



U.S. Bank Trustees Limited

Directors' Report and Financial Statements

31 December 2018

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Directors and Other Information

Board of Directors

Tom Cubitt
Declan Lynch

Company Secretary

Michael Shea – Resigned 12 January 2018
Ed Leedham – Appointed 16 January 2018

Registered Office

U.S. Bank Global Corporate Trust Services
Level 5, 125 Old Broad Street
London, EC2N 1AR

Solicitors

A&L Goodbody
North Wall Quay
Dublin 1

Auditors

Mazars
Chartered Accountants & Statutory Audit Firm
Block 3
Harcourt Centre
Harcourt Road
Dublin 2

Registered Number: 02379632

Directors' Report

The Directors present herewith their report together with the audited Financial Statements for the year ended 31 December 2018.

Principal activities

The principal activity of U.S. Bank Trustees Limited ('the Company') is providing trust services. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Review of development and performance of the business and position during the financial year

The Directors are satisfied with the Company's performance and financial position for the year which are set out in the Statement of Comprehensive Income and the Statement of Financial Position on pages 9 and 10 respectively.

2018 performance and key performance indicators

Given the uncomplicated nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Dividend

No dividend is proposed for the year (2017: £nil). The Directors do not recommend the payment of dividend.

Research and development

No research and development activities have been carried out by the Company in 2018 (2017: £nil).

Events after the reporting period

There were no significant events since the reporting period that require adjustment to or disclosure in the Financial Statements.

Going concern

The Directors have a reasonable expectation, having made appropriate enquiries that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Financial Statements are prepared on a going concern basis.

Financial Risk Management

Details of the Company's financial risk management objectives and policies are set out in note 12 to the Financial Statements.

Accounting Records

The measures taken by the Directors to ensure compliance with the Company's obligation to keep proper books of account, as outlined in Section 386 of the Companies Act 2006, are the use of appropriate systems and procedures and the employment of competent persons who report to the Chief Financial Officer and ensure that the requirements of the legislation are complied with. The accounting records are kept at 1st Floor, Building 8, Cherrywood Science & Technology Park, Loughlinstown, D18 W319.

Directors' Report (continued)

Directors' and Secretary's shareholdings

The Directors and Company Secretary who held office during the year ended 31 December 2018 are listed on page 2. Unless otherwise indicated, they served as Directors for the entire year.

The Directors have not at any time during the year held any beneficial interests in the shares of the Company.

Principal risks and uncertainties

Risk management is an integral part of the Company's business process. Risk management and governance arrangements have been described elsewhere in this Report in note 11.

The risks and uncertainties which are currently judged to have the largest impact on the Company's performance are noted below:

- Changes in and adherence to government and regulatory compliance regulations, could result in increased compliance costs for the Company and adversely affect operations and profitability;
- Movements in foreign currency exchange rates may adversely affect the Company. The management of this risk is detailed in note 11 to the Financial Statements;
- Operational risks, including technology and systems execution risk, information security breaches and data protection compliance, business continuity planning and disaster recovery. Inadequate management of these risks could adversely impact the Company.

Directors' responsibilities statement

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, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union. 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 assets, liabilities and financial position of the Company at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2006. In preparing these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, and
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors are responsible for ensuring that the Company keeps, or causes to be kept, adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2006 and enable the financial statements to be audited. 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.

Directors' Report (continued)

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.

Future Developments

It is in the directors' intention to carry on the principal activity of the Company for a period of at least 12 months from the signing date of these financial statements.

Charitable and Political Donations

No charitable or political donations were made during the year (2017: nil).

Provision of Information to Auditors

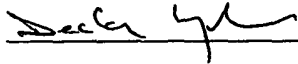
Each director confirms that:

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

Auditors

Mazars Statutory Auditor have expressed their willingness to continue in office and were reappointed by the Board in accordance with the Companies Act 2006.

Approved by the Board of Directors and authorised for issue on 25th October 2019.



Declan Lynch
Director



Tom Cubitt
Director

**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF US BANK TRUSTEES LIMITED****Opinion**

We have audited the financial statements of US Bank Trustees Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 IFRSs as adopted by the European Union; 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 (Ireland) (ISAs (Ireland)) 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, 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 (Ireland) 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

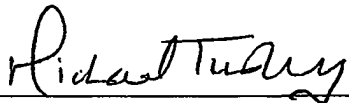
Auditor's responsibilities for the audit of the financial statements

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 (Ireland) 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Michael Tuohy (Senior Statutory Auditor)

for and on behalf of Mazars
Chartered Accountants and Statutory Auditor
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
Date

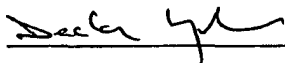
U.S. Bank Trustees Limited			
Statement of Comprehensive Income for the year ended 31 December			
<i>In thousands of GBP</i>	Note	2018	2017*Restated
Fee and commission income	3	3,745	3,102
Fee and commission expense	3	(89)	(69)
Net fee and commission income		3,656	3,033
Other operating expense	4	(3,666)	(2,743)*
Foreign exchange gain	4	1	6
(Loss)/Profit for the year from ordinary activities before tax		(9)	296
Income tax expense	5	(36)	(29)
(Loss)/Profit for the year from ordinary activities, net of tax*		(45)	267

*Refer to Note 5

The Company has no recognised gains or losses other than those included in the results above and therefore no Statement of Other Comprehensive Income has been presented.

The results above are all derived from continuing activities.

Approved by the Board of Directors and authorised for issue on 25th October 2019.



Declan Lynch
Director

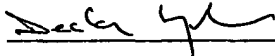


Tom Cubitt
Director

U.S. Bank Trustees Limited			
Statement of Financial Position as at 31 December			
<i>In thousands of GBP</i>	Note	2018	2017*Restated
Assets			
Investment services receivables	6	2,539	2,334
Current tax assets		5	-
Other assets	7	1,281	1,053*
Total assets		3,825	3,387
Liabilities			
Current tax liability		5	14
Other liabilities	8	2,843	2,212
Total liabilities		2,848	2,226
Equity			
Capital contribution	9	250	250
Retained earnings		727	911
Total equity		977	1,161
Total liabilities and equity		3,825	3,387

*Refer to Note 5

Approved by the Board of Directors and authorised for issue on 25th October 2019.



Declan Lynch
Director



Tom Cubitt
Director

U.S. Bank Trustees Limited			
Statement of Changes in Equity for the year ended 31 December 2018			
<i>In thousands of GBP</i>	Share Capital	Retained Earnings	Total Equity
Balance as at 1 January 2017	250	644	894
Profit for the year	-	123	123
Correction of error (note 5)	-	144	144
Balance as at 31 December 2017	250	911	1,161
Changes on initial application of IFRS 15	-	(139)	(139)
Balance as at 1 January 2018	250	772	1,022
Loss for the year	-	(45)	(45)
Balance as at 31 December 2018	250	727	977

U.S. Bank Trustees Limited		
Statement of Cash Flows for the year ended 31 December		
<i>In thousands of GBP</i>	2018	2017
Cash flows from operating activities		
(Loss)/Profit before tax	(9)	296
Adjustments to reconcile profit before tax to net cash:		
Net change in investment services receivables	(205)	(568)
Net change in other assets	(228)	812
Net change in other current tax assets	(5)	-
Net change in other liabilities	492*	(522)
Taxation paid	(45)	(18)
Net cash used in operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

*This movement excludes the changes on the initial application of IFRS 15

Notes to the Financial Statements

1 Basis of Preparation

Reporting entity

U.S. Bank Trustees Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The address of the Company's registered office is Level 5, 125 Old Broad Street, London, EC2N 1AR. The Company is a fully owned subsidiary of Elavon Financial Services DAC whose registered office is located at Building 8, Cherrywood Science & Technology Park, Loughlinstown, Dublin 18, Ireland. Elavon Financial Services DAC is a fully owned subsidiary of U.S. Bancorp (NYSE:USB).

Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU") and applicable as at 31 December 2018.

Basis of measurement

The Financial Statements have been prepared on a historical cost basis.

Functional and presentation currency

The Financial Statements of the Company are presented in sterling (also referred to as "GBP" and "£") which is also the functional currency of the Company.

Use of estimates and judgements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that may affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities.

The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Management's judgment involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates. Estimates and judgments are continually evaluated and revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

2 Summary of Significant Accounting Policies

The significant accounting policies that the Company applied in the preparation of the Financial Statements for the year ended 31 December 2018 are set out below.

Foreign currency translation

Transaction and balances

As at the reporting date, assets and liabilities denominated in a foreign currency are translated into the Company's presentation currency, (GBP), at the exchange rate on the Statement of Financial Position date and items in the Statement of Comprehensive Income are translated at the rate prevailing at the date of the transaction.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year end exchange rates of the amortised cost of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Revenue Recognition

Fee and commission income is recognised over the period in which services are performed and is based on a percentage of the fair value of the assets under management or administration, fixed based on account type, or transaction-based fees. Services provided to clients include trustee, transfer agent, custodian, fiscal agent, and escrow

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (continued)

Income tax, including deferred tax

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Other assets and other liabilities

Other assets and other liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred.

Shareholders' equity

Share capital

Share capital refers to the funds that a company raises in exchange for issuing an ownership interest in the company in the form of shares.

Retained earnings

Retained earnings represent the undistributed accumulated profits of the Company.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2018, but do not have an impact on the Financial Statements of the Company. The Company has early adopted IFRIC 23 with an effective date 01 January 2018. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments issued in July 2014 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 with the initial application date of 1 January 2018. The change had no impact on the Company's financial statements. No transition adjustments were required at the adoption date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

This change did have an impact on the Company's financial statements with an increase in liabilities and decrease in retained earnings of GBP 139 thousand.

Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when the tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically address the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Company early adopted this standard on 01 January 2018 and it had no impact on the Financial Statements.

New accounting pronouncements with a future effective date

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements are disclosed below. As at the Company's Financial Statements' effective date, the Company is assessing impacts if any.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to re-measure the lease liability upon the occurrence of certain events. The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17. The Company does not expect this standard to have an impact on the financial statements.

Notes to the Consolidated Financial Statements

3 Fee and Commission Income and Expense

Fee and Commission Income and Expense		
<i>In thousands of GBP</i>	2018	2017
Fee and commission income		
Corporate trust revenue	3,745	3,102
Total fee and commission income	3,745	3,102
Fee and commission expense		
Fee and commission expense - other	89	69
Total fee and commission expense	89	69
Net fee and commission income	3,656	3,033

4 Other Operating Expenses

Operating Expense		
<i>In thousands of GBP</i>	2018	2017* Restated
Auditors' remuneration		
Statutory audit	11	11
Total Auditors' remuneration	11	11
Other operating expenses		
Services provided by affiliate companies	3,630	2,706*
Other operating expenses - Other	-	-
Professional services	25	26
Total other operating expenses	3,655	2,732
Total operating expenses	3,666	2,743
Foreign exchange gain	1	6

*The prior year restatement relates to the incorrect recording of a VAT expense. The VAT expense has been fully reversed in the statement of comprehensive income for the year ended 31 December 2017. The error has been corrected by restating each of the affected financial statement line items for the prior period.

Notes to the Consolidated Financial Statements

5 Income Taxes

Income Taxes		
<i>In thousands of GBP</i>	2018	2017

(a) Analysis of charge for year:

Corporation tax based on profit/loss for the year at 19% (2017-19.25%)	36	29
	<u>36</u>	<u>29</u>

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%.

(b) Factors affecting tax charge for year:

	2018	2017
Profit on ordinary activities before tax	<u>189</u>	<u>152</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017-19.25%)	36	29
Effects of:		
Losses surrendered for group relief purposes	-	-
	<u>36</u>	<u>29</u>

Notes to the Consolidated Financial Statements

6 Investment Services Receivables

Investment Services Receivables		
<i>In thousands of GBP</i>	2018	2017
Investment services receivables	2,539	2,334
Total investment services receivables	2,539	2,334

7 Other Assets

Other Assets		
<i>In thousands of GBP</i>	2018	2017*Restated
Tax debtors	59	145*
Receivables from affiliate companies	1,222	908
Total other assets	1,281	1,053

*Refer to Note 5

8 Other Liabilities

Other Liabilities		
<i>In thousands of GBP</i>	2018	2017
Accruals and sundry creditors	11	11
Deferred revenue	1,530	1,072
Payable to affiliate companies	1,208	1,129
Other liabilities	94	-
Total other liabilities	2,843	2,212

9 Share Capital

Share Capital		
<i>In thousands of GBP</i>	2018	2017
Allotted, fully paid		
250,000 ordinary shares of £1 each	250	250
Total share capital	250	250

10 Employees

The Company did not have any employees during the year (2017 – nil).

Notes to the Financial Statements

11 Risk Management

The Company regards managing risks as an essential part of successfully operating a financial services company. Material risks are deemed to be those risks which may impact the Company's ability to deliver on its business plan, service its customers, operate in a legal and compliant manner, impact the Company's reputation and brand or cause financial loss exceeding normal business plan tolerances.

Credit Risk

Credit Risk is the risk of loss resulting from a counterparty or obligor being unable to meet contractual obligations agreed with the Company in respect of financial transactions. The Company's main credit risk concentration relates to investment services receivables and the maximum exposure to credit risk for these accounts receivables as per Note 7.

Operational risk

The Company defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company maintains a system of controls with the objective of providing proper transaction authorisation and execution, safeguarding of assets from misuse or theft, and ensuring the reliability of financial and other data. Management are responsible for ensuring that the controls are appropriate and are implemented as designed.

Interest rate risk

Interest rate risk is primarily related to interest bearing liabilities and assets. To minimise the volatility of net interest income and the market value of assets and liabilities, the Company monitors its exposure to changes in interest rates through asset and liability management activities.

Currently, none of the Company's assets and liabilities are exposed to interest rate risk and hence, interest rate sensitivity analysis is not applicable.

Market Risk

Market risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in price of financial assets and financial liabilities and it rises from related factors such as market volatilities. None of the Company's financial assets and financial liabilities are exposed to market risk.

Liquidity risk

Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the Company's inability to meet its liabilities when they come due. The Company's approach to liquidity risk management is designed to maintain sufficient liquidity in both normal operating environments as well as in periods of severe stress.

Notes to the Financial Statements

11 Risk Management (continued)

Assets by their contractual undiscounted cash flows					
<i>In thousands of GBP</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Current tax asset	-	5	-	-	5
Investment services receivables	2,405	-	134	-	2,539
Tax debtor	-	59	-	-	59
Receivable from affiliate companies	-	1,222	-	-	1,222
As at 31 December 2018	2,405	1,286	134	-	3,825

Assets by their contractual undiscounted cash flows					
<i>In thousands of GBP</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Current tax asset	-	-	-	-	-
Investment services receivables	2,211	-	123	-	2,334
Tax debtor	-	145	-	-	145
Receivable from affiliate companies	-	908	-	-	908
As at 31 December 2017	2,211	1,053	123	-	3,387

Notes to the Financial Statements

11 Risk Management (continued)

Liabilities by their contractual undiscounted cash flows					
<i>In thousands of GBP</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Current tax liability	-	-	5	-	5
Accruals and sundry creditors	-	11	-	-	11
Deferred revenue	-	-	1,530	-	1,538
Payable to affiliate companies	-	1,208	-	-	1,208
Other liabilities - other	93	-	-	-	94
As at 31 December 2018	93	1,219	1,535	-	2,848

Liabilities by their contractual undiscounted cash flows					
<i>In thousands of GBP</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Current tax liability	-	-	14	-	14
Accruals and sundry creditors	-	11	-	-	11
Deferred revenue	-	-	1,072	-	1,072
Payable to affiliate companies	-	304	-	825	1,129
Other liabilities - other	-	-	-	-	-
As at 31 December 2017	-	315	1,086	825	2,226

Notes to the Financial Statements

11 Risk Management (continued)

Foreign Exchange Risk

The Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure which are monitored daily.

The Company is exposed to currency risk in the normal course of business, principally on revenues generated in EUR, PLN, CHF & USD.

The table below is a sensitivity analysis which demonstrates the current exposure in the exchange rate of the given currencies in GBP in the Statement of Income.

Foreign Exchange Risk		
<i>In GBP</i>	2018 Statement of Income	2017 Statement of Income
CHF	(5,109)	(221)
EUR	90,549	8,531
PLN	3,062	4,711
USD	61,157	111,112
Total	149,659	124,133

12 Capital Management

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2018.

13 Related Party Transactions

The Company is a subsidiary of Elavon Financial Services DAC, a company incorporated in the Republic of Ireland.

The Company's ultimate parent company and controlling party is U.S. Bancorp, which is incorporated in Delaware (United States of America). This is the smallest and largest group to prepare consolidated Financial Statements, which include the Financial Statements of the Company that are available for public viewing.

No transactions involving Directors of the Company or its Parent occurred during the year. The Directors received no remuneration for the years presented in the Financial Statements.

The Company entered into day-to-day transactions with U.S. Bancorp and its subsidiaries, mainly comprising of the recharging of various costs incurred and transfer pricing transactions. The costs incurred in respect of these transactions totalled GBP 3,630 thousand during 2018 (2017: GBP 2,706 thousand).

As at 31 December 2018, the Company had receivables from affiliate companies of GBP 1,222 thousand (2017: GBP 908 thousand) and payables to affiliate companies of GBP 1,208 thousand (2017: GBP 1,129 thousand).

Notes to the Financial Statements

14 Subsequent Events

There are no subsequent events after the reporting date.

15 Approval of Financial Statements

The Company's Financial Statement were authorised for issue by the Board of Directors on the 25th October 2019