

**Cayman National Trust Company (Isle of Man) Limited**

**Directors' report and audited financial statements**

**for the year ended 30 September 2018**

## **Cayman National Trust Company (Isle of Man) Limited**

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## **Cayman National Trust Company (Isle of Man) Limited**

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### **Directors' report for the year ended 30 September 2018**

#### **Report of the directors**

The directors present herewith their report and the audited financial statements of the Company for the period ended 30 September 2018.

#### **Principal activities**

The principal activity of the Company is the provision of trust and company administration services. The Company holds a Financial Services Licence issued on 30 May 2017 by the Isle of Man Financial Services Authority under Section 7 of the Financial Services Act 2008. The Company commenced trading on the 29 September 2017.

#### **Results for the year**

The Company made a profit for the year ended 30 September 2018 after taxation of £99,349 (2017: £8,893 loss).

#### **Dividend**

The directors do not recommend the payment of a dividend.

#### **Directors**

None of the directors held any direct beneficial interests in the Company during the period and to date. The directors who served throughout the period and to date were:

S J Dack  
G K Watterson  
M B Hartley  
N C Gautrey  
R M Melia  
J C Bierley  
L N Ebanks

#### **Company secretary**

R M Melia

#### **Registered Office**

Cayman National House  
4-8 Hope Street  
Douglas  
Isle of Man  
IM1 1AQ

#### **Auditor**

PricewaterhouseCoopers LLC was appointed as auditor during the period, being eligible, has indicated its willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

Approved by the Board of Directors  
and signed on behalf of the Board



**Director**

13 December 18

## **Cayman National Trust Company (Isle of Man) Limited**

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### **Statement of Directors' responsibilities in respect of the report and the financial statements**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable Isle of Man law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS'). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper 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 to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**By Order of the Board**



**Director**

13 December 18

# **Independent auditor's report to the member of Cayman National Trust Company (Isle of Man) Limited**

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## **Report on the audit of the financial statements**

### **Our opinion**

In our opinion, Cayman National Trust Company (Isle of Man) Limited's financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its profit and its cash flows for the year ended 30 September 2018 in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004

### **What we have audited**

Cayman National Trust Company (Isle of Man) Limited's financial statements comprise:

- the statement of financial position as at 30 September 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### **Other information**

The other information comprises all of the information in the Directors' report and financial statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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 identified above 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, 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 this regard.

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and Isle of Man law, 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.

The directors are responsible for overseeing the Company's financial reporting process.

## **Independent auditor's report to the member of Cayman National Trust Company (Isle of Man) Limited**

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### **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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Company's member in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, 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.

### **Report on other legal and regulatory requirements**

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

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion

- we have not received all the information and explanations we require for our audit;
- proper books of account have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the books of account and returns; and
- certain disclosures of directors' loans and remuneration specified by law have not been complied with

We have no exceptions to report arising from this responsibility.

**Independent auditor's report to the member of  
Cayman National Trust Company (Isle of Man) Limited**

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*PricewaterhouseCoopers LLC*

**PricewaterhouseCoopers LLC**  
**Chartered Accountants**  
**Douglas, Isle of Man**  
13 December 18

## Cayman National Trust Company (Isle of Man) Limited

### Statement of Financial Position as at 30 September 2018

	Note	2018 £	2017 £
<b>ASSETS</b>			
Cash and cash equivalents	3	1,036,270	408,549
Accounts receivable and other assets	4	296,701	33,542
Property and equipment	6	20,551	24,498
Investments in subsidiaries	5	6	6
Intangible assets	7	39,362	52,858
<b>TOTAL ASSETS</b>		<b>1,392,890</b>	<b>519,453</b>
<b>CURRENT LIABILITIES</b>			
Trade payables and accrued expenses		22,008	8,800
Deferred revenue		143,516	119,546
Amounts due to related parties	8	736,911	-
<b>TOTAL LIABILITIES</b>		<b>902,435</b>	<b>128,346</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	9	400,000	400,000
Accumulated surplus/(deficit)		90,455	(8,893)
<b>TOTAL EQUITY</b>		<b>490,455</b>	<b>391,107</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>1,392,890</b>	<b>519,453</b>

The financial statements on pages 6 to 16 were approved and authorised for issue by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Date 13 December 18

The accompanying notes on pages 10 to 16 are an integral part of these financial statements.



## Cayman National Trust Company (Isle of Man) Limited

### Statement of Comprehensive Income for the year ended 30 September 2018

	Note	2018 £	2017 £
<b>Income</b>			
Administration fees		930,682	-
Interest		871	-
<b>Total income</b>		<b>931,553</b>	<b>-</b>
<b>Expenses</b>			
Employee benefits		545,195	-
Legal and regulatory expenses		20,963	93
Directors fees		20,342	-
Audit fees		16,207	8,800
Depreciation and amortisation	6, 7	17,442	-
Other operating expenses		212,055	-
<b>Total expenses</b>		<b>832,204</b>	<b>8,893</b>
<b>Profit/(loss) for the year</b>		<b>99,349</b>	<b>(8,893)</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b>99,349</b>	<b>(8,893)</b>

The accompanying notes on pages 10 to 16 are an integral part of these financial statements.

## Cayman National Trust Company (Isle of Man) Limited

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### Statement of Changes in Equity for the year ended 30 September 2018

	Share capital £	Accumulated surplus/(deficit) £	Total £
Balance at 4 April 2017	-	-	-
Capital issued during the period	400,000	-	400,000
Total comprehensive income for the year	-	(8,893)	(8,893)
<b>Balance at 30 September 2017</b>	<b>400,000</b>	<b>(8,893)</b>	<b>391,107</b>
Balance at 1 October 2017	400,000	(8,893)	391,107
Total comprehensive income for the year	-	99,349	99,349
<b>Balance at 30 September 2018</b>	<b>400,000</b>	<b>90,456</b>	<b>490,456</b>

The accompanying notes on pages 10 to 16 are an integral part of these financial statements.

## Cayman National Trust Company (Isle of Man) Limited

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### Statement of Cash Flows for the year ended 30 September 2018

	2018	2017
	£	£
<b>Cash flows from operating activities</b>		
Total comprehensive profit/(loss) for the period	99,349	(8,893)
<i>Changes in non-cash working capital items:</i>		
Depreciation and amortisation	17,442	-
Increase in accounts receivable and prepaid expenses	(263,159)	(1,213)
Increase in accounts payable and accrued expenses	37,178	8,800
Increase in accounts due to related parties	736,911	-
<b>Net cash used in operating activities</b>	<b>627,721</b>	<b>(1,306)</b>
<b>Investing activities</b>		
Net proceeds on transfer of fiduciary activities from CNBT (note 7)	-	9,855
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>9,855</b>
<b>Financing activities</b>		
Share capital issued	-	400,000
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>400,000</b>
<b>Increase in cash and cash equivalents</b>	<b>627,721</b>	<b>408,549</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>408,549</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,036,270</b>	<b>408,549</b>

The accompanying notes on pages 10 to 16 are an integral part of these financial statements.

**Notes to the financial statements for the period ended 30 September 2018**

**1 Incorporation and background information**

Cayman National Trust Company (Isle of Man) Limited (the 'Company') was incorporated on 4 April 2017 and operates subject to the provisions of Companies Law of the Isle of Man. The principal activity of the Company is the provision of trust and company administration services. The Company holds a Financial Services Licence issued on 30 May 2017 by the Isle of Man Financial Services Authority under Section 7 of the Financial Services Act 2008. The Company commenced trading on 29 September 2017.

The Company is a wholly owned subsidiary of Cayman National Corporation Ltd, a company incorporated in the Cayman Islands.

**2 Significant accounting policies**

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

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), under the historical cost convention. The preparation of financial statements in accordance 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 where assumptions and estimates are significant to the financial statements are disclosed below.

**New standards, amendments and interpretations issued but not effective for the financial period beginning 1 October 2017 and not early adopted**

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the Company has satisfied its performance obligations. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations and establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognizing revenue as each performance obligation is satisfied. The standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The Company is currently assessing the impact of IFRS 15 and does not expect it to have a significant impact on the financial statements, other than enhanced disclosures to comply with the requirements of the standard. Management has established an inventory of all impacted transactions, including details of how revenue is currently being earned, and has performed a preliminary assessment whether there are any contracts which include multiple performance obligations and whether any of these performance obligations are performed over time. The preliminary assessment indicated that the financial impact of IFRS 15 is not expected to be material.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

**Foreign currency translation**

*Functional and presentation currency*

The functional and presentation currency of the Company is Pounds Sterling, as this is the currency of the primary economic environment in which the Company operates.

**Notes to the financial statements for the period ended 30 September 2018**

*Transactions and balances*

Revenue and expense transactions involving currencies other than Pounds Sterling have been translated at exchange rates ruling at the time of those transactions. All monetary assets and liabilities originating in other currencies have been translated at the rate at the year end date. Gains and losses on exchange are credited or charged in the statement of comprehensive income.

**Cash and cash equivalents**

For the purposes of the statement of cash flows, the Company considers all cash at banks, highly liquid money market accounts with original maturities of 90 days or less and short term placements with original maturities of 90 days or less from date of placement as cash or cash equivalents.

**Subsidiaries**

The Company's investments in subsidiaries are stated at cost less accumulated impairment losses.

Consolidated accounts have not been prepared as the Company is permitted by the Isle of Man Companies Act 1982 Section 4(2) (a) to not prepare consolidated financial statements as in the directors' opinion it would be of no real value to the member of the Company, it would involve disproportionate expense or undue delay and the subsidiaries are individually and collectively immaterial.

The Company is also exempt from the requirement of IAS 27 'Consolidated and separate financial statements' to prepare consolidated financial statements as it is an unlisted wholly owned subsidiary of Cayman National Corporation Ltd, a company incorporated in the Cayman Islands. The consolidated financial statements of Cayman National Corporation Ltd are available to the public and comply with IFRS.

**Accounts receivable**

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When an account receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

**Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from vendors. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Share capital**

Ordinary shares are classed as equity.

**Assets under administration**

Securities, cash and other assets held in a trust, agency or fiduciary capacity for customers are not included in these financial statements as such assets are not the property of the Company.

**Notes to the financial statements for the period ended 30 September 2018**

**Fees and commissions**

Fees and commissions for services are recognised on an accrual basis over the period that the services are provided.

**Property and equipment**

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Property and equipment are depreciated in accordance with the straight line method at the following rates, estimated to write off the cost of the assets over the period of their expected useful lives:

Office equipment and software 3 - 7 years

Expected useful lives are reviewed annually. Property and equipment are reviewed annually at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses, if any, are recorded in the statement of comprehensive income.

**Intangible assets**

Intangible assets with finite useful lives that are acquired are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimation being accounted for on a prospective basis. See note 6 for details of intangible assets held.

**Critical accounting estimates and judgments**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Estimated impairment of intangible assets**

The Company reviews its intangible assets annually to assess impairment or when there is an indicator of impairment. In assessing impairment, the Company evaluates among other factors any adverse change in the number of clients, or size of assets under management that correlates with a decrease in revenue for the Company. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the purchased portfolio and operational and financing cash flows.

Management uses estimates based on historical loss experience for customer lists when projecting its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. A change in the net present value of estimated cash flows will have a direct impact on the impairment analysis.

**3 Cash and cash equivalents**

Cash and cash equivalents at the reporting date comprise the following:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash at bank	1,036,270	408,549

All of the cash at bank is held with Cayman National Bank (Isle of Man) Limited, a bank located in the Isle of Man and which has the same parent.

## Cayman National Trust Company (Isle of Man) Limited

### Notes to the financial statements for the period ended 30 September 2018

#### 4 Accounts receivable and other assets

Accounts receivable and other assets is comprised of:

	2018	2017
	£	£
Accounts receivable	258,064	-
Prepayments	38,637	33,542
<b>Total accounts receivable and other assets</b>	<b>296,701</b>	<b>33,542</b>

At the year end, the accounts receivable balance is comprised of:

	2018	2017
	£	£
Accounts receivable	263,486	-
Less provision for impairment of accounts receivable	(5,422)	-
<b>Total accounts receivable</b>	<b>258,064</b>	<b>-</b>

Movements in the provision for impairment of accounts receivable are as follows:

	2018	2017
	£	£
Provision, beginning of year	-	-
Less provision for impairment of accounts receivable	5,422	-
<b>Provision, end of year</b>	<b>5,422</b>	<b>-</b>

The table below presents a summary of the accounts receivable by credit status:

	2018	2017
	£	£
<b>Neither past due nor impaired</b>	98,155	-
<b>Past due, not impaired:</b>		
1-3 months	30,648	-
3-6 months	24,383	-
6-9 months	104,878	-
9-12 months	-	-
	<b>159,909</b>	<b>-</b>
<b>Past due, and impaired:</b>		
1-3 months	3,047	-
3-6 months	-	-
6-9 months	2,375	-
9-12 months	-	-
	<b>5,422</b>	<b>-</b>
<b>Gross accounts receivable</b>	<b>263,486</b>	<b>-</b>

#### 5 Investment in subsidiaries

The following subsidiaries provide a range of corporate services, including secretarial, nominee, trustee, and corporate directors services to third parties. None of the subsidiary companies receive any income and all expenses of such subsidiaries are borne by the Company. Assets held in a fiduciary capacity are not included in these financial statements. The subsidiaries of the Company, all of which are non-trading, are:

Entity	% owned	Principal activity	Country of incorporation
CN Director Limited	100	Corporate services	Isle of Man
Cayman National Nominees Limited	100	Corporate services	Isle of Man
Cayman National Secretarial Limited	100	Corporate services	Isle of Man
Beeston Management Limited	100	Corporate services	Isle of Man

## Cayman National Trust Company (Isle of Man) Limited

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### Notes to the financial statements for the period ended 30 September 2018

#### 6 Property and equipment

	Computer software £
<b>Cost</b>	
At beginning of period	24,498
Additions	-
<b>At 30 September 2018</b>	<b>24,498</b>
<b>Depreciation</b>	
At beginning of period	-
Charge for the year	3,947
<b>At 30 September 2018</b>	<b>3,947</b>
<b>Net book value</b>	
At 30 September 2018	20,551
At 30 September 2017	24,498

#### 7 Intangible assets

	Customer list £
<b>Cost</b>	
At beginning of period	52,858
Additions	-
<b>At 30 September 2018</b>	<b>52,858</b>
<b>Amortisation and impairment</b>	
At beginning of period	-
Charge for the year	13,496
<b>At 30 September 2018</b>	<b>13,496</b>
<b>Carrying amount</b>	
At 30 September 2018	39,362
At 30 September 2017	52,858

On 29 September 2017 the Company entered into various agreements with Cayman National Bank (Isle of Man) Limited ('CNB') (formerly Cayman National Bank & Trust Company (Isle of Man) Limited) whereby the Company accepted the administrative responsibilities of CNB's fiduciary clients. Included in the transfer were a book of clients which CNB had previously acquired with a related intangible asset with a net book value of £52,858 as at 29 September 2017. The amount recorded in the financial statements as cost of £52,858 represents the total amount paid by the Company to CNB for the transfer of these clients.

The original useful economic life of the intangible assets was determined as 8 years. At the year end the remaining amortisation period is 35 months (2017: 47 months).



## Cayman National Trust Company (Isle of Man) Limited

### Notes to the financial statements for the period ended 30 September 2018

#### 8 Related party balances and transactions

The following related party balances and transactions are with the Company's parent company, fellow subsidiaries or affiliates:

	2018	2017
	£	£
<b>Statement of Financial Position</b>		
Cash and cash equivalents		
Cash at bank with Cayman National Bank (Isle of Man) Limited	1,036,270	408,549
Amounts due to related parties		
Cayman National Bank (Isle of Man) Limited	736,911	-
<b>Statement of Comprehensive Income</b>		
Interest income		
Cayman National Bank (Isle of Man) Limited	871	-
Bank charges		
Cayman National Bank (Isle of Man) Limited	62	-
Recharged expenses		
Cayman National Bank (Isle of Man) Limited	714,364	-

CNB is an entity under common control.

#### 9 Share capital

	2018	2017
	£	£
Authorised share capital - £1 ordinary shares	400,000	400,000
Issued and fully paid - £1 ordinary shares	400,000	400,000

#### 10 Pension scheme

The Company's employees participate in a defined contribution scheme. A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. The Company has no further payment obligations once the contributions have been paid. Payments to defined contribution retirement schemes are charged as and when the service is provided by the employee. During the year the cost to the Company was £29,851. The Company does not operate any defined benefit schemes.

#### 11 Financial risk management

The Company's activities expose it to the various types of risk which are associated with the financial instruments and markets in which it operates.

##### *Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash at bank and funding to sustain operations of the Company. The Company maintains liquidity for its operations and activities through maintaining adequate levels of cash at bank to meet its expenses. As at 30 September 2018 all the liabilities are due within three months of the reporting date.

##### *Credit risk*

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform pursuant to the terms of their obligations to the Company. Financial assets which potentially expose the Company to credit risk consist principally of cash and cash equivalents and trade receivables.

**Notes to the financial statements for the period ended 30 September 2018**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as shown in the statement of financial position. The Company does not hold any collateral as security.

The Company is exposed to credit risk in relation to the cash held at bank (note 3). All cash and cash equivalents are held with Cayman National Bank (Isle of Man) Limited, which is a related party (note 8), which management considers to be financially secure and well managed. Management does not anticipate any losses as a result of this concentration.

*Market risk - interest rate*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Management believes the Company is not exposed to material interest rate risk.

**12 Capital management**

The Company is subject to regulatory capital requirements established by the Isle of Man Financial Services Authority (the 'Regulator') pursuant to its licence (note 1). Failure to meet minimum capital requirements can initiate certain actions by the Regulator that, if undertaken, could have a direct material effect on the Company's future financial statements.

The Company is required to monitor the financial position and capital and report to the Regulator if the minimum requirements are not met.

The Company's objectives when managing capital, which is defined as share capital and retained earnings as shown on the statement of financial position, are to comply with the requirements set by the Regulator of the market in which the Company operates.

In order to maintain or adjust the capital structure, the Board of Directors may declare and pay dividends in such amounts as they think fit. There is no formal dividend payout policy and it is at the discretion of the Board of Directors to declare such dividends. The Company manages the capital structure through:

- Establishing and implementing sound and prudent policies governing the quantity and quality of capital required to support the Company; and
- through developing and implementing appropriate and effective procedures to monitor, on an ongoing basis, the Company's capital requirements and capital position to ensure the Company meets its capital requirements, and will continue to meet its future capital requirements.

**13 Fair value disclosure of financial instruments**

Fair value of trade payables approximate their carrying value.

**14 Taxation**

The Company's profits are liable to Isle of Man income tax at 0%. There are no factors that are expected to significantly affect the taxation charge in future periods.

**15 Fiduciary activities**

The Company provides custody, trustee, and corporate administration services to third parties. Those assets that are held in a fiduciary capacity are not included in these financial statements.