

**Company Registration Number: 02548079**

**WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

## **COMPANY INFORMATION**

**AS AT 31 DECEMBER 2023**

<b>Directors</b>	A Geraghty D Wynne A Pashley
<b>Secretary</b>	Wilmington Trust (UK) Limited
<b>Company number</b>	02548079
<b>Registered office</b>	Third Floor 1 King's Arms Yard London EC2R 7AF
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London United Kingdom EC4A 4AB
<b>Bankers</b>	The Royal Bank of Scotland Plc 62/63 Threadneedle Street London EC2R 8LA  JPMorgan Chase Bank 25 Bank Street London E14 5JP

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present the Strategic report and financial statements for the year ended 31 December 2022. The Company is incorporated as a private limited company and registered in England and Wales under the Companies Act 2006.

#### FAIR REVIEW OF THE BUSINESS

Structured finance services continue to be the Company's only product offering. Annual contract income saw an increase of 5% on 2021 while one-time fees saw a decrease of 30% which is primarily driven by the decrease in extraordinary services provided throughout the year. The Company continues to expand its portfolio of longer-term contracts while aiming to maintain the levels of one-time fees. One-time fees growth during the year is attributable to the recovery of the UK economy post Covid-19. The Directors aim to continue developing the Company's general UK market share and product offering whilst also entering other global markets in tandem with other group companies.

Total costs increased by 13% on 2021, primarily due to the Company acting as a cost centre for the companies within the group by investing in people and systems in accordance with the growth strategy of the group and the ultimate parent company.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The Company supports other group companies, therefore as a significant element of expenses are recoverable from group companies, liquidity risk is considered minimal. Exposure to price risk and credit risk is limited due to the nature of the market, however the Company is exposed to currency risk on income.

##### *Currency risk*

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates, some of which are naturally hedged against expense. Surplus balances are managed and traded for sterling as and when markets allow.

##### *Competition risk*

Competition from other Corporate Service providers introduces the risk of losing business or reduction in fees. The directors feel that the Wilmington Trust brand is highly regarded and recognised in the market and provides an advantage over the smaller competitors and new entrants.

##### *Legislation change risk*

Changes in current rules and regulations surrounding our business can always bring in new risks however this risk is negligible.

#### MACROECONOMIC ENVIRONMENT

The UK currently faces significant economic uncertainty. This uncertainty is greater than historical levels of uncertainty, due to the longer term impacts of COVID-19 on the UK and global economies, geopolitical tensions (heightened following the Russian military invasion of Ukraine) and recent turbulence in the global banking sector with the notable collapse of Silicon Valley Bank and Credit Suisse.

This has resulted in significant cost inflation (6.4%, based on the CPI for July 2023) and therefore increased pressure for the Bank of England to continue to increase the base rate from an unprecedented low level (with the first increase being from 0.25% to 0.5% in February 2022, 0.75% in March 2022, 1% in May 2022, 1.25% in June 2022, 1.75% in August 2022, 2.25% in September 2022, 3% in November 2022, 3.5% in December 2022, 4% in February 2023, 4.25% in March 2023, 4.5% in May 2023, 5% in June and 5.25% in August 2023).

The Directors' can confirm that there is no direct exposure to the Company as a result of the global financial institution bailouts and collapses observed in recent months. This is further supported by confirmation from the Bank of England, who released a statement confirming that "the UK banking system is well capitalised and funded and remains safe and sound".

While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company. However, as at the signing date there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows.

# **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

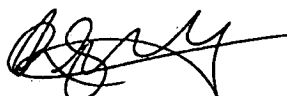
#### **KEY PERFORMANCE INDICATORS**

The Directors judge the performance of the business by reference to the growth in revenues and the impact that this has on profitability.

- Income from operating activities decreased by 2% due to exceptional income for a particular project received in 2021 that was not replicated during the year. Income from annual recurring contracts now represents approximately 86% of turnover as opposed to 81% in 2021.
- 14% of income from operating activities is attributable to one time fees represents 4% decrease in growth on 2021.
- Total costs increased by 13% on 2021, for reasons detailed in the fair review of the business.

The Directors continue to believe the Company is well positioned for future growth.

By order of the Board



Wilmington Trust (UK) Limited  
Secretary  
24 October 2023

# **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their Annual report and financial statements for the year ended 31 December 2022.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company continued to be that of providing management and consultancy services, primarily, though not exclusively, to special purpose companies involved in asset backed financing transactions.

#### **DIRECTORS**

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Wynne  
A Geraghty  
A Pashley  
N Patch (resigned 24 May 2022)  
A Icolaro (resigned 15 September 2022)

#### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 9.

No ordinary dividends were paid (2021: £nil). The Directors do not recommend payment of a final dividend.

#### **GOING CONCERN**

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company operates as part of a group and incurs operational costs on behalf of group companies which are recharged on an arms length basis. The Company has made losses in the current and prior year however, on a consolidated basis, the group remains profitable and Directors are satisfied that costs are being recharged effectively. In particular, management has assessed the likely cash requirements over the 12 months from the date of signing the financial statements and concluded that they have sufficient working capital to enable the company to continue trading.

In order to assess the going concern assumption, the Company has prepared and considered trading and cash flow forecasts for the period covering at least 12 months from the date of approval of these financial statements. The forecasts, which cover a period of 12 months from the date of approval of the financial statements, have also been stress tested. The Company is supported by the wider group and have evidenced that the provider has the means to provide the support pledged.

Having taken into account the information available to them to the date of signing the financial statements, management are satisfied that the company remains a going concern.

#### **INSURANCE OF DIRECTORS**

The Company maintains insurance as part of the ultimate holding company group policy, for itself, and its directors and officers in respect of their duties as directors of special purpose companies to which the company provides services.

#### **REAPPOINTMENT OF AUDITOR**

RSM UK Audit LLP, Chartered Accountants, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

# **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

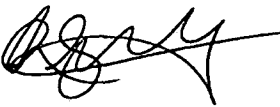
## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **STATEMENT OF DISCLOSURE TO AUDITOR**

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

By order of the board



Wilmington Trust (UK) Limited  
Secretary  
24 October 2023

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors are responsible for preparing the Strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 judgements and accounting estimates that are reasonable and prudent; 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 WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

## **Opinion**

We have audited the financial statements of Wilmington Trust SP Services (London) Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

### **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 the 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 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 on page 5, 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to GDPR, Anti Money Laundering Regulations and Bribery Act and Anti-Corruption Regulations. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations.

The audit engagement team identified the risk of management override of controls and revenue cut off and valuation as the areas where the financial statements were most susceptible to material misstatement due to fraud. In respect of management override, audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business. In respect to revenue cut off and valuation, we performed substantive test of details of revenue balances to ensure transactions were valid and appropriately valued, and performed cut off testing to ensure that revenue was recorded in the correct accounting period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*Saxon Moseley*

Saxon Moseley (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London, EC4A 4AB

24 October 2023

**WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Income from operating activities		4,350,071	4,434,282
Income from group undertakings		<u>6,620,522</u>	<u>6,702,552</u>
<b>Turnover</b>	<b>3</b>	<b>10,970,593</b>	<b>11,136,834</b>
Administrative expenses		<u>(13,267,843)</u>	<u>(11,719,961)</u>
<b>Operating loss</b>		<b>(2,297,250)</b>	<b>(583,127)</b>
Other interest receivable and similar		(1,929)	4,221
Sundry income		<u>-</u>	<u>7,215</u>
<b>Loss on ordinary activities before taxation</b>	<b>4</b>	<b>(2,299,179)</b>	<b>(571,691)</b>
Taxation	<b>8</b>	<u>429,741</u>	<u>192,502</u>
<b>Loss for the financial year</b>		<b><u>(1,869,438)</u></b>	<b><u>(379,189)</u></b>
<b>Total comprehensive loss for the year</b>		<b><u>(1,869,438)</u></b>	<b><u>(379,189)</u></b>

The results as stated above are all derived from continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

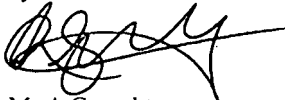
# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	9	1,016,808	1,337,486
Long term loans	11	<u>169,215</u>	<u>179,519</u>
		1,186,023	1,517,005
<b>Current assets</b>			
Debtors	10	9,423,872	3,494,394
Cash at bank and in hand		<u>1,726,315</u>	<u>8,614,082</u>
		11,150,187	12,108,476
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,075,004)</u>	<u>(4,634,944)</u>
<b>Net current assets</b>		<u>6,075,183</u>	<u>7,473,532</u>
<b>Total assets less current liabilities</b>		7,261,206	8,990,537
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(86,335)</u>	<u>(63,414)</u>
<b>Net assets</b>		<u>7,174,871</u>	<u>8,927,123</u>
<b>Capital and reserves</b>			
Called up share capital	17	100,000	100,000
Capital contribution reserve	18	179,703	161,121
Profit and loss reserves	19	<u>6,895,168</u>	<u>8,666,002</u>
<b>Total equity</b>		<u>7,174,871</u>	<u>8,927,123</u>

The financial statements of Wilmington Trust SP Services (London) Limited, Company Registration 02548079, on pages 9 to 22 were approved by the Board of Directors and authorised for issue on 24 October 2023 and are signed on its behalf by:



Mr A Geraghty  
Director

The notes on pages 12 to 22 form part of these financial statements.

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital £	Capital contribution reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2021</b>		<u>100,000</u>	<u>137,881</u>	<u>8,961,083</u>	<u>9,198,964</u>
<b>Period ended 31 December 2021:</b>					
Loss and total comprehensive expense for the year		-	-	(379,189)	(379,189)
Capital contribution payment	18	-	107,348	-	107,348
Transfer on vesting	18	-	(84,108)	84,108	-
<b>Balance at 31 December 2021</b>		<u>100,000</u>	<u>161,121</u>	<u>8,666,002</u>	<u>8,927,123</u>
<b>Period ended 31 December 2022:</b>					
Loss and total comprehensive expense for the year		-	-	(1,869,438)	(1,869,438)
Capital contribution payment	18	-	117,186	-	117,186
Transfer on vesting	18	-	(98,604)	98,604	-
<b>Balance at 31 December 2022</b>		<u>100,000</u>	<u>179,703</u>	<u>6,895,168</u>	<u>7,174,871</u>

The notes on pages 12 to 22 form part of these financial statements.

# **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1. ACCOUNTING POLICIES**

##### **Company information**

Wilmington Trust SP Services (London) Limited is a company limited by shares incorporated in England and Wales. The registered office is Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

The Company's principal activities are disclosed in the Directors' report. The nature of the Company's operations are that of providing management and consultancy services, primarily, though not exclusively, to special purpose companies involved in asset backed financing transactions.

##### **Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006, and under the historical cost convention, modified to include certain financial instruments at fair value.

The Company has applied the exemption available under FRS 102 1.11c in respect of preparing the Statement of cash flows.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

##### **Consolidated financial statements**

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

Wilmington Trust SP Services (London) Ltd holds shares in a number of the companies to whom it provides management services, under a Declaration of Trust for charitable purposes. There is no financial benefit to the Company from the ownership and the accounts of many of those entities are consolidated in the accounts of non-related parties. The shares are therefore not included in the results of the Company.

##### **Going concern**

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company operates as part of a group and incurs operational costs on behalf of group companies which are recharged on an arms length basis. The Company has made losses in the current and prior year however, on a consolidated basis, the group remains profitable and Directors are satisfied that costs are being recharged effectively. In particular, management has assessed the likely cash requirements over the 12 months from the date of signing the financial statements and concluded that they have sufficient working capital to enable the company to continue trading.

In order to assess the going concern assumption, the Company has prepared and considered trading and cash flow forecasts for the period covering at least 12 months from the date of approval of these financial statements. The forecasts, which cover a period of 12 months from the date of approval of the financial statements, have also been stress tested. The Company is supported by the wider group and have evidenced that the provider has the means to provide the support pledged.

Having taken into account the information available to them to the date of signing the financial statements, management are satisfied that the company remains a going concern.

##### **Turnover**

Fees for initial advice on structuring transactions are recognised when the funding arrangements are finalised. Other consultancy and management fees are stated on an accruals basis.

Consultancy fees received in respect of periods subsequent to the Statement of financial position date are carried forward as deferred income.

Income from group undertakings are allocated central overheads which are recharged to the group companies in line with a pre-determined formula. Recharged income is recognised in the same period as associated costs.

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Turnover (continued)

Disbursements and incidental expenses incurred on behalf of clients (and subsequently reimbursed by clients) are not included in turnover.

##### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Office furniture and equipment	5 years straight line
Computer equipment	3 years straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to the Statement of profit and loss.

##### Fixed asset investments

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit and loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in the Statement of profit and loss.

Interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Statement of profit and loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the Company has significant influence. The Company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### **Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are classified into specific categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

##### *Basic financial assets*

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of profit and loss.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### *Basic financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.



# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. *Timing differences* are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

##### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### Capital contribution

Equity-settled capital contribution payments (Stock-based compensation expense) are issued by M&T Bank Corporation, the ultimate parent company to certain employees of the Group. The fair value determined at the grant date of equity-settled capital contribution payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest, except that the recognition is accelerated for Equity-settled capital contributions (stock-based awards) granted to retirement-eligible employees and employees who will become retirement-eligible prior to full vesting of the award because the Group's incentive compensation plan allows for vesting at the time an employee retires. The expense relating to the Company's employees is recognised in the Company's Statement of profit and loss with the associated credit entry recognised in reserves as a capital contribution payment.

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

##### Foreign exchange

- Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the Statement of profit and loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

##### Long term loans receivable

In the course of arranging some special purpose vehicles the Company makes long term loans to the holding companies of the vehicles. These are stated at cost less any bad debt provisions.

##### Clients' accounts

In the ordinary course of business, the Company operates client accounts on behalf of certain clients. These accounts are not included within the financial statements as, in the opinion of the directors, the company does not bear the risks or rewards of ownership of these assets.

#### 2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. In the directors' opinion, there are no estimates or judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

A provision of impairment of investments is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Given the nature of the services provided and the clientele and the structures the services are provided to, bad debt is very rare, therefore the level of provision recognised is an area of judgement by management.

Debtors recoverability is related to bad debt provision policy which objective is to investigate if financial asset or a group of assets includes observable data that come to attention of the Company as a result of loss events such as significant financial difficulties or other significant observable data indicating that there has been a measurable decrease in estimated future cash flows. Introduced policies enable identification of such cases in order to ensure adequate and sufficient level of provisions.

From time to time the Company is requested to hold funds on behalf of its clients, these funds are held in a separate designated client bank account. The Company does not account for these funds as an asset. If the amounts were recorded as an asset on the Company's Statement of financial position they would be matched with a corresponding liability.

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. TURNOVER AND OTHER REVENUE

An analysis of the Company's turnover is as follows:

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Annual revenue	3,728,852	3,560,088
Amortised lifetime revenue	22,973	19,231
Non-recurring revenue	598,246	854,963
Group revenue	<u>6,620,522</u>	<u>6,702,552</u>
	<u>10,970,593</u>	<u>11,136,834</u>

The analysis of turnover by geographical region has not been provided as in the opinion of the Directors such disclosure would be seriously prejudicial to the interests of the Company.

#### 4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2022	2021
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Exchange (gains) / losses	(145,566)	81,084
Depreciation of owned tangible fixed assets	653,663	713,740
Share-based payments	117,186	107,348
Operating lease charges	<u>864,980</u>	<u>618,271</u>

#### 5. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates:		
<b>For audit services</b>		
Audit of the Company's statutory financial statements	<u>19,167</u>	<u>29,500</u>
<b>For other services</b>		
Other taxation services	<u>2,020</u>	<u>4,755</u>

#### 6. EMPLOYEES

The average monthly number of persons (including directors) employed by the Company during the year was:

	2022	2021
	Number	Number
Employees	<u>68</u>	<u>66</u>
	2022	2021
	£	£
Their aggregate remuneration comprised:		
Wages and salaries	7,089,058	6,037,038
Social security costs	930,358	802,874
Pension costs	740,231	606,981
Other employment costs	379,306	385,838
Capital contribution costs	<u>117,186</u>	<u>107,348</u>
	<u>9,256,139</u>	<u>7,940,079</u>

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7. DIRECTORS' REMUNERATION

	2022 £	2021 £
Remuneration for qualifying services	750,009	728,246
Company pension contributions to defined contribution schemes	<u>58,565</u>	<u>76,297</u>
	<u>808,574</u>	<u>804,543</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 4).

In the prior year costs of £215,912 were incurred relating to compensation for loss of office payable to a director of the Company.

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	236,078	263,808
Company pension contributions to defined contribution schemes	<u>23,067</u>	<u>25,500</u>

#### 8. TAXATION

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>(369,238)</u>	<u>(51,645)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(60,503)</u>	<u>(140,857)</u>
Total tax (credit)/ charge	<u>(429,741)</u>	<u>(192,502)</u>

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill (on 03 March 2021). These include an increase of the main rate to 25% (2021: 19%) from 01 April 2023. The small profits rate will remain at 19% (2021: 19%) for the financial year beginning 01 April 2023.

The actual tax charge differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK as follows:

#### *Current tax reconciliation*

Loss on ordinary activities before tax	<u>(2,229,137)</u>	<u>(571,691)</u>
Current tax at 19%	(436,844)	(108,621)
<i>Effects of:</i>		
Expenses not deductibles for tax purposes	23,987	36,921
Depreciation in advance of capital allowances	(15,208)	(2,348)
Adjustments in respect of prior periods	(1,676)	(118,454)
Other	-	-
Total current tax charge	<u>(429,741)</u>	<u>(192,502)</u>
<i>Effects of:</i>	<u>(2,229,137)</u>	<u>(571,691)</u>

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 9. TANGIBLE FIXED ASSETS

	Office furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2022	2,343,082	1,974,642	4,317,724
Additions	<u>1,443</u>	<u>331,542</u>	<u>332,985</u>
At 31 December 2022	<u>2,344,525</u>	<u>2,306,184</u>	<u>4,650,709</u>
<b>Depreciation</b>			
At 1 January 2022	1,501,843	1,478,395	2,980,238
Depreciation charged in the year	<u>342,897</u>	<u>310,766</u>	<u>653,663</u>
At 31 December 2022	<u>1,844,740</u>	<u>1,789,161</u>	<u>3,633,901</u>
<b>Carrying amount</b>			
At 31 December 2022	<u>499,785</u>	<u>517,023</u>	<u>1,016,808</u>
At 31 December 2021	<u>841,239</u>	<u>496,247</u>	<u>1,337,486</u>

#### 10. DEBTORS

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,425,577	1,341,038
Amounts due from fellow group undertakings	5,476,663	200,240
Other debtors	590,014	670,012
Rent deposit	480,000	480,000
Prepayments and accrued income	887,649	803,104
Corporation Tax receivable	<u>563,969</u>	-
	<u>9,423,872</u>	<u>3,494,394</u>

Amounts due from fellow group undertakings are unsecured, interest free and repayable on demand.

#### 11. LONG TERM LOANS RECEIVABLE

	2022 £	2021 £
Loans at beginning of year	179,519	187,704
Exchange movement	7,055	(10,834)
Loans purchased during the year	-	18,002
Loans repaid during the year	<u>(17,359)</u>	<u>(15,353)</u>
Loans at end of year	<u>169,215</u>	<u>179,519</u>

Long term loans are amounts advanced to fund special purpose companies. The total long term loans receivable before provisions of £169,215 (2021: £179,519) are all due for repayment:

Loans repayable within 1 year	-	-
Loans repayable after more than 1 year	<u>169,215</u>	<u>179,519</u>

**WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade creditors	461,067	337,092
Other taxation and social security	249,109	179,682
Other creditors	655	272
Accruals and deferred income	4,266,243	3,981,060
Corporation tax payable	97,930	136,838
	<u>5,075,004</u>	<u>4,634,944</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022	2021
	£	£
Deferred income	<u>86,335</u>	<u>63,414</u>

Included in deferred income is an amount of £1,107 (2021: £1,107) which falls due after more than five years.

**14. FINANCIAL INSTRUMENTS**

	2022	2021
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	7,972,254	2,691,290
Instruments measured at amortised cost	<u>169,215</u>	<u>179,519</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>(3,385,996)</u>	<u>(3,089,315)</u>

**15. DEFERRED TAXATION**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	Liability 2022	Liability 2021
	£	£
<b>Balances:</b>		
Accelerated capital allowances	<u>79,946</u>	<u>140,449</u>
<b>Movements in the year:</b>		
Liability at 1 January 2022		140,449
Debit to profit and loss		<u>(60,503)</u>
Liability at 31 December 2022		<u>79,946</u>

£79,946 of the deferred tax liability set out above is expected to reverse within 12 months and relates to depreciation in excess of capital allowances that are expected to mature within the same period.

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16. RETIREMENT BENEFIT SCHEMES

##### Defined contribution schemes

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The charge to the Statement of profit and loss in respect of defined contribution schemes was £740,231 (2021: £606,981).

There were £nil contributions outstanding at the year-end (2021: £ nil).

#### 17. SHARE CAPITAL

	2022 £	2021 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

#### 18. CAPITAL CONTRIBUTION PAYMENTS

A summary of restricted share (restricted stock) activity during the year in M&T, the ultimate parent company, in respect of the Company's employees is as follows:

##### Number

Unvested at 1 January 2022	1,967
Granted during the year	941
Cancelled during the year	(281)
Vested during the year	<u>(1,144)</u>
Unvested at 31 December 2022	1,183

The stock-based compensation expense is recognised over the vesting period of the stock-based grant, based on the grant date market value of the stock-based compensation that is expected to vest.

The Stock Units outstanding at 31 December 2022 had a remaining contractual life of 1 and 2 years. The capital contribution payment expense for the year was £117,186 (2021: £107,348).

#### 19. RESERVES

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

##### Capital contribution reserve

Cumulative effect of capital contributions.

# WILMINGTON TRUST SP SERVICES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 20. OPERATING LEASE COMMITMENTS

##### Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	468,351	478,345
Between two and five years	<u>1,521,436</u>	<u>1,950,784</u>
	<u>1,989,787</u>	<u>2,429,129</u>

#### 21. RELATED PARTY TRANSACTIONS

The Company acts as a bare trustee on behalf of an orphan special purpose vehicle ("SPV") in which the Company owns 100% of the shareholding under a Declaration of Trust for charitable purposes. The Company has entered into a fixed charge agreement with Wilmington Trust London Limited to secure the shares specified and associated benefits outlined in the transaction documents.

There is no financial benefit to the Company from the ownership and assets of the SPV and therefore not included in the results of the Company.

There are no further related party transactions to disclose.

#### 22. CONTROLLING PARTY

The Company is a subsidiary undertaking of Wilmington Trust (UK) Limited, a company incorporated in the United Kingdom. At 31 December 2022 the ultimate holding company and ultimate controlling party was M&T Bank Corporation, a company incorporated in the USA. The smallest and largest group in which the results of the company are consolidated is that headed by M&T Bank Corporation. The consolidated financial statements of this company are available to the public and may be obtained from Shareholder Relations Department, One M&T Plaza, 13th Floor, Buffalo, NY 14203-2399.