

**JPMORGAN CAZENOVE SERVICE COMPANY**  
(Registered Number: 00714070)

**Annual report for the year ended 31 December 2017**

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**JPMORGAN CAZENOVE SERVICE COMPANY**  
**Annual report for the year ended 31 December 2017**

<b>Contents</b>	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Income statement	6
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 11

# JPMORGAN CAZENOVE SERVICE COMPANY

## Strategic report

The directors present their strategic report of JPMorgan Cazenove Service Company (the "Company") for the year ended 31 December 2017.

### Overview

The Company is incorporated and domiciled in England and Wales. It is an indirect subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase is a financial holding company incorporated under Delaware law in 1968, it is a global leading financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide. The Company had £13,386,000 in assets and £13,386,000 in total shareholder's equity as of 31 December 2017.

### Principal activity

The principal activity of the Company is management of cash.

### Review of business

The directors were satisfied with the performance of the Company for the year.

#### *Income Statement:*

The results for the year are set out on page 6 and show the Company's loss for the financial year to be £1,000 (2016: £3,364,000).

#### *Balance sheet:*

The Company's net assets as at 31 December 2017 were £13,386,000 (2016: £13,387,000), as set out on page 7.

### Future outlook

Taking into account the financial position of the Company and its ability to meet its liabilities as they fall due, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

The management will assess the future strategy of the Company in due course.

### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Firm and are not managed separately. The directors do not consider that the company is exposed to significant financial risks.

On behalf of the Board



Director

James Chatters

03/09/2018

# JPMORGAN CAZENOVE SERVICE COMPANY

## Directors' report

The directors present their report and the audited financial statements of JPMorgan Cazenove Service Company (the "Company") for the year ended 31 December 2017. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase"). The registered number of the Company is 00714070.

Refer to the Strategic Report for future outlook.

### Results and dividends

The results for the year are set out on page 6 and show the Company's loss for the financial year after taxation to be £1,000 (2016: £3,364,000).

No dividends were paid or proposed during the year (2016: £nil).

### Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

L. Navaratne	Resigned on 1 September 2017
S. White	Resigned on 1 September 2017
J. Chatters	Appointed on 1 September 2017
J. Hobson	Appointed on 1 September 2017
M. Allen	Appointed on 1 September 2017

### Directors' interests

None of the directors have any beneficial interest in the Company. The Company is a subsidiary of a company incorporated in England and Wales. The ultimate holding company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

### Statement of directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards, comprising FRS101 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.

# **JPMORGAN CAZENOVE SERVICE COMPANY**

## **Directors' report (continued)**

### **Disclosure of information to auditors**

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Qualifying third party indemnity provision**

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co. is available at the registered office of the Company.

### **Company secretary**

The secretary of the Company who served during the year was as follows:

J.P. Morgan Secretaries (UK) Limited

### **Registered address**

25 Bank Street  
Canary Wharf  
London E14 5JP  
England and Wales

### **Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

### **On behalf of the Board**



**Director**

James Chatters

03/09/2018

# Independent auditors' report to the members of JPMorgan Cazenove Service Company

## Report on the audit of the financial statements

### Opinion

In our opinion, JPMorgan Cazenove Service Company's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 (the "Annual Report"), which comprise: the Balance sheet; the Income statement; the Statement of comprehensive income; the Statement of changes in equity; 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

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

- 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.

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

### 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# Independent auditors' report to the members of JPMorgan Cazenove Service Company (continued)

## Reporting on other information (continued)

### *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 2017 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 Statement of directors' responsibilities set out on page 2, 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.

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](http://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.

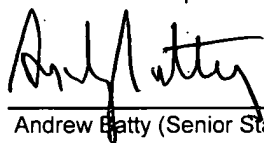
## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not received 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.



Andrew Batty (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

3 September 2018

**JPMORGAN CAZENOVE SERVICE COMPANY**  
**Income statement**

Year ended 31 December		2017	2016
	Notes	£'000	£'000
Administrative expenses	7	(1)	(1)
Other expense	5	—	(3,363)
<b>Operating loss</b>		<b>(1)</b>	<b>(3,364)</b>
<b>Loss on ordinary activities before taxation</b>	<b>7</b>	<b>(1)</b>	<b>(3,364)</b>
Tax on loss on ordinary activities	8	—	—
<b>Loss for the financial year</b>		<b>(1)</b>	<b>(3,364)</b>

**Statement of comprehensive income**

There were no other items of comprehensive income or expense other than the loss for the financial year shown above (2016: £nil). As a result, loss for the financial year represents total comprehensive expense in both the current and prior financial year.

The notes on pages 9 - 11 form an integral part of these financial statements.



**JPMORGAN CAZENOVE SERVICE COMPANY**  
**Balance sheet**

31 December		2017	2016
	Notes	£'000	£'000
<b>Current assets</b>			
Cash and cash equivalents	9	13,386	13,387
<b>Net current assets</b>		<b>13,386</b>	<b>13,387</b>
<b>Equity</b>			
Called-up share capital	10	1,000	1,000
Other reserves		10,176	10,176
Retained earnings		2,210	2,211
<b>Total equity</b>		<b>13,386</b>	<b>13,387</b>

The notes on pages 9 - 11 form an integral part of these financial statements.

The financial statements on pages 6 to 11 were approved by the Board of Directors on 03/09/ 2018 and signed on its behalf by:



Director

James Chatters

03/09/2018

**JPMORGAN CAZENOVE SERVICE COMPANY**  
**Statement of changes in equity**

	Called-up share capital	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance as at 1 January 2016	1,000	10,176	5,575	16,751
Loss for the financial year	—	—	(3,364)	(3,364)
<b>Balance as at 31 December 2016</b>	<b>1,000</b>	<b>10,176</b>	<b>2,211</b>	<b>13,387</b>
Loss for the financial year	—	—	(1)	(1)
<b>Balance as at 31 December 2017</b>	<b>1,000</b>	<b>10,176</b>	<b>2,210</b>	<b>13,386</b>

Other reserves represents capital contribution reserve.

The notes on pages 9 - 11 form an integral part of these financial statements.

# JPMORGAN CAZENOVE SERVICE COMPANY

## Notes to the financial statements

### 1. General information

The Company is a private unlimited company incorporated and domiciled in England and Wales. The Company is a wholly-owned indirect subsidiary of JPMorgan Chase Bank N.A., which is one of the principal subsidiaries of JPMorgan Chase & Co (the "Firm" or "JPMorgan Chase"). The Company's immediate parent undertaking is JP Morgan Cazenove Holdings, incorporated in England and Wales. The parent undertaking of the smallest group in which the Company's results are consolidated is J.P. Morgan Capital Holdings Limited, incorporated in the England and Wales but domiciled in Luxembourg. The Company's ultimate parent undertaking and controlling party is JPMorgan Chase & Co, which is incorporated in the state of Delaware in the United States of America. JPMorgan Chase & Co. is also the parent undertaking of the largest group in which the results of the Company are consolidated. The largest and smallest parent groups' consolidated financial statements can be obtained from the Company's registered office, at 25 Bank Street, Canary Wharf, London, E14 5JP, England and Wales.

### 2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") with reduced disclosures.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information disclosures (paragraph 38, IAS 1 'Presentation of financial statements' ("IAS 1") for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance with IFRS - Paragraph 16, IAS 1;
- Cash flow statement and related notes IAS 7 'Cash flow statements';
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24"));
- Related party transactions with wholly owned JPMorgan Chase undertakings (paragraph 18 and 19, IAS 24)

### 3. Critical accounting estimates and judgements

The preparation of financial statements generally requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. Due to the nature of business undertaken by the Company, no significant accounting estimates or judgements were required in preparation of these financial statements.

### 4. Significant accounting policies

The following are principal accounting policies applied in the preparation of these financial statements. These policies have been applied consistently to all the years presented, unless otherwise stated.

#### 4.1 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Pound Sterling ("GBP") at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into GBP at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

#### 4.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). GBP is considered as functional and presentation currency of the Company.

# JPMORGAN CAZENOVE SERVICE COMPANY

## Notes to the financial statements (continued)

### 4. Significant accounting policies (continued)

#### 4.3 Income and expense recognition

Direct and indirect expense recharges are recognised in the period in which the service took place.

#### 4.4 Current tax

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

#### 4.5 Cash and cash equivalents

Cash and cash equivalents include cash and balances at banks and loans and advances to banks with maturities of three months or less.

### 5. Other expense

	2017	2016
	£'000	£'000
Other expenses*	—	(3,363)
	—	(3,363)

\*Other expenses of 2016 represent the final payment made in respect of the deficit of the JPMorgan Cazenove (1987) Pension Scheme, that was derecognised in the prior years.

### 6. Directors emoluments

	2017	2016
	£	£
Emoluments*	2,851	2,041
Total contributions to a defined contribution plan	193	119
Total value of long term incentive plans (LTIPs) for all directors	147	49
Number of directors who exercised share options	—	—
Number of directors with shares received or receivable under LTIPs	3	1
Number of directors to whom defined contribution pension rights accrued	5	2

\*The amounts shown above in respect of emoluments paid to directors exclude amounts paid or due to directors under long term incentive plans, the value of share options granted or exercised and benefits to which directors are entitled under any pension schemes.

In accordance with the Companies Act 2006, the directors emoluments above represent the proportion paid or payable in respect of qualifying services only. Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

The directors are employees of other companies in the Firm and all expenses, including remuneration, are paid by those companies and not recharged. The directors do not consider that a significant element of their remuneration relates to the Company for the current financial year.

**JPMORGAN CAZENOVE SERVICE COMPANY**  
**Notes to the financial statements (continued)**

**7. Loss on ordinary activities before taxation**

During the year, the auditors' remuneration of £16,500 (2016: £16,000) was met by another JPMorgan Chase undertaking and not recharged.

Administrative expenses for current year represents bank charges.

The average monthly number of staff employed by the Company during the year was none (2016: none).

**8. Tax on loss on ordinary activities**

	<u>2017</u>	<u>2016</u>
	£'000	£'000
<b>(a) Analysis of tax charge for the year</b>		
<b>Current taxation</b>		
UK Corporation tax on loss for the year	—	—
<b>Total tax expense for the year</b>	<b>—</b>	<b>—</b>

**(b) Factors affecting the current tax charge for the year**

The tax charge for the year differs from the standard rate of corporation tax in the UK (19.25%). The differences are explained below:

	<u>2017</u>	<u>2016</u>
	£'000	£'000
Loss on ordinary activities before taxation	(1)	(3,364)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in UK 19.25% (2016: 20%)	—	(673)
Effects of:		
Pension contribution	—	(143)
Losses surrendered for nil consideration	—	816
<b>Total tax expense for the year</b>	<b>—</b>	<b>—</b>

**9. Cash at bank and in hand**

All bank balances are held with JPMorgan Chase undertakings.

**10. Called-up share capital**

	<u>2017</u>	<u>2016</u>
	£'000	£'000
<b>Issued and fully paid share capital</b>		
100,000,000 (2016: 100,000,000) ordinary shares of £0.01 each	1,000	1,000