

DUNCAN LAWRIE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

REGISTERED NUMBER: 00998511



DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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STRATEGIC REPORT

The directors present their strategic report on Duncan Lawrie Limited ("the Company") for the year ended 31 December 2018.

Description of the business

Duncan Lawrie Limited is a wholly owned subsidiary of Camellia Plc ("Camellia"), an AIM listed company incorporated in England, and until 27 December 2017 provided private banking services and was authorised and was regulated by the Prudential Regulation Authority and Financial Conduct Authority under the Financial Services and Markets Act 2000.

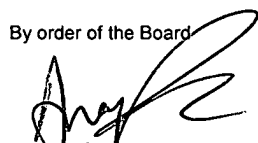
Business review, including future outlook

The orderly wind-down of the business has now been completed, as during the year the one remaining loan was repaid and the remaining staff left the business. During 2019, 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. Since 2017 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.

By order of the Board



Amarpal Takk
Company Secretary
3 June 2019

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018, which they consider to be a true and fair reflection of the business.

Principal activities

The Company previously provided private banking services and until 27 December 2017 was authorised and regulated by the Prudential Regulation Authority and Financial Conduct Authority under the Financial Services and Markets Act 2000. The process of winding down the business has now been completed and it is since the intention to place the Company into Members Voluntary Liquidation, although the timing of which has yet to be determined.

Results and dividends

During the year ended 31 December 2018 the Company made a loss of £216,000 (2017: profit of £15,783,000). No interim dividend was paid during the year (2017: £25,000,000). The Board do not propose the payment of a final dividend (2017: £nil). Details are shown in note 11.

Going concern

As it is the intention to 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:

Tom Franks
Susan Walker

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

Wayne Mathews - resigned 28 February 2018

Tom Franks and Susan Walker are directors of Camellia Plc and their interest in the shares of group undertakings are disclosed in the financial statements of that company. The directors were in place for the entire duration of the accounting period, up to the date of signing.

Secretary

On 20 April 2018, Julia Morton resigned as the company secretary and Amarpal Takk was appointed in her place.

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 Annual 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 elected to prepare 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

Deloitte LLP has indicated that it will be seeking re-appointment as auditor at the forthcoming annual general meeting.

By order of the Board



Amarpal Jakk
Company Secretary
3 June 2019

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 December 2018 and of its loss 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 23.

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 Statement of Directors' Responsibilities, 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.

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.

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.



Michael Williams - Senior Statutory Auditor
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
3 June 2019

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Interest and similar income		16	194
Interest and similar expense		-	(158)
Net interest income	4	16	36
Fee and commission income		-	2,630
Fee and commission expense		(9)	(453)
Net fee and commission income	5	(9)	2,177
Total income		7	2,213
Dividend income from subsidiary company		-	4,033
Impairment of carrying value of investment in subsidiary company		-	(4,137)
Profit on disposal of property, plant and equipment		-	141
Other operating income	6	1	1,433
Profit on disposal of intangible assets	7	-	19,343
Loss on sale of loan book		-	(34)
Administrative expenses	8	(224)	(6,740)
Impairment charge		-	152
(Loss)/profit before income tax		(216)	16,404
Income tax	10	-	355
(Loss)/profit before other comprehensive expense		(216)	16,759
Other comprehensive expense			
Available for sale financial assets:			
Available for sale reserve		-	(976)
Total other comprehensive expense		-	(976)
(Loss)/profit and total comprehensive (expense)/income for the year		(216)	15,783

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

The notes on pages 11 to 23 are an integral part of these financial statements.

BALANCE SHEET
 as at 31 December 2018

	Note	2018 £'000	2017 £'000
Assets			
Cash and cash equivalents	12	973	6,268
Loans and advances to customers	13	-	714
Investments in subsidiary undertakings	14	1,662	1,662
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Other assets	17	7,716	1,454
Total current assets		10,351	10,098
Liabilities			
Other liabilities	18	1,069	600
Total current liabilities		1,069	600
Equity			
Share capital	21	6,000	6,000
Reserves		3,282	3,498
Total equity		9,282	9,498
Total equity and liabilities		10,351	10,098

The notes on pages 11 to 23 are an integral part of these financial statements.

The financial statements on pages 7 to 23 were approved by the board of directors and authorised for issue on 3 June 2019. They were signed on its behalf by:



Tom Franks
Director



Susan Walker
Director

REGISTERED NUMBER: 00998511

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Share Capital	Share Premium	Retained Earnings	Available for sale reserve	Total Reserves	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2017	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
Loss and total comprehensive expense for the year	-	-	(216)	-	(216)	(216)
Balance at 31 December 2018	6,000	318	2,964	-	3,282	9,282

The notes on pages 11 to 23 are an integral part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
(Loss)/profit before income tax		(216)	16,404
Dividend received from subsidiary		-	(4,033)
Depreciation and amortisation		-	142
Profit on disposal of tangible and intangible fixed assets		-	(19,484)
Impairment of assets		-	3,987
Cash flow used in operating activities before changes in operating assets and liabilities		<u>(216)</u>	<u>(2,984)</u>
Changes in operating assets and liabilities			
Net decrease in loans and advances to banks and customers		714	6,605
Net decrease in other assets		48	13,314
Net decrease in deposits by banks and customers accounts		-	(139,223)
Net movement in intra-group balances		(5,451)	-
Net increase in other liabilities		<u>(390)</u>	<u>(10,570)</u>
Net cash outflow from operating activities		<u>(5,079)</u>	<u>(129,874)</u>
Cash flows from investing activities			
Disposal of property, plant, equipment and intangible assets		-	27,088
Dividend received from subsidiary		-	4,033
Net cash inflow to investing activities		<u>-</u>	<u>31,121</u>
Cash flows from financing activities			
Equity dividends paid		-	(25,000)
Net cash outflow financing activities		<u>-</u>	<u>(25,000)</u>
Net decrease in cash and cash equivalents		<u>(5,295)</u>	<u>(126,737)</u>
Cash and cash equivalents at beginning of year		<u>6,268</u>	<u>133,005</u>
Cash and cash equivalents at end of year	12	<u>973</u>	<u>6,268</u>

The notes on pages 11 to 23 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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 below.

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.

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 23. 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 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.

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.

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 occurred 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

1. Summary of significant accounting policies (continued)

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 Critical accounting estimates and judgements

In the view of the Directors, no critical judgements or estimates have been made in the process of applying the Company's accounting policies which have a significant effect on the amounts recognised in financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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 Operational risk

2.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party discharging an obligation. Credit risk arises from cash and cash equivalents. The Company holds its funds with a large clearing bank. The directors regularly monitor the banks credit rating and are satisfied that the level of risk is low.

2.1 Loans and advances to customers

Risk concentrations

The Company's last remaining loan was repaid during the year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Risk Management (continued)

2.2 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 identified that certain operational risks within the business increased. Consequently, management implemented specific processes to monitor and mitigate the perceived risk. These increases in certain operational risks have not crystallised in financial losses.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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

	2018 £'000	2017 £'000
Interest receivable		
Loans and advances to customers	16	136
Loans and advances to banks	-	55
Held to maturity assets	-	3
Total interest receivable	16	194
Interest payable		
Customers deposits	-	(155)
Deposits from banks	-	(3)
Total interest payable	-	(158)
Net interest income	16	36

5. Net fee and commission income

	2018 £'000	2017 £'000
Fee and commission income:		
Asset management	-	2,373
Banking	-	179
Financial planning	-	79
Total fee and commission income	-	2,631
Fee and commission expense		
Asset management	-	(203)
Banking	(9)	(251)
Total fee and commission expense	(9)	(454)
Net fee and commission income	(9)	2,177

6. Other Operating income

	2018 £'000	2017 £'000
Other dividends	-	8
Loan and asset management servicing fee	-	214
Gain on sale of securities	-	1,211
Other income	1	-
Total	1	1,433

In 2017, the loan and asset management servicing fee above relates to fees earned from servicing the portfolio of loans sold to Arbutnot Latham & Co., Limited and asset management portfolios to Brewin Dolphin Limited.

In 2017, the gain on sale of securities relates to the sale of Visa Europe by Visa Inc. which 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

The profit on disposal in 2017 relation to the sale of Duncan Lawrie Asset Management Limited ('DLAM') to Brewin Dolphin Limited. 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

8. Administrative expenses

	2018 £'000	2017 £'000
Staff costs		
- wages and salaries	41	3,229
- social security costs	5	342
- other pension costs	-	105
Depreciation and amortisation (Notes 15 and 16)	-	142
Other administrative expenses	178	3,156
Re-charges to subsidiaries and fellow subsidiaries	-	(234)
Total administrative expenses	224	6,740

Other administrative expenses include:

Fees paid to auditors for auditing the financial statements	9	100
Remuneration paid to auditors for non-audit services	-	60
Operating lease rentals on leasehold land and buildings	-	168

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:

	2018	2017
Executive directors	-	2
Non-executive directors	2	2
Managers	-	10
Other staff	-	34
Total	2	48

10. Income tax

	2018 £'000	2017 £'000
Current tax		
Current tax	-	(355)
Total income tax	-	(355)

The applicable rate of corporation tax for the year is 19.00% (2017: 19.25%). The total tax charge differs from 19.00% (2017: 19.25%) for the reasons set out in the following reconciliation:

	2018 £'000	2017 £'000
(Loss)/profit before income tax	(216)	16,404
Tax on (loss)/profit on ordinary activities at standard rate 19.00% (2017: 19.25%)	(41)	3,158
Factors affecting charge		
- Fixed and intangible asset disposals	-	(3,739)
- Disallowable expenses and write off of investment in subsidiaries	-	(800)
- Amounts charged directly to equity	-	-
- Non-taxable revenue	-	1,009
- Adjustment to tax charge in respect of previous periods	-	(355)
- Deferred tax not recognised	41	372
Total income tax for the year	-	(355)

There are £24,841,000 (2017: £24,625,000) 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 £4,223,000 (2017: £4,486,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

11. Equity dividends paid

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the year ended 31 December 2018 of 0p (2017: 417p) per share	-	25,000
	-	25,000

12. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at hand and in bank	973	6,268

13. Loans and advances to customers

	2018 £'000	2017 £'000
Customer lending	-	712
Accrued interest	-	2
Total	-	714

The one uncollected amount outstanding at 31 December 2017 was repaid during 2018.

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

	2018			2017		
	Specific Provision £'000	Collective Provision £'000	Total £'000	Specific Provision £'000	Collective Provision £'000	Total £'000
At 1 January	-	-	-	940	-	940
Net charge/(recovery) for the year	-	-	-	(152)	-	(152)
Write offs in the year	-	-	-	(788)	-	(788)
At 31 December	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

14. Investments in subsidiary undertakings

	2018 £'000	2017 £'000
At 1 January	1,662	5,799
Impairment provision	-	(4,137)
At 31 December	<u>1,662</u>	<u>1,662</u>

Principal subsidiary companies**Direct subsidiaries**

Duncan Lawrie International Holdings Limited
- 6,000,000 shares of £1 each
Hobart Place Nominees
- 2 shares of £1 each

Shares held & voting rights %**Incorporation****Activity**

100%

Isle of Man

Holding company

100%

Great Britain

Dormant

Subsidiaries of Duncan Lawrie International Holdings Limited

Duncan Lawrie (IOM) Limited
- 6,000,000 shares of £1 each
Duncan Lawrie Offshore Services Limited
- 50,000 shares of £1 each

100%

Isle of Man

Previously private banking services

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 2018

15. 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 2017	2,107	267	3,528	211	6,113
Disposals	(2,107)	(267)	(3,528)	(211)	(6,113)
As at 31 December 2017	-	-	-	-	-
As at 1 January 2018 and 31 December 2018	-	-	-	-	-
Accumulated amortisation and impairment					
As at 1 January 2017	599	267	3,528	211	4,605
Disposals	(599)	(267)	(3,528)	(211)	(4,605)
As at 31 December 2017	-	-	-	-	-
As at 1 January 2018 and 31 December 2018	-	-	-	-	-
Net book value					
As at 31 December 2017	-	-	-	-	-
Net book value					
As at 31 December 2018	-	-	-	-	-

In 2017, the Company's leasehold interest in properties were sold to other group companies for a total consideration of £1,565,000.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Intangible assets

	Computer software £'000	Goodwill £'000	Customer relation- ships £'000	Total £'000
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	-	-	-	-
As at 1 January 2018 and 31 December 2018	-	-	-	-
Accumulated amortisation and impairment				
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	-	-	-	-
As at 1 January 2018 and 31 December 2018	-	-	-	-
Net book value				
As at 31 December 2017	-	-	-	-
Net book value				
As at 31 December 2018	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

17. Other assets

	2018 £'000	2017 £'000
Trade debtors	2	2
Amounts owed by group companies (note 23)	7,694	1,384
Prepayments and accrued income	3	3
Other	17	65
Total	7,716	1,454

18. Other liabilities

	2018 £'000	2017 £'000
Trade creditors	-	6
Accruals and deferred income	207	591
Amounts owed to group companies (note 23)	859	-
Other creditors	3	3
Total	1,069	600

19. Deferred income taxes

No deferred tax was recognised in 2018 (2017: £nil). The value of the deferred tax asset not recognised is £4,223,000 (2017: £4,486,000).

20. 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. All employees had left the scheme by 28 February 2018.

The total charge to the statement of comprehensive income in 2018 in respect of pension contributions was less than £1,000 (2017: £105,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

21. Share capital

	2018 £'000	2017 £'000
Ordinary shares of £ 1 each:		
Issued, allotted and fully paid:		
At 1 January	6,000	41,000
Redeemed during the year	-	(35,000)
At 31 December	<u>6,000</u>	<u>6,000</u>

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.

22. Parent company and ultimate parent company

Parent company - The immediate parent company of Duncan Lawrie Limited as at 31 December 2018 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 51.67% 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.

23. Related party transactions**Directors' remuneration**

	2018 £'000	2017 £'000
Emoluments of the directors:-		
Remuneration	37	518
Performance Related Bonus	17	210
Pension scheme contributions	-	1
Redundancy	<u>250</u>	<u>511</u>
	<u>304</u>	<u>1,240</u>
Remuneration of the highest paid director	<u>304</u>	<u>842</u>

The remuneration of the highest paid director excludes £nil (2017: £nil) in respect of pension contributions.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

23. Related party transactions (continued)

Transactions/balances with subsidiary and affiliated subsidiary undertakings

	2018		2017	
	Balance	Interest	Balance	Interest
	£'000	£'000	£'000	£'000
Loan to Lawrie Group Plc (affiliated undertaking)	7,211	-	-	-
Loan from Duncan Lawrie (IOM) Limited (subsidiary undertaking)	(856)	-	-	-

The amount due from Lawrie Group Plc is unsecured, interest free and is expected to be repayed during 2019.

The amount due to Duncan Lawrie (IOM) Limited is unsecured, interest free and is expected to be repayed during 2019.

During the year, Duncan Lawrie Limited paid expenses totalling £320,000 (2017: £nil) on behalf of Duncan Lawrie Offshore Services Limited. At 31 December 2018 £320,000 (2017: £nil) is owed by Duncan Lawrie Offshore Services Limited to the Company.

At 31 December 2018 £162,000 (2017: £162,000) is owed by Duncan Lawrie Holdings Limited to the Company.

Administrative expenses are net of group re-charges to subsidiary companies and fellow subsidiary undertakings of £nil (2017: £234,000).

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