

SANDALWOOD INVESTMENTS LIMITED
(Registered Number: 7036298)

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2018



SANDALWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

The Directors present their report and the financial statements of Sandalwood Investments Limited ('the Company') for the year ended 31 December 2018.

Business review and principal activities

The Company is a wholly owned subsidiary of Citigroup Financial Products Inc. The Company's ultimate parent company and ultimate controlling party is Citigroup Inc., incorporated in the State of Delaware, United States of America. The Company was initially incorporated to participate in a structured transaction which has since been terminated. There have been no structured transactions subsequent to this. As the Directors intend to liquidate the Company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in Note 1 - *Accounting policies*.

The current year profit before tax of the Company amounted to £12,877 (2017: loss of £(32,257)). The profit for the year was mainly driven by the foreign currency gain for the year which is connected to the year end revaluation of the foreign currency bank balance.

Going concern basis

As the Directors intend to liquidate the Company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in Note 1 - *Accounting policies*.

Principal risks and uncertainties

Citigroup, and the Company, believe that effective risk management is of primary importance to its overall operations. Accordingly, Citi's risk management process has been designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities.

Dividends

No dividends were paid by the Company during the year (2017: £nil) and the Directors do not recommend payment of a dividend (2017: £nil).

Directors

The Directors who held office during the year ended 31 December 2018 and since year end were:

J D Kinsella
E L McMichael

Directors' indemnity

Throughout the year and at the date of this report the Company is party to a group-wide indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of section 236 of the Companies Act 2006.

SANDALWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

Statement of Directors' responsibilities in respect of the Directors' report and the Financial Statements

The Directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that 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;
- 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. As explained in Note 1 - *Accounting policies*, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Employees

There were no persons employed by the Company during the year and no persons have been employed by the Company since the year end.

Charitable donations and political contributions

Charitable donations and political contributions of £nil were made during the year (2017: £nil).

SANDALWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

Strategic Report

Section 414B of the Companies Act 2006 states that a company is entitled to the small entities exemption in relation to the strategic report for a financial year if it would be so entitled but for being or having been a member of an ineligible group. As such, the Company has elected to exercise this exemption in relation to the preparation of a Strategic Report for this financial year.

Disclosure of information to auditor

In accordance with section 418, Companies Act 2006 and subject to all the provisions of section 418, it is stated by the Directors who held office at the date of approval of this Directors' Report that:

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board



E L McMichael
Director

15 August 2019

Incorporated in England and Wales
Registered Office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
Registered Number: 7036298

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SANDALWOOD INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Sandalwood Investments Limited ("the Company") for the year ended 31 December 2018 which comprise the income statement, balance sheet, statement of changes in equity and related notes, including the principal accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in Note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SANDALWOOD INVESTMENTS LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Matthew Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

15 August 2019

SANDALWOOD INVESTMENTS LIMITED

INCOME STATEMENT

for the year ended 31 December 2018

	Note	2018 £	2017 £
Operating expenses	2	(5,102)	(4,998)
Foreign currency gain/(loss)	3	17,979	(27,259)
Profit/(loss) before taxation		<u>12,877</u>	<u>(32,257)</u>
Tax on profit/(loss)	4	-	-
Profit/(loss) for the financial year		<u><u>12,877</u></u>	<u><u>(32,257)</u></u>

There was no other comprehensive income or losses for 2018 or 2017 other than those included in the Income Statement.

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

SANDALWOOD INVESTMENTS LIMITED

BALANCE SHEET

as at 31 December 2018

	Note	2018 £	2017 £
Current assets			
Cash at bank and in hand	5	582,964	564,984
		<u>582,964</u>	<u>564,984</u>
Current liabilities			
Creditors: amount falling due within one year	6	(29,408)	(24,306)
		<u>553,556</u>	<u>540,678</u>
Net assets			
Capital and reserves			
Called up share capital	9	30,000	30,000
Profit and loss account		523,556	510,678
		<u>553,556</u>	<u>540,678</u>
Shareholders' funds			
		<u>553,556</u>	<u>540,678</u>

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

The financial statements were approved by the Directors on 15 August 2019 and signed on their behalf by:



E L McMichael
Director

Registered Number: 7036298

SANDALWOOD INVESTMENTS LIMITED

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

	Share capital	Profit and loss account	Total
	£	£	£
As at 1 January 2017	30,000	542,935	572,935
Loss for the year	-	(32,257)	(32,257)
As at 1 January 2018	<u>30,000</u>	<u>510,678</u>	<u>540,678</u>
Profit for the year	-	12,877	12,877
As at 31 December 2018	<u><u>30,000</u></u>	<u><u>523,556</u></u>	<u><u>553,556</u></u>

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

SANDALWOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Basis of presentation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken exemption available under FRS 101 not to disclose all transactions with other group companies and investees of the group qualifying as related parties. It has also taken the exemption available under FRS 101 not to prepare a cash flow statement and the effects of new but not yet effective IFRSs and Capital Management disclosures.

The Directors intend to liquidate the Company following the settlement of the remaining net assets, therefore the Directors have not prepared the financial statements on going concern basis but on a net realisable value basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

The Company's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

b) Changes in accounting policy and disclosures

Standards issued and effective

There are a number of accounting standards that have been issued by the International Accounting Standards Board ("IASB"), which became effective during 2018. They include:

- **IFRS 9 - Financial Instruments.** The IASB completed the final element of its comprehensive response to the financial crisis with the publication of IFRS 9 in July 2014. The improved standard includes a logical model for classification and measurement, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard replaces the existing guidance in IAS 39 - Financial Instruments: Recognition and Measurement and carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The standard has no material impact on the financial statements.
- **IFRS 15 - Revenue from Contracts with Customers.** In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15. The core principle of the new Standard is to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The revenue is recognized when the control over the goods or services is transferred to the customer. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. IFRS 15 has no material impact on the financial statements.

SANDALWOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

c) Income taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which the losses can be utilised.

Deferred tax assets and liabilities are recognised for taxable and deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that there will be suitable profits available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred taxes are recognised as income tax benefit or expense in the income statement.

d) Foreign currencies

The Company's financial statements are presented in Pounds Sterling ("£"), which is the functional and presentational currency of the Company.

At the balance sheet date monetary assets and liabilities are translated at the year end rates of exchange. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in the income statement.

2. Operating expenses

Operating expenses include:

	2018	2017
	£	£
Auditor's remuneration	5,102	4,998

3. Foreign currency gain

	2018	2017
	£	£
Foreign currency gain/(loss)	17,979	(27,259)

The foreign currency gain for the year is connected to the year end revaluation of the foreign currency bank balance.

SANDALWOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. Taxation

Factors affecting tax charge for the year:

	2018 £	2017 £
Profit/(loss) before tax	12,877	(32,257)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	2,447	(6,209)
Effects of:		
Utilisation of tax losses	(2,447)	-
Group relief for nil consideration	-	6,209
Current tax charge for the year	<u>-</u>	<u>-</u>

	2018 £	2017 £
Unrecognised deferred tax assets:		
Losses	(29,244)	(31,433)

The main rate of corporation tax in the UK was reduced from 20% to 19% on 1 April 2017. Finance Act 2016 provides that the corporation tax rate will reduce to 17% from 1 April 2020.

The Company has an unrecognised deferred tax asset of £29,244. (2017: £31,433) based on a tax rate of 17% in respect of carried forward tax losses. The unrecognised deferred tax asset has not been recognised as its recoverability from future taxable profits is unlikely.

5. Cash at bank and in hand

	2018 £	2017 £
Cash at bank held by other group undertakings	582,964	564,984

6. Creditors:

Amounts falling due within one year

	2018 £	2017 £
Current audit fee owed to group undertakings	5,102	4,998
Carry forward audit fees owed to group undertakings	24,306	19,308
	<u>29,408</u>	<u>24,306</u>

SANDALWOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. Directors' emoluments

None of the Directors received any emoluments for their services to the Company during the period covered.

8. Share capital

	2018 £	2017 £
Allotted, called up and fully paid 30,000 ordinary shares of £ 1 each	30,000	30,000

9. Parent companies

The Company's immediate parent undertaking is Citigroup Financial Products Inc., incorporated in United States of America. The audited financial statements of the immediate parent are available to the public annually and may be obtained from its registered office at 388 Greenwich Street, New York, New York, NY, 10013, United States.

The Company's ultimate parent company and ultimate controlling party is Citigroup Inc., incorporated in United States of America for which the audited consolidated financial statements are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from its registered office at 1209 Orange Street, Wilmington, New Castle, DE, 19810, United States of America and www.citigroup.com/citi/corporategovernance/ar.htm.