or customers. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Balance Sheet date.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, expire, are modified or exchanged.

(e) Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, less any reduction for impairment.

1.9 Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.10 Impairment of financial assets
(a) Assets carried at amortised cost
The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the charge for loan impairment in the statement of comprehensive income.

(b) Assets carried at fair value
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of an investment security classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Summary of significant accounting policies (continued)

1.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill is tested at least annually for impairment, primarily by comparing the carrying value of goodwill to the value in use (fair value less costs to sell) and the cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(b) Identifiable intangible assets

Identifiable intangible fixed assets include customer relationships and other intangible assets acquired when purchasing subsidiaries. Acquired intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives, not exceeding 20 years. Intangible assets' estimated lives are re-evaluated annually and an impairment test is carried out if certain indicators of impairment exist. The basis of valuing identifiable intangible assets is described in note 18.

(c) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives (up to five years). Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives (up to five years).

An impairment test is carried out if certain indicators of impairment exist

1.12 Property, plant and equipment

Land and buildings comprise mainly offices. All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land, antiques and objets d'art are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost down to their residual values over their estimated useful lives, as follows:

Leasehold land and buildings	Between 10 years and the period of the lease
Fixtures and fittings	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

1.13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

1.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

1.15 Employee benefits

Pension Obligations

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments to defined benefit pension schemes are also charged as an expense as they fall due because, although a number of staff were members of a Group defined benefit pension scheme, an arrangement was entered into a number of years ago under which the contracts of employment for the relevant staff were transferred to another Group company. This company provides employment services to the Company and charges back the full costs of employment.

1. Summary of significant accounting policies (continued)

1.16 Current and deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the difference will not reverse in the foreseeable future.

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

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of comprehensive income together with the deferred gain or loss.

1.17 Operating leases
Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

1.18 Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.19 Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

1.20 Fiduciary activities
Whenever the Company acts as a trustee or in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions, these assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

1.21 Critical accounting estimates and judgements
In the process of applying the Company's accounting policies, which are described in this note 1, management made the following judgements that had the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with separately below):

Costs associated with wind down of the business
Costs directly associated with the decision to wind down the business, which were primarily incurred during 2017, including those where the cost to the Company of settling contracts exceed the economic benefit that accrued from the contracts, were recognised at 31 December 2016. The estimates at 31 December 2016 for these costs included, inter alia, staff termination costs, legal & professional fees, and the costs of liquidating the business and settling contracts were estimated based on both contractual obligations and management estimates included in the detailed wind down plans that were prepared. Any variances from the initial estimates were charged to profit or loss when the costs were settled.

Key source of estimation uncertainty
Given that the business is currently in the process of wind-down, the key sources of estimation uncertainty at the previous balance sheet date, that was considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within 2017 was the level of accruals and provisions that were required to meet all future claims on the business. Given the advanced status of the wind-down at 31 December 2017, these risks are now considered to be significantly reduced.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

2. Risk Management

Given that the Company is in the late stages of winding-down its business and is no longer a regulated entity, the level of risk associated with the business is significantly reduced. The Company continues to have a clear strategy and process to manage the changing risks faced by the Company. This strategy seeks to:

- maintain the Company's ability to identify and assess risks;
- define the Company's risk appetite;
- develop solutions for reducing or transferring risk; and
- manage and control risk to maximise shareholder value.

Overall responsibility for risk management lies with the Board.

The primary risks that the Company has been exposed to during the year are described in the following sections:

2.1 Credit risk
2.2 Liquidity and funding risk
2.3 Capital risk and capital adequacy
2.4 Operational risk
2.5 Market risk
(a) Foreign exchange risk
(b) Interest rate risk

2.1 Credit risk

The Company has exposure to credit risk, which is the risk of a reduction in earnings and/or value as a result of the failure of the party with whom the Company has contracted to meet obligations (both on and off balance sheet), as they fall due. The principal source of credit risk now arises from placing funds with banks as the Company only has one remaining unregulated loan outstanding at the year-end.

2.1 (a) Loans and advances to customers

Risk concentrations
The Company's exposures principally relate to private individuals and their business concerns.

Geographical risk - The table below analyses the Company's loans and advances by the geographical region in which counterparties are based.

	2017 £'000	2016 £'000
UK (including the Channel Islands and the Isle of Man)	712	7,650
EU, excluding the UK	-	312
Rest of the world	-	111
Accrued interest	2	34
Impairment provision	-	(940)
Total	714	7,167

Collateral risk -The table below analyses the Company's loans and advances by type of security collateralised against them.

	2017 £'000	2016 £'000
Secured by cash deposit	712	1,765
Secured on property	-	1,766
Other security	-	1,478
Unsecured	-	829
Loan notes issued by parent company (unsecured)	-	2,235
Accrued interest	2	34
Impairment provision	-	(940)
Total	714	7,167

At 31 December 2017 the cash deposit is held by the Company's wholly owned subsidiary, Duncan Lawrie (IOM) Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

2. Risk Management (continued)

2.1 (a) Loans and advances to customers (continued)

The above table represents a worst case scenario of credit risk exposure to the Company at 31 December 2017 and 2016, without taking account of any collateral held or other credit enhancements attached. The exposure set out above is based on net carrying amounts as reported in the balance sheet.

The customer loan book can be analysed as follows:

	2017 £'000	2016 £'000
Neither past due nor impaired	712	6,387
Impaired – provision held	-	1,686
Gross loans	712	8,073
Accrued interest	2	34
Allowance for impairment	-	(940)
Net loans	714	7,167

The credit risk, arrears and provisioning policy of the Company outlines the circumstances under which a loan is deemed to be impaired or past due. The policy explains that an assessment of impairment is based on objective evidence as to the serviceability of the loan and the applicable security. The circumstances where a loan will be deemed to be in arrears (past due) include whether a loan, subject to agreed capital and/or interest payments, remains unpaid for a period of three months following the due date or where a loan is in excess of its facility limit and such excess is neither cleared by the client within six months nor accommodated by an increase in the account limit by the Company.

2.1(b) Loans and advances to banks

Geographical risk

The table below analyses the Company's loans and advances to bank counterparties by the geographical region in which counterparties' legal entities are based.

	2017 £'000	2016 £'000
Loan and advances to banks (including Central Banks):		
UK (including the Channel Islands and the Isle of Man)	6,268	109,618
Rest of the world	-	15,240
Accrued interest	-	11
Total	6,268	124,869

Loans to banks, in neither year, were past due nor deemed to be impaired.

Credit risk

The credit risk on the loans and advances to banks as assessed by the Fitch IBCA long term credit ratings are as follows:

	£'000	£'000
AA	-	102,746
AA-	-	10,655
A+	5,258	-
A	-	10,525
BBB+	1,010	934
Not rated	-	9
Total	6,268	124,869

2.1(c) Available for sale assets

Geographical risk

	2017 £'000	2016 £'000
UK (including the Channel Islands and the Isle of Man)	-	8,974

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

2. Risk Management (continued)

2.1(c) Available for sale assets (continued)
An analysis of the credit risk on the available for sale assets as assessed by the Fitch IBCA long term credit ratings is as follows:

	2016 £'000	2015 £'000
AA	-	8,974

2.2 Liquidity and funding risk

Liquidity risk is defined as the risk that the Company has insufficient financial resources to meet its commitments as they fall due, or can only secure them at excessive cost, while funding risk is the risk that the Company does not have sufficient stable and diverse sources of funding or the funding structure is inefficient. It is the policy of the Company to ensure that sufficient liquid assets are at all times available to meet the Company's expected obligations, including a buffer to deal with unexpected cash flows.

The table below analyses the Company's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	On demand £'000	3 months or less £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Undated £'000	Total £'000
31 December 2017							
Assets							
Cash and balances with central banks	-	-	-	-	-	-	-
Loans and advances to banks	6,268	-	-	-	-	-	6,268
Loans and advances to customers	-	714	-	-	-	-	714
Available for sale assets	-	-	-	-	-	-	-
Other investments	-	-	-	-	-	1,662	1,662
Tangible and intangible	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	1,454	1,454
Total current assets	6,268	714	-	-	-	3,116	10,098
Liabilities							
Deposits by banks & customers	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	600	600
Total current liabilities	-	-	-	-	-	600	600
Called up share capital	-	-	-	-	-	6,000	6,000
Retained profit and other reserves	-	-	-	-	-	3,498	3,498
Sub-total	-	-	-	-	-	9,498	9,498
Net liquidity gap	6,268	714	-	-	-	(6,982)	-
Cumulative	6,268	6,982	6,982	6,982	6,982	-	-
31 December 2016							
Assets							
Cash and balances with central banks	102,746	-	-	-	-	138	102,884
Loans and advances to banks	22,111	-	-	-	-	12	22,123
Loans and advances to customers	1,582	5,585	-	-	-	-	7,167
Other investments	-	-	-	-	-	5,798	5,798
Available for sale assets	-	7,998	-	-	-	976	8,974
Tangible and intangible	-	-	-	-	-	7,746	7,746
Other assets	-	-	-	-	-	14,771	14,771
Total assets	126,439	13,583	-	-	-	29,441	169,463
Liabilities							
Deposits by banks & customers	90,782	48,441	-	-	-	-	139,223
Other liabilities	-	-	-	-	-	11,525	11,525
Total liabilities	90,782	48,441	-	-	-	11,525	150,748
Called up share capital	-	-	-	-	-	41,000	41,000
Retained profit and other reserves	-	-	-	-	-	(22,285)	(22,285)
Sub-total	-	-	-	-	-	18,715	18,715
Net liquidity gap	35,657	(34,858)	-	-	-	(799)	-
Cumulative	35,657	799	799	799	799	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

2. Risk Management (continued)

2.3 Capital risk and capital adequacy

Capital risk is defined as the risk that the Company is unable to maintain appropriate capital ratios which could lead to: an inability to support business activity; or a failure to meet regulatory requirements. Given that the Company's regulatory permissions were cancelled on 27 December 2017, this risk is no longer relevant.

2.4 Operational risk

Operational risk is the 'risk of direct or indirect impacts on the business resulting from human factors, inadequate or failed internal processes and systems, or external events'. The Company operates with a robust system of internal control that is appropriate to the size and scale of its business.

The primary objective of the management of Operational Risk is to minimise losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering an extreme (or unexpected) loss.

During the wind-down process, the Company has identified that certain operational risks within the business are increased. Consequently, management implemented specific processes to monitor and mitigate the perceived risk. These increases in certain operational risks have not crystalised in financial losses.

2.5 Market risk and fair value

Market risk can be defined as the risk from adverse movements in external markets, for example, movements in interest rates, currency rates and equity prices.

The Company was exposed to market risk on its foreign exchange positions (detailed below), holdings of available for sale assets and on interest rate exposures (also detailed below). The Company does not use sensitivity analysis or Value at Risk to monitor these exposures. The Company, through the implementation of relatively risk-averse policies, never took significant positions in any of these categories and therefore any changes in the underlying risk variables that could be reasonably foreseen (e.g. interest rates, foreign exchange rates) would not materially impact profit, loss or equity.

Financial assets and liabilities held on balance sheet have been valued at their carrying values.

2.5(a) Foreign exchange risk
The Company's exposure to foreign exchange risk is actively monitored and managed by matching the currencies of loans with those of deposits and the net long/(short) positions at the year-end were as follows:

	2017 £'000	2016 £'000
US Dollars	-	(1)
Euros	-	2
Other	-	13
Total	-	14

As the following tables, which analyse the assets and liabilities of the Company by currency, indicate, the Company does not have a significant exposure to movements in exchange rates.

	Assets £'000	Liabilities £'000	Total £'000
31 December 2017			
Sterling	10,098	10,098	-
Dollars	-	-	-
Euros	-	-	-
Other currencies	-	-	-
Total	**10,098**	**10,098**	-
31 December 2016			
Sterling	150,972	150,986	(14)
Dollars	13,795	13,796	(1)
Euros	2,855	2,853	2
Other currencies	1,841	1,828	13
Total	**169,463**	**169,463**	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

2. Risk Management (continued)

2.5(b) Interest rate risk
Interest rates applied to loans were mainly contractually linked to the Duncan Lawrie Base Rate while deposits were either variable at the discretion of the Company (managed rates) or fixed for a defined period of time. The Company's interest rate exposure is summarised below in the form of an interest rate re-pricing table. The table reflects the re-pricing profile of the Company's assets and liabilities by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

	Less than 3 months £'000	Three months to one year £'000	One to five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
31 December 2017						
Assets						
Cash and balances with central banks	-	-	-	-	-	-
Loans and advances to banks	6,268	-	-	-	-	6,268
Loans and advances to customers	714	-	-	-	-	714
Available for sale assets	-	-	-	-	-	-
Other	-	-	-	-	3,116	3,116
Total current assets	**6,982**	**-**	**-**	**-**	**3,116**	**10,098**
Liabilities						
Deposits by banks & customerrs	-	-	-	-	-	-
Other	-	-	-	-	600	600
Shareholders' funds	-	-	-	-	9,498	9,498
Total current liabilities and equity	**-**	**-**	**-**	**-**	**10,098**	**10,098**
Interest rate gap	6,982	-	-	-	(6,982)	-
Cumulative gap	6,982	6,982	6,982	6,982	-	-
31 December 2016						
Assets						
Cash and balances with central banks	102,746	-	-	-	138	102,884
Loans and advances to banks	22,123	-	-	-	-	22,123
Loans and advances to customers	7,167	-	-	-	-	7,167
Available for sale assets	-	-	-	-	8,974	8,974
Other	-	-	-	-	28,315	28,315
Total assets	**132,036**	**-**	**-**	**-**	**37,427**	**169,463**
Liabilities						
Deposits by banks & customers	84,658	-	-	-	54,565	139,223
Other	-	-	-	-	11,525	11,525
Shareholders' funds	-	-	-	-	18,715	18,715
Total liabilities and equity	**84,658**	**-**	**-**	**-**	**84,805**	**169,463**
Interest rate gap	47,378	-	-	-	(47,378)	-
Cumulative gap	47,378	47,378	47,378	47,378	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

3. Segmental Reporting

The business comprised of one business and one geographical segment, being the provision of private banking services from the UK. The Company's regulatory permissions were cancelled on 27 December 2017. No further segmental reporting is considered necessary. A breakdown of the various revenue streams is included in notes 4 and 5.

4. Net interest income

	2017 £'000	2016 £'000
Interest receivable		
Loans and advances to customers	137	1,967
Loans and advances to banks	55	278
Held to maturity assets	3	209
Total interest receivable	195	2,454
Interest payable		
Customers deposits	(155)	(673)
Deposits from banks	(3)	(8)
Total interest payable	(158)	(681)
Net interest income	37	1,773

5. Net fee and commission income

	2017 £'000	2016 £'000
Fee and commission income:		
Asset management	2,371	6,656
Banking	179	1,379
Financial planning	79	277
Total fee and commission income	2,629	8,312
Fee and commission expense		
Asset management	(203)	(418)
Banking	(251)	(307)
Financial planning	-	(1)
Total fee and commission expense	(454)	(726)
Net fee and commission income	2,175	7,586

6. Other Operating income

	2017 £'000	2016 £'000
Other dividends	8	1
Loan and asset management servicing fee	214	60
Gain on sale of securities	1,211	1,188
Total	1,433	1,249

The loan and asset management servicing fee above relates to fees earned from servicing the portfolio of loans sold to Arbuthnot Latham & Co., Limited and asset management portfolios to Brewin Dolphin Limited after the rights to the income from these businesses had legally passed.

The gain on sale of securities relates to the purchase of Visa Europe by Visa Inc. that completed in June 2016, consideration for which was shared betwen members of Visa Europe and consisted of a mixture of cash and shares. In 2016 the Company recognised the cash proceeds received on the purchase of Visa Europe by Visa Inc. and in 2017 the Company sold its holding of Series B Preference Shares in Visa Inc. to a fellow group subsidiary.

7. Profit on disposal of intangible asset

On 19 December 2016, Duncan Lawrie Holdings Limited reached an agreement, subject to regulatory approval, to sell Duncan Lawrie Asset Management Limited ('DLAM') to Brewin Dolphin Limited. As the Company owned the rights to the income streams generated from the DLAM client contracts, the sales process involved the Company selling these rights back to DLAM in advance of the sale of DLAM to Brewin Dolphin Limited. Regulatory consent for the sale of DLAM was received in early May 2017 and on 9 May 2017 the Company sold its rights to the income streams back to DLAM for £25,000,000, resulting in a profit on sale of £19,343,000.

8. Administrative expenses

	2017 £'000	2016 £'000
Staff costs		
- wages and salaries	3,229	8,742
- social security costs	342	842
- other pension costs	105	289
Depreciation and amortisation (Notes 16 and 17)	142	579
Impairment of property, plant and equipment and intangibles (Note 16)	-	211
Costs associated with wind down accrued at 31 December 2016	-	8,824
Other administrative expenses	3,156	6,760
Re-charges to subsidiaries and fellow subsidiaries	(234)	(442)
Total administrative expenses	6,740	25,805

Other administrative expenses include:		
Fees paid to auditors for auditing the financial statements	100	240
Remuneration paid to auditors for non-audit services	60	24
Operating lease rentals on leasehold land and buildings	168	458

The non-audit fees paid to the auditors in 2016 were in respect of taxation services and regulatory advice.
The non-audit fees paid to the auditors in 2017 were in respect of regulatory opinions

9. Average number of employees

The monthly average number of persons employed during the year was made up as follows:

	2017	2016
Executive directors	2	2
Non-executive directors	2	5
Managers	10	34
Other staff	34	81
Total	48	122

10. Income tax

	2017 £'000	2016 £'000
Current tax		
Current tax	(355)	-
Total income tax	(355)	-

The applicable rate of corporation tax for the year is 19.25% (2016: 20.00%). The total tax charge differs from 19.25% (2016: 20.00%) for the reasons set out in the following reconciliation:

	2017 £'000	2016 £'000
Profit/(loss) before income tax	16,404	(17,710)
Tax on profit on ordinary activities at standard rate 19.25% (2016: 20.00%)	3,158	(3,542)
Factors affecting charge		
- Fixed and intangible asset disposals	(3,739)	-
- Disallowable expenses and write off of investment in subsidiaries	(800)	450
- Amounts charged directly to equity	-	(210)
- Non-taxable revenue	1,009	(314)
- Chargeable gains	-	314
- Adjustment to tax charge in respect of previous periods	(355)	304
- Deferred tax not recognised	372	2,998
Total income tax for the year	(355)	-

There are £24,625,000 (2016: £19,269,000) of unutilised tax losses, which are carried forward to offset against future trading profits of the Company. No recognition of any deferred tax asset has been made as the Company is in wind-down and therefore it is highly unlikely that there will be trading profits against which the losses can be relieved. The value of the deferred tax asset not recognised is £4,486,000 (2016: £3,776,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

11. Equity dividends paid

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the year ended 31 December 2017 of 417p (2016: nil) per share	25,000	-
	25,000	-

12. Cash and balances with central banks

	2017 £'000	2016 £'000
Cash in hand	-	138
Balances with central banks other than mandatory reserve deposits	-	102,746
Total	-	102,884

Note: The balances with central banks all represented balances held with the Bank of England.

13. Loans and advances to banks

	2017 £'000	2016 £'000
Placements with other banks	6,268	22,111
Accrued interest	-	12
Total	6,268	22,123

A further analysis of the Company's exposure to banks is detailed in note 2.

14. Loans and advances to customers

	2017 £'000	2016 £'000
Customer lending	712	5,838
Loan notes issued by parent company	-	2,235
Less: allowance for losses on loans and advances	-	(940)
Accrued interest	2	34
Total	714	7,167
Included above are the following amounts:		
Loans and advances due from directors, managers and other staff	-	41

On 19 December 2016, Duncan Lawrie Limited sold the majority of its property-backed loan book to Arbuthnot Latham & Co., Limited for a cash consideration of £42.7 million, at 95p per £1 of outstanding loan balance, resulting in a loss on sale of £2,298,000. During 2017 the loan book balances have been continued to be collected, with one uncollected amount outstanding at 31 December 2017.

The following provisions were made for losses on the loan book:

	2017			2016		
	Specific Provision £'000	Collective Provision £'000	Total £'000	Specific Provision £'000	Collective Provision £'000	Total £'000
At 1 January	940	-	940	352	6	358
Net charge/(recovery) for the year	(152)	-	(152)	600	(6)	594
Write offs in the year	(788)	-	(788)	(12)	-	(12)
At 31 December	-	-	-	940	-	940

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

15. Available for sale assets

	2017 £'000	2016 £'000
Listed securities	-	976
US Treasury Bills		7,998
Total available for sale assets	-	8,974

	2017 £'000	2016 £'000
Analysed by fair value hierarchy		
- Level 1	-	7,998
- Level 2	-	976

The movement in available for sale assets is as follows:

	2017	2016
At 1 January	8,974	1,050
Transfer from held to maturity investments	-	7,998
Change in fair value of AFS assets	-	138
Disposals	(8,974)	(1,188)
Additions	-	976
At 31 December	-	8,974

16. Investments in subsidiary undertakings

	2017 £'000	2016 £'000
At 1 January and 31 December	5,798	5,798
Impairment provision	(4,137)	-
At 31 December	1,661	5,798

Principal subsidiary companies	Shares held & voting rights %	Incorporation	Activity
Direct subsidiaries			
Duncan Lawrie International Holdings Limited - 6,000,000 shares of £1 each	100%	Isle of Man	Holding company
Hobart Place Nominees - 2 shares of £1 each	100%	Great Britain	Dormant
Subsidiaries of Duncan Lawrie International Holdings Limited			
Duncan Lawrie (IOM) Limited - 6,000,000 shares of £1 each	100%	Isle of Man	Previously private banking services
Duncan Lawrie Offshore Services Limited - 50,000 shares of £1 each	100%	Isle of Man	Trust and company administration

Of the above, the companies which are incorporated in Great Britain are registered in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

17. Property, plant and equipment

	Leasehold land & buildings		Fixtures & fittings	Antiques & Objets d'art	Total
	50 years or more unexpired	Less than 50 years unexpired			
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 January 2016	2,107	267	3,449	211	6,034
Additions	-	-	79	-	79
Disposals	-	-	-	-	-
As at 31 December 2016	2,107	267	3,528	211	6,113
Accumulated depreciation					
As at 1 January 2016	519	266	3,184	-	3,969
Charge for the year	80	1	172	-	253
Impairments	-	-	172	211	383
As at 31 December 2016	599	267	3,528	211	4,605
Net book value					
As at 31 December 2016	1,508	-	-	-	1,508
Cost					
As at 1 January 2017	2,107	267	3,528	211	6,113
Additions	-	-	-	-	-
Disposals	(2,107)	(267)	(3,528)	(211)	(6,113)
As at 31 December 2017	-	-	-	-	-
Accumulated depreciation					
As at 1 January 2017	599	267	3,528	211	4,605
Charge for the year	62	-	-	-	62
Disposals	(661)	(267)	(3,528)	(211)	(4,667)
As at 31 December 2017	-	-	-	-	-
Net book value					
As at 31 December 2017	-	-	-	-	-

The Company's leasehold interest in properties were sold to other group companies for a total consideration of £1,565,000.

18. Intangible assets

	Computer software £'000	Goodwill £'000	Customer relation-ships £'000	Total £'000
Cost				
As at 1 January and 31 December 2016	2,253	3,979	3,493	9,725
Accumulated amortisation and impairment				
As at 1 January 2015	2,098	-	996	3,094
Charge for the year	88	-	238	326
Impairments	67	-	-	67
As at 31 December 2016	2,253	-	1,234	3,487
Net book value				
As at 31 December 2016	-	3,979	2,259	6,238
Cost				
As at 1 January 2017	2,253	3,979	3,493	9,725
Disposals	(2,253)	(3,979)	(3,493)	(9,725)
As at 31 December 2017	-	-	-	-
Accumulated amortisation and impairment				
As at 1 January 2017	2,253	-	1,234	3,487
Charge for the year	-	-	80	80
Disposals	(2,253)	-	(1,314)	(3,567)
As at 31 December 2017	-	-	-	-
Net book value				
As at 31 December 2017	-	-	-	-

Impairment testing

The Company's impairment test in respect of intangible assets allocated to each cash-generating unit ('CGU') was performed as at 31 December each year. In accordance with the accounting policy set out in Note 1.11, impairment testing was also performed whenever there is an indication that the assets may be impaired. All intangible assets were either disposed of or written off by 31 December 2017.

19. Operating Lease commitments

The Company has operating lease commitments as a lessee in respect of land and buildings. The future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £'000	2016 £'000
No later than 1 year	-	177
Later than 1 year and no later than 5 years	-	334
Later than 5 years	-	4,653
Total	-	5,163

During 2017, all lease obligations were either terminated or sold to other group companies.

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20. Other assets

	2017 £'000	2016 £'000
Trade debtors	2	213
Other taxes	-	165
Amounts owed by group companies	1,384	655
Prepayments and accrued income	3	2,281
Other	65	11,456
Total	1,454	14,771

At 31 December 2016, other related to £11,455,641 in respect of deferred consideration on sale of loan book to Arbuthnot Latham & Co., Limited. This amount was settled in full during the year.

21. Other liabilities

	2017 £'000	2016 £'000
Trade creditors	6	1,100
Accruals and deferred income	590	9,904
Other taxes	-	518
Other creditors	3	3
Total	599	11,525

22. Deferred income taxes
No deferred tax was recognised in 2017 (2016: £nil). The value of the deferred tax asset not recognised is £4,486,000 (2016: £3,776,000).

23. Retirement benefit schemes
Duncan Lawrie Limited was a participating employer in the Lawrie Group Pension Scheme, a defined benefit scheme which was closed to new entrants with effect from 1 November 2006. On 1 July 2011 the Lawrie Group Pension Scheme, together with another Group scheme, was transferred into the Unochrome Group Pension Scheme which subsequently changed its name to the Linton Park Pension Scheme (2011). The contracts of employment for all employees who became members of the Linton Park Pension Scheme (2011) were transferred to a fellow group company, Linton Park Services Limited, which is a participating employer in the Linton Park Pension Scheme (2011), provides employment services to the company and charges back to the company the full employment costs of the relevant employees, including employer pension contributions. The Linton Park Pension Scheme (2011) closed to future accrual with effect from 1 November 2016 and all employee members had left the Company by 31 December 2017.

Payments made to Linton Park Services Limited are accounted for as payments to a defined contribution scheme because the company has no legal liability to fund any deficit in the Linton Park Pension Scheme (2011).

Duncan Lawrie Limited also operates a group personal pension plan which is a defined contribution scheme and which is open to all eligible employees, including other group companies, who are not existing members of the defined benefit scheme.

The total charge to the statement of comprehensive income in 2017 in respect of pension contributions was £105,000 (2016: £289,000).

24. Contingent liabilities
(a) Guarantees

	2017 £'000	2016 £'000
Guarantees given to secure customer liabilities	-	15

The amounts set out above are either the contract or underlying principal amount

(b) Dilapidation
All dilapidation liabilities in relation to property leases were settled during the year.

25. Commitments
At the year-end the Company had no outstanding commitments for capital expenditure (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

26. Share capital

	2017 £'000	2016 £'000
Ordinary shares of £ 1 each:		
Issued, allotted and fully paid:		
At 1 January	41,000	36,000
Issued during the year	-	5,000
Redeemed during the year	(35,000)	-
At 31 December	6,000	41,000

In December 2017 the Company carried out a capital reduction exercise, which resulted in the issued ordinary share capital of the company reducing from 41 million shares of £1 each to 6 million shares of £1 each.

27. Parent company and ultimate parent company

Parent company - The immediate parent company of Duncan Lawrie Limited as at 31 December 2017 was Duncan Lawrie Holdings Limited while the ultimate parent company is Camellia Plc, which is the largest company to consolidate the results of the company, both of which are registered in England. Copies of the Camellia Plc financial statements can be obtained from Linton Park, Linton, Maidstone, Kent, ME17 4AB.

Control of Camellia Plc - Camellia Holding AG holds 1,427,000 ordinary shares of Camellia Plc (representing 51.34% of total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Ltd, a private trust company incorporated under the laws of Bermuda to act as a trustee of the Camellia Foundation. The Camellia Foundation is a Bermudian trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the trustees.

28. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days original maturity:

	2017 £'000	2016 £'000
Cash and balances with central banks	-	102,884
Loans and advances to banks	6,268	22,123
Treasury Bills	-	7,998
Total	6,268	133,005

29. Related party transactions

Directors' and officers' loans

	2017		2016	
	Aggregate amount outstanding £'000	Number of persons	Aggregate amount outstanding £'000	Number of persons
Officers – loans	-	-	41	2
Officers – quasi loans	-	-	38	28

The maximum amount of outstanding officers' loans during the year was £nil (2016: £9,000). These loans are unsecured. Quasi loans relate to season ticket loans and are interest free. Other loans are made on commercial terms. No loans were advanced to directors during the year.

Directors' remuneration

	2017 £'000	2016 £'000
Emoluments of the directors:-		
Remuneration	518	717
Performance Related Bonus	210	260
Pension scheme contributions	1	17
Redundancy	511	-
	1,240	994
Remuneration of the highest paid director	842	495

The remuneration of the highest paid director excludes nil (2016: £nil) in respect of pension contributions.

29. Related party transactions (continued)

Other

	2017 Balance £'000	Interest £'000	2016 Balance £'000	Interest £'000
Loans to parent company	-	-	2,235	34
Deposits from affiliated undertakings	-	-	(4,537)	-
Deposits from fellow subsidiary undertakings	-	-	(4,350)	(59)
Deposits from parent company	-	-	(5)	-

Administrative expenses include amounts payable to affiliated undertakings of £nil (2016: £nil). Affiliated undertakings relate to those undertakings within the Camellia Plc group.

Administrative expenses are net of group re-charges to subsidiary companies and fellow subsidiary undertakings of £234,000 (2016: £442,000).

Affiliated undertakings relate to those undertakings within the Camellia Plc group. Fellow subsidiary undertakings relate to those undertakings in the Duncan Lawrie Holdings Group.