

SG HAMBROS TRUST COMPANY LIMITED

Annual Report and Financial Statements

31 December 2018

Registered number: 328136



BOARD OF DIRECTORS

Directors

R Iles
A Costard
L Jones
P McIlwraith (appointed 1 July 2018)
G Ryan (appointed 1 July 2018)

Registered Office

5th Floor
8 St James's Square
London
SW1Y 4JU

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Company Secretary

J Taylor (appointed 3 July 2018)

SG Hambros Trust Company Limited

CONTENTS

	Page
Strategic Report	3
Report of the Directors	4
Directors' Responsibilities Statement	6
Independent Auditor's Report	7
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

SG Hambros Trust Company Limited

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The business of SG Hambros Trust Company Limited (the "Company") during the year under review continued to be that of acting as Trustee, Executor, Custodian and Agent.

The company has sufficient resources available at the date of the accounts to trade as a going concern over the next year; the budget has been set on the expectation of this continuation.

The profit on ordinary activities after tax for the financial year ended 31 December 2018 is £nil (2017: £nil). The Company continues to obtain operational services from its parent SG Kleinwort Hambros Bank Limited ("SGKHBL"). A management charge is levied throughout the year to reflect the costs of these services. The management charge is limited to the amount of income of the Company.

Following SG Kleinwort Hambros Limited's (formerly SG Hambros Limited) acquisition of the business known as Kleinwort Benson ("KB") Wealth Management on 6 June 2016, the KB Wealth Management business has been integrated with that of SG Hambros, combining the brands into Kleinwort Hambros. As part of this process, non-regulated clients have been transferred to SG Kleinwort Hambros Trust Company (UK) Limited ("SGKHTCUKL"). This process is almost complete.

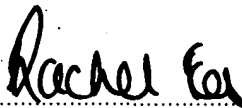
PRINCIPAL RISKS AND UNCERTAINTIES

In its role as trustee the Company exercises its discretion and risks could therefore arise as a result of maladministration of trust client affairs, poor drafting of documentation or the execution of incorrect documentation. This could result in a breach of trust which could have serious financial or reputational impact. In mitigating exposure to risk the Company has established a robust control framework applying the Group Trust Risk Framework and a specialist Trust Risk Committee has been established to consider compliance and risk issues.

The Company is reliant on its immediate shareholder for provision of resources and systems; the operational risk of the curtailment of these services is acknowledged but is considered low risk by the Directors.

The Company is regulated by the Financial Conduct Authority.

Approved by the Board and signed on its behalf by:



R Iles

Date: 23rd April 2019

SG Hambros Trust Company Limited
5th Floor 8 St James's Square
London
SW1Y 4JU

SG Hambros Trust Company Limited

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report, together with the audited financial statements of SG Hambros Trust Company Limited (the "Company"), for the year ended 31 December 2018.

RESULTS FOR THE YEAR

The results for the year ended 31 December 2018 are set out on page 10 of the financial statements. The Company continues to obtain operational services from its parent SGKHBL, a management charge is levied throughout the year to reflect the costs of these services. The management charge is limited to the amount of income of the company.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2017: nil).

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis will continue to be adopted in preparing the annual report and financial statements.

DIRECTORS

The Directors who served throughout the year, except as noted, were as follows:

R Iles
A Costard
L Jones (appointed 5 January 2017)
P McIlwraith (appointed 1 July 2018)
G Ryan (appointed 1 July 2018)

Company Secretary

J Taylor was appointed 3 July 2018 as Company Secretary.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

DIRECTORS' INTERESTS

No Director had a beneficial interest in the shares of the Company during the year (2017: £nil).

POLITICAL CONTRIBUTIONS

The Company made no political donations during the year (2017: nil).

SG Hambros Trust Company Limited

REPORT OF THE DIRECTORS

AUDITOR

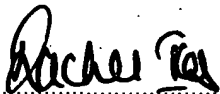
Ernst & Young LLP would continue to service as auditors. Appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Each of the persons who is a Director at the date of approval of this report confirms that

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



R Iles.

Date: 23rd April 2019

SG Hambros Trust Company Limited
5th Floor 8 St James's Square
London
SW1Y 4JU

SG Hambros Trust Company Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' and applicable law). 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 and loss of the Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SG HAMBROS TRUST COMPANY LIMITED

Opinion

We have audited the financial statements of SG Hambros Trust Company Limited for the year ended 31 December 2018 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SG HAMBROS TRUST COMPANY LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, 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, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SG HAMBROS TRUST COMPANY LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

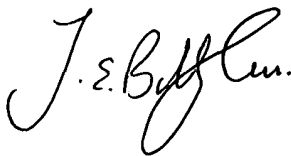
Auditor's responsibilities for the audit of the financial statements

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



James Billingham (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

24th April 2019

SG Hambros Trust Company Limited

INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	2	145,484	194,550
Other Income		307	1,151
Administrative expenses	3	(145,791)	(195,701)
		<hr/>	<hr/>
Profit on ordinary activities before and after taxation		-	-
		<hr/> <hr/>	<hr/> <hr/>

The results for the years ended 31 December 2018 and 31 December 2017 are derived from continuing operations.

The company had no recognised gains or losses in other comprehensive income for the current year or prior year other than those shown above.


The notes on pages 13 to 17 form part of these financial statements.

SG Hambros Trust Company Limited

BALANCE SHEET As at 31 December 2018

	Note	2018 £	2017 £
ASSETS:			
Debtors	6	13,152	113,847
Bank balances with immediate parent undertaking		754,546	389,271
TOTAL ASSETS		<u>767,698</u>	<u>503,118</u>
LIABILITIES:			
Creditors	7	356,143	91,563
TOTAL LIABILITIES		<u>356,143</u>	<u>91,563</u>
NET ASSETS		<u>411,555</u>	<u>411,555</u>
CAPITAL AND RESERVES:			
Called up share capital	8	250,000	250,000
Retained earnings		161,555	161,555
TOTAL SHAREHOLDERS' EQUITY		<u>411,555</u>	<u>411,555</u>

Approved by the Board of Directors on 18 April 2019 and authorised for issue and signed on its behalf by:


.....
R Iles
Director 23rd April 2019

The statement of accounting policies and notes on pages 13 to 17 form part of these financial statements.

Registered No. 328136

SG Hambros Trust Company Limited

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

	Called up Share Capital	Retained Earnings	Total
	£	£	£
At 1 January 2017	250,000	161,555	411,555
Profit for the year	-	-	-
At 1 January 2018	<u>250,000</u>	<u>161,555</u>	<u>411,555</u>
Profit for the year	-	-	-
At 31 December 2018	<u>250,000</u> =====	<u>161,555</u> =====	<u>411,555</u> =====

SG Hambros Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. STATEMENT OF COMPLIANCE WITH FRS 101

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on Page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 3.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards.

The principal accounting policies adopted by the Bank are set out in Note 2.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council and has taken advantage of the following disclosure exemptions under FRS101:

- (a) the requirements of IAS 7 *Statement of Cash Flows*;
- (b) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*; and
- (c) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (d) The effects of new but not yet effective IFRSs.

The financial statements are prepared on the historical cost basis of accounting. Historical cost is generally based on fair value of the consideration given in exchange for the goods and services.

Adoption of new and revised Standards

The accounting policies and methods of computation are consistent with those applied in the Company's 2017 Annual Report and Accounts with the exception of new accounting policies in respect of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue'.

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. This new accounting standard has three core areas of change: Classification and Measurement; Hedge Accounting; and Impairment. The only impact to the Company is in its assessment of credit risk and impairment with regards to recoverability of debtors. The Company has adopted the simplified approach and there is no accounting impact on adoption of this standard due to consistency of approach.

IFRS 15 replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' as a comprehensive standard for revenue recognition. The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services.

The Company has evaluated its recognition of revenue under IFRS 15 and has assessed that it can continue to recognise revenue on a basis consistent with the previous standard. IFRS 15 does not therefore have a financial impact on the Company.

The Company has not applied the following Standards and Interpretations that have been issued but are not yet effective:

SG Hambros Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which will replace IAS17, introducing a single lessee accounting model for all leases by eliminating the distinction between operating and financing leases. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for most leases. Lessees will also recognise depreciation expense on the right-of-use asset and interest expense on the lease liability in the statement of income. Short-term leases, which are defined as those that have a lease term of 12 months or less; and leases of low-value assets are exempt. Lessor accounting remains substantially unchanged. IFRS 16 is effective for annual periods beginning on or after 1 January 2019 for the Company and is to be applied retrospectively. Early adoption is permitted only if aligned with or after the adoption of IFRS 16. The Company is not expecting any impact on adoption of this standard due to the absence of leases that the Company is party to and benefits from.

GOING CONCERN

The financial statements are prepared on a going concern basis as the directors believe that there are no material uncertainties leading to significant doubt of the Company's ability to continue as a going concern.

CURRENT TAX

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

TURNOVER

Turnover represents fee income accrued and earned, exclusive of value added tax. Fee income is recognised on an accruals basis.

3. ADMINISTRATIVE EXPENSES

Administrative expenses represent management fees of £145,791 (2017: £195,701) payable to SGKHBL.

The audit fee is borne by the immediate parent undertaking SGKHBL and included in the financial statements of that entity.

Fees payable to the Company's auditor for the audit of the Company's annual accounts:

	2018	2017
	£	£
Allocation of audit fee to this company	6,000	6,000

SG Hambros Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

4. DIRECTORS' REMUNERATION

The Directors of the company are employed by SGKHBL, and the Directors' remuneration is therefore paid by SGKHBL. For this year directors remuneration has been apportioned according to the amount of time that directors spent upon Company matters. The Directors remuneration for 2017 represents the total amounts earned by Directors of the company both for services as employees of SGKHBL and for qualifying services as directors of the Company as it was not practicable to apportion this remuneration in prior years.

The remuneration for those directors who act in relation to the management of the Company, are as follows:

	2018	2017
	£	£
Salary and benefits	55,095	255,343
Performance related benefits	7,180	131,000
Company contributions to money purchase schemes	7,068	34,294
	<u>69,343</u>	<u>420,637</u>

The emoluments of the highest paid director were as follows:

	2018	2017
	£	£
Salary and benefits and performance related bonuses	<u>60,443</u>	<u>244,560</u>

The highest paid Director was not entitled to receive and did not exercise any options in the year.

No director received shares under Long Term Incentive share schemes in 2018 (2017: nil).

The number of directors accruing benefits under the following pension scheme was:

	2018	2017
SG Money Purchase Scheme	4	3

5. EMPLOYEES

The Company has no employees. All personnel who provide services to the Company are employed and remunerated by SGKHBL. All services rendered have been recharged to the Company as part of the overall management fee.

SG Hambros Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

6. DEBTORS

	2018 £	2017 £
Fees receivable	43,402	28,150
Accrued income	915	101,252
	<u>44,317</u>	<u>129,402</u>
Less: Bad debt provision	(31,165)	(15,555)
	<u>13,152</u>	<u>113,847</u>

7. CREDITORS

	2018 £	2017 £
Value added tax	17,916	6,251
Deferred income	1,374	2,825
Intercompany creditors	336,853	82,217
	<u>356,143</u>	<u>91,563</u>

8. SHARE CAPITAL

	2018 Number of shares	2018 Value of shares £	2017 Number of shares	2017 Value of shares £
Authorised:				
Ordinary shares of £1 each	250,000	250,000	250,000	250,000
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	250,000	250,000	250,000	250,000
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

9. SUBSEQUENT EVENTS

There were no subsequent events that require further disclosure in the financial statements.

SG Hambros Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

10. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking and controlling party is Société Générale SA (which is incorporated in France).

The Company's immediate parent undertaking is SG Kleinwort Hambros Bank Limited. Copies of the annual financial statements of the immediate parent company can be obtained from the Company Secretary at 8 St James's Square, London, SW1Y 4JU.

The largest and smallest group in which the results of the Company are consolidated is Société Générale SA. The consolidated financial statements of the group are available from the Company Secretary, Société Générale, 29 Boulevard Haussmann, 75009 Paris, France.