

Registered number
02362041

Zedra Fiduciary Services (UK) Limited
Annual Report and Financial Statements
for the year ended 31 December 2021



Zedra Fiduciary Services (UK) Limited
Report and financial statements
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**Zedra Fiduciary Services (UK) Limited
Company Information**

Directors

Mr Stuart McLuckie
Mr Sam Leigh
Mr Duncan Barnfather

Auditor

PricewaterhouseCoopers CI LLP
Statutory Auditor
37 Esplanade
Jersey
JE1 4XA

Secretary

Zedra Secretaries (UK) Ltd
Booths Hall
Booths Park 3
Chelford Road, Knutsford,
Cheshire, United Kingdom
WA16 8GS

Registered office

Booths Hall
Booths Park 3
Chelford Road, Knutsford,
Cheshire, United Kingdom
WA16 8GS

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Zedra Fiduciary Services (UK) Limited Directors' Report

The directors present their report and the audited financial statements of Zedra Fiduciary Services (UK) Limited ('the Company') for the year ended 31 December 2021.

Principal activities

The Company's principal activity is the provision of trustee services.

Zedra Fiduciary Services (UK) Limited ('the Company') is a private limited Company and is incorporated and domiciled in the UK. The address of its registered office is: Booths Hall Booths Park 3, Chelford Road, Knutsford, Cheshire, WA16 8GS, England.

Future developments

The company has elected to disclose information on future developments in the strategic report on page 5.

Financial instrument risk

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to, are outlined in note 12.

Dividends

The directors are not proposing the payment of a final dividend (2020: Nil).

Directors

The following persons served as directors during the year and up to the date the Financial Statements were signed:

Mr Stuart McLuckie
Mr Sam Leigh
Mr Duncan Barnfather

Directors' interests

None of the Director's who held office during the year had direct ownership in the Company.

Directors' remuneration

The directors did not receive any compensation in relation to their services to the Company during the year (2020: Nil).

Directors' indemnities

The Company's Ultimate Parent Company, Zedra Holdings S.A., has made qualifying third party indemnity provisions for the benefit of the directors of its subsidiary Companies, which were made during the year and remain in force at the date of this report.

Zedra Fiduciary Services (UK) Limited Directors' Report

Directors' responsibilities statement

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 Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards and in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Basis of preparation

For the year ended 31 December 2021, the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to the auditor

Each person who was a director at the time this report was approved confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Immediate Holding Entity

The Company is 100% owned by Zedra Holdings UK Limited.

Zedra Fiduciary Services (UK) Limited Directors' Report

Independent auditor

The independent auditor, PricewaterhouseCoopers CI LLP, have expressed their willingness to continue in office. A resolution concerning their re-appointment shall be determined by members by Ordinary Resolution.

This report was approved by the board on 13 May 2022 and signed on its behalf.

DocuSigned by:

Stuart McLuckie

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Mr Stuart McLuckie
Director

Zedra Fiduciary Services (UK) Limited Strategic Report

Business review and principal activities

The principal activity of Zedra Fiduciary Services (UK) Limited is the provision of trustee services to two private clients: The National Fund & Abbotstone Agricultural Property Unit Trust. The revenue of the business is primarily influenced by the value of investments held in Trust.

The Company's objective continues to be that of meeting the needs of all stakeholders including owners and regulators.

At 31st December 2021 the Company employed no staff. The management of the business is performed by employees of Zedra Trust Company UK Ltd, another Group company and there is a recharge for these services.

Business performance

The results of the Company for the year show a profit before taxation of £363k (2020: £305k). The performance has been consistent with the prior year which is reflective of the client composition and assets under management.

The Company has net assets of £1,683k (2020: £1,389k). Net cash outflow from operating activities was £Nil (2020: £Nil).

Key Performance Indicators

The key performance indicators of the Company are considered to be revenue growth and underlying operational profitability. The directors are happy with the Company's profitability and it has been in line with expectations.

Future outlook

The Company is heavily dependent upon one client - The National Fund - for its revenue and profits, therefore any change in circumstances of the trust could have a significant impact upon long term profitability.

Following the judgment of the High Court on the 21 January 2022 where the Court ordered that the National Fund be applied to pay down the national debt, the trustee has been working with its advisors and liaising with the Court and the Attorney General's office about the next steps. It remains a strong likelihood that the national fund will cease being a client of the Company during the 2022 financial year.

After conducting a review of into the company financial position, the directors have identified that whilst losing the revenue of the National Fund would significantly decrease the revenue of the Company, the administration cost required to manage the remaining client would still be supported by the revenue generated.

Despite the judgement, the potential for the National Fund to be liquidated and the general uncertainty as a consequence of Covid-19, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for at least 12 months from the date of approval of the accounts. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Zedra Fiduciary Services (UK) Limited Strategic Report

Principal risks and uncertainties

The main area of risk to the business relates to the impairment of its Investments. Three key areas will impact this:


- 1) The economic outlook and opportunity
- 2) The demand for fiduciary services and its impact on the Company and customers
- 3) UK and global incidents. Of which two specific areas will impact the business in the short term:

a) The Coronavirus ("Covid-19") pandemic which came about at the beginning of 2020 has had and continues to have a significant impact on the global economy. While many businesses have been adversely impacted, the results for the year to date for the Company have been resilient and the Directors are taking a proactive approach to ensure the business remains financially robust. The Company has continued to improve its operational performance for the year ended 31 December 2021 and remains in a strong position.

b) The company notes the recent developments in the Ukraine / Russia war, and the sanctions being imposed on Russia by many countries as a result. The Company and its subsidiaries have no direct activities or exposure in the region and it is the Directors view that these developments and sanctions are unlikely to have a significant direct adverse impact on the financial results of the Company going forward.

The global market impact of the war is having some impact on the Company's subsidiaries where revenue is derived from assets under management (AUM), however it is expected that this will only be temporary and not materially impact the full year accounts. As the situation continues to evolve it remains difficult at this stage to estimate all the direct and indirect impacts which may arise from these emerging developments however the company continues to monitor these developments closely and to take all necessary actions.

This report was approved by the board on 13 May 2022 and signed on its behalf.

DocuSigned by:

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Mr Stuart McLuckie
Director

Independent auditors' report to the members of Zedra Fiduciary Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Zedra Fiduciary Services (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiring with management and those charged with governance of the Company as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- reviewing the minutes of meetings of the directors for matters relevant to the audit;
- identifying and testing journal entries considered to be higher fraud risk, including unusual journal entries posted, and the evaluation of any business rationale for any significant or unusual transactions identified as being outside the normal course of business; and
- performing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Michael Byrne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey
13 May 2022

Zedra Fiduciary Services (UK) Limited
Statement of Comprehensive Income
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Net Income	3	403	346
Operating expenses	4	(40)	(41)
Operating profit		<u>363</u>	<u>305</u>
Profit before taxation		<u>363</u>	<u>305</u>
Tax on profit on ordinary activities	5	(69)	-
Profit for the financial year		<u>294</u>	<u>305</u>

All results are derived from continuing operations. There were no items of other comprehensive income in the current or prior year.

The notes on pages 14 to 23 form an integral part of these financial statements.

Zedra Fiduciary Services (UK) Limited
Statement of Financial Position
as at 31 December 2021

	Notes	2021	2020
ASSETS		£'000	£'000
Current assets			
Trade and Other Receivables	6	1,773	1,425
		<u>1,773</u>	<u>1,425</u>
Total assets		<u>1,773</u>	<u>1,425</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	7	90	36
		<u>90</u>	<u>36</u>
Total liabilities		<u>90</u>	<u>36</u>
Net assets		<u>1,683</u>	<u>1,389</u>
Shareholders' equity			
Called up share capital	9	100	100
Profit and loss account	10	1,583	1,289
Total shareholder equity		<u>1,683</u>	<u>1,389</u>

The notes on pages 14 to 23 form an integral part of these financial statements.

The financial statements of Zedra Fiduciary Services (UK) Limited, registered number 02362041, have been approved by the Board of Directors and authorised for issue.

They were signed on its behalf by:

DocuSigned by:

Stuart McLuckie

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 Mr Stuart McLuckie
 Director

Approved by the board on 13 May 2022 and signed on its behalf.

Zedra Fiduciary Services (UK) Limited
Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 1 January 2020	100	984	1,084
Total comprehensive income for the financial year	-	305	305
At 31 December 2020	100	1,289	1,389
At 1 January 2021	100	1,289	1,389
Total comprehensive income for the financial year	-	294	294
At 31 December 2021	100	1,583	1,683

The notes on pages 14 to 23 form an integral part of these financial statements.

Zedra Fiduciary Services (UK) Limited
Statement of Cash Flows
for the year ended 31 December 2021

	2021	2020
	£'000	£'000
Operating activities		
Profit for the financial year	294	305
Adjustments for:		
Tax on profit on continuing ordinary activities	69	-
Increase in debtors	(348)	(331)
Increase in creditors	54	26
	<u>69</u>	<u>-</u>
Corporation tax paid	(69)	-
	<u>-</u>	<u>-</u>
Cash generated by operating activities	<u>-</u>	<u>-</u>
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	<u>-</u>	<u>-</u>
Cash and cash equivalents comprise:	<u>-</u>	<u>-</u>

The notes on pages 14 to 23 form an integral part of these financial statements.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

1 Company Information

Zedra Fiduciary Services (UK) Limited is a private limited Company and is incorporated and domiciled in the UK. The address of its registered office is: Booths Hall Booths Park 3, Chelford Road, Knutsford, Cheshire, WA16 8GS, England.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards.

The preparation of the financial statements in conformity with UK-adopted international accounting standards, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 2.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

2.2 Presentation

The financial statements are presented in pound sterling, which is the functional and reporting currency of the Company and the presentation currency of the financial statements.

2.3 Going concern

The Company business activities are set out in the directors' report. Note 12 describes the Company financial risk management objectives and its exposure to reputational and conduct risk. The Company meets its working capital requirements in accordance with local regulations regarding minimum capital adequacy with support from its shareholder if necessary.

The Company's budget & financial projections take account of reasonable changes in trading performance and show that the Company should be able to operate within the level of its current capital adequacy.

The Company is heavily dependent upon one client - The National Fund - for its revenue and profits, therefore any change in circumstances of the trust could have a significant impact upon long term profitability.

Following the judgment of the High Court on the 21 January 2022 where the Court ordered that the National Fund be applied to pay down the national debt, the trustee has been working with its advisors and liaising with the Court and the Attorney General's office about the next steps. It remains a strong likelihood that the national fund will cease being a client of ZFS during the 2022 financial year.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

2.3 Going concern (Continued)

After conducting a review of into the company financial position. The directors have identified that whilst losing the revenue of the national fund would significantly decrease the revenue of the Company. The administration cost required to support the remaining client would still be supported by the revenue generated.

Despite the judgement, the potential for the National Fund to be liquidated and the general uncertainty as a consequence of Covid-19, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for at least 12 months from the date of approval of the accounts. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Adoption of new and revised Standards

To the extent that they are relevant, the Company has adopted from 1 January 2021 all IFRS standards and interpretations including amendments that were in issue and effective for accounting periods beginning on 1 January 2021. These are as follows:

- Covid-19 Related Rent Concessions - amendments to IFRS 16, and;
- Interest Rate Benchmark Reform 0 Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16;
- Annual Improvements to IFRS Standards 2018-2020, and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - amendments to IAS 12.

2.5 New and revised IFRSs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.6 Revenue Recognition

Revenue from contracts with customers is recognised when its performance obligations are satisfied, i.e. when control of an asset (the services) are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. An asset is transferred when (or as) the customer obtains control of that asset. Depending on the nature of the performance obligations, revenue is recognised either over time or at a point in time.

Revenue is measured as the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, Value Added Tax).

The Company applies the five-step process set out in IFRS 15, Revenue from contracts with customers ('IFRS 15'), to ensure an appropriate revenue recognition policy is in place, i.e.:

1. Identify the contract with a customer.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the separate performance obligations.
5. Recognise revenue when/as each performance obligation is satisfied.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

2.6 Revenue Recognition (Continued)

The Company recognises revenue from the following major sources:

-- Service Based Fees, measured substantially over time, such as trustee annual management fees.

2.7 Revenue recognition and accrued income

The Company recognises accrued income within revenue and as a receivable for amounts that remain unbilled at the year end, recorded at the recoverable amount. The recoverable amount of accrued income is assessed on an individual basis using the judgement

2.8 Financial liabilities

The Company's financial liabilities comprise loans and borrowings, trade and other payables, and other financial liabilities (including lease liabilities).

Lease liabilities are measured in accordance with the Leases policy below. All other financial liabilities are classified as held at amortised cost. These liabilities are initially measured at fair value less transaction costs and subsequently measured using the effective interest method.

Financial Assets

The Company's financial assets comprise Intercompany debtors and accrued income and trade receivables. Trade receivables are initially measured at their transaction price. Other financial assets are measured at their fair value on initial recognition. Financial assets are accounted for on an amortised cost basis, using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.9 Impairment of financial assets

The Company recognises a loss allowance, for expected credit losses on its financial assets. The Company assesses at each balance sheet date whether there is objective evidence that trade and receivables are impaired. The factors that the Company uses include significant financial difficulties of the debtor, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties. The Company also considers observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, arising from adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on assets in the portfolio.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

2.9 Impairment of financial assets (Continued)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. When the expected credit loss for trade receivables is determined, the Company makes use of the simplified approach, whereby the loss recognised is equal to the lifetime expected credit losses. Lifetime expected credit losses represent the expected losses that may result from possible default events, and the probability of such an event occurring, over the life time of the financial asset. Trade receivables have been assessed in terms of the customer credit risk individually and the Company also considers the impact of the macroeconomic factors on the credit risk of these debtors at jurisdictional level. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2.10 Taxation

Tax on the profit or loss for the period comprises current and deferred tax.

Current and deferred tax are recognised in the Statement of Comprehensive Income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.11 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

2.12 Current tax for the year

Current is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

3	Net Income	2021 £'000	2020 £'000
	The provision of trustee services	403	346
4	Operating expenses	2021 £'000	2020 £'000
	Management fees	40	40
	Other legal and professional Fees	-	1
		40	41

The cost of the Zedra Fiduciary Services (UK) Limited audit was included in the management fees charged by Zedra Trust Company (UK) Limited.

Auditor's remuneration paid by Zedra Trust Company (UK) Limited in 2021: Auditing the financial statements of Zedra Trust Company (UK) Limited and Zedra Fiduciary Services (UK) Limited £79k (2020: £75k)

5	Taxation	2021 £'000	2020 £'000
	Analysis of charge in period		
	Current tax:		
	UK corporation tax on profits of the period	69	-
		-	-
	Tax on profit on ordinary activities	69	-

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	363	305
	363	305
Standard rate of corporation tax in the UK	19%	19%

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

5 Taxation (Continued)

Profit on ordinary activities multiplied by the standard rate of corporation tax	69	58
Effects of:		
Group Relief Claimed	(69)	(58)
Payment for Group relief	69	
	<hr/>	<hr/>
Current tax charge for period	69	-
Effective rate %	19%	-

Corporation tax rates remained flat at 19% in 2021 (2020: 19%)

6 Trade and other receivables	2021 £'000	2020 £'000
Trade receivables	4	4
Amounts due from a related party	1,668	1,328
Accrued income	101	93
	<hr/>	<hr/>
	1,773	1,425

Trade receivables relates to only one client. The carrying amount of financial assets recorded in the historical financial information, which is net of credit losses, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. No collateral is held against any of these receivable balances.

The expected credit losses were measured on a client level with the expected loss rates based on the payment profiles of each client. There are no aged items within trade and other receivables with no impairment recognised across any asset type. The application of IFRS 9 has been reviewed and the Directors have confirmed that it has no impact upon the financial statements with no requirement for an ECL to be recognised.

Ageing of past due but not impaired trade receivables

	2021 £'000	2020 £'000
31 - 60 days	-	-
61 - 90 days	-	-
91 - 180 days	-	-
181 - 365 days	-	-
	<hr/>	<hr/>
	-	-

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date of the invoice up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. There are no individually impaired trade receivables.

The directors consider that the carrying amount of trade receivables equates to its fair value.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

7	Trade and other payables	2021	2020
		£'000	£'000
	Amounts owed to company undertakings and undertakings in which the company has a participating interest	69	-
	Other taxes and social security costs	21	36
		<u>90</u>	<u>36</u>

8 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both.

The definition of related parties includes Parent Company, Ultimate Parent Company, Subsidiary, Associated and Joint Venture Companies, as well as the Company's key management which includes its Directors. Transactions generating the receivable were done at arm's length.

Particulars of transactions with companies, and the balances outstanding at the year end, are disclosed in the table below:

	2021	2020
	£'000	£'000
Amounts owed by Group Companies:		
Zedra Trust Company (UK) Limited	1,668	1,328
Total amount receivable	<u>1,668</u>	<u>1,328</u>

Zedra Fiduciary Services (UK) Limited does not have a bank account. The £1,668k that is owed by Zedra Trust Company (UK) Limited (2020: £1,328k) represents the net of all cash payments and receipts made to Zedra Fiduciary Services (UK) Limited.

The management fee from Zedra Trust Company (UK) Limited totalling £40k and covering Senior management services and audit fees were expensed in 2021 (2020: £40k).

	2021	2020
	£'000	£'000
Amounts owed to Group Companies:		
Zedra Holdings UK Limited	69	-
Total amount payable	<u>69</u>	<u>-</u>

Amounts due to Zedra Holdings UK Limited relate to payments due for group tax relief.

All related party balances are payable on demand, with no interest or impairment applied.

9	Share capital		2021	2020
		Nominal value	Number shares	
			£'000	£'000
	Allotted, called up and fully paid:			
	Ordinary shares	£1 each	100,002	
			<u>100</u>	<u>100</u>
			<u>100</u>	<u>100</u>

Authorised number of shares: 250,000

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
for the year ended 31 December 2021

10 Profit and loss account	2021	2020
	£'000	£'000
At 1 January	1,289	984
Profit	294	305
Dividends	-	-
At 31 December	<u>1,583</u>	<u>1,289</u>

11 Trust activities

The Company commonly acts as trustee and 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.

12 Financial risks

Financial risk management objectives

The financial risk management policies are discussed by the management of the Company on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy to minimise the potential adverse effects affecting the financial performance of the Company. The Company does not hold derivative financial instruments for speculative purposes.

Categories of Financial Instruments	2021	2020
	£'000	£'000
Financial Assets - Measured at amortised cost		
Cash and bank balances	-	-
Trade and other receivables	1,773	1,425
Total	<u>1,773</u>	<u>1,425</u>
Financial Liabilities - Measured at amortised cost		
Tax Liabilities	21	36
Trade and other payables	69	
Total	<u>90</u>	<u>36</u>

Capital management

Risk management

The Company's objective for managing capital is to safeguard the ability to continue as a going concern, while maximising the return to shareholders through the optimisation of the equity balance.

The Company's activities expose it to a variety of financial risks. These are credit risk, liquidity risk and market risk (which includes foreign currency risk and interest rate risk).

The Board of Directors has ultimate responsibility for ensuring effective risk management and control and it regularly reviews its risk management policies and systems to maintain an effective operating environment.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements
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12 Financial risks (Continued)

Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company. The Company assesses all counterparties, including its customers, for credit risk before contracting with them and there were no concentrations of credit risk.

(i) Trade receivables

Trade receivables relates to only one client which was paid within 30 days of the year end. No collateral was held against the receivable balance.

(ii) Due from related parties

Amounts due from other group companies are considered to be fully recoverable. The amounts are not past their due date, have no collateral held against them and have no recognised credit losses.

(iii) Accrued income

Accrued income is fully recoverable with the outstanding amount invoiced within 90 days of the year end.

(iv) Cash and cash equivalents

The Company does not have a bank account. All receipts and payments are dealt with by another group Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Ultimate responsibility for liquidity risk management rests with the Directors, which have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by regular reporting around the working capital cycle. Banking facilities are provided via Zedra Trust Company (UK) Limited as the Company does not have a bank account.

Market risk

Market risk is the risk that the company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign currency risk and equity prices.

Interest rate risk

The Company could in future be exposed to interest rate risk if entities in the Company borrow funds at floating interest rates. Currently the Company has no debt or external borrowings and as such the Company's exposure to interest rate risk is minimal.

Foreign Currency Risk

The Company has no exposure to the movements in exchange rates as all of its transactions are carried out in its functional currency.

Zedra Fiduciary Services (UK) Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2021

13 Capital management

The Company's objectives when managing capital are:

- To meet the minimum capital requirements required by local regulators plus a prudent buffer,
- To generate sufficient capital to support asset growth, and
- To safeguard the ability of the Company to continue as going concern.

Compliance with the Company's capital management objectives is managed by the Board. The Company has no debt obligations.

14 Legal form of entity and country of incorporation

Zedra Fiduciary Services (UK) Limited is a private Company limited by shares and incorporated in England and Wales.

15 Parent undertaking and ultimate parent Company

The immediate parent undertaking is Zedra Holdings UK Limited which is incorporated in the United Kingdom and has its registered office at: Booths Hall, Booths Park 3, Chelford Road, Knutsford, Cheshire, United Kingdom, WA16 8GS. The ultimate parent Company is Corsair Capital Partners Group Ltd which ultimately controls all of Corsair's fund structures.

The largest and smallest parent Company preparing group financial statements is Zedra Holdings SA. Publicly available consolidated statements are available from this entity the its registered office: 11 Avenue de la Porte-Neuve, 2227 Luxembourg.

16 Post balance sheet events

Following the end of the financial year, there was a judgment of the High Court on the 21 January 2022 where the Court ordered that the National Fund be applied to pay down the national debt, the trustee has been working with its advisors and liaising with the Court and the Attorney General's office about the next steps. It remains a strong likelihood that the national fund will cease being a client of the Company during the 2022 financial year.