

BNY Mellon Holdings (UK) Limited

Strategic report, Directors' report and financial statements

Registered number 3236179

31 December 2015

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BNY Mellon Holdings (UK) Limited

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BNY Mellon Holdings (UK) Limited

Board of Directors and other information

Directors

J Jack (appointed 19 August 2015)

J M Johnston

R Savchuk (appointed 19 August 2015)

J Wheatley (Chair)

Secretary

BNY Mellon Secretaries (UK) Limited

160 Queen Victoria Street

London

EC4V 4LA

Auditor

KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

Registered Office

One Canada Square

London

E14 5AL

Registered Number

3236179

BNY Mellon Holdings (UK) Limited

Strategic report

In accordance with Section 414A(1) of the Companies Act 2006, we have prepared the Strategic report which includes a review of BNY Mellon Holdings (UK) Limited's ("the Company") business and future developments, a description of the principal risks and uncertainties facing the Company and key performance indicators.

Business review

The Company's key financial and other performance indicators during the year were as follows:

	2015	2014	Change	Change
	£000	£000	£000	%
Administrative expenses	86	63	23	37%
Loss for the year before tax	1,116	1,051	65	6%
Net assets	269,668	270,784	(1,116)	(0.41)%

The Company reported a loss of £1,116,000 (2014: loss of £1,051,000) during the year primarily due to interest charges payable on the £40 million subordinated loan and £4 million loan from BNY International Financing Corporation and The Bank of New York Mellon respectively.

Administrative expenses increased by £23,000 (37%) during the year principally due to higher recovery and resolution planning related charges of £70,000 (2014: £49,000).

Net assets decreased by £1,116,000 (0.41%), reflecting the loss made by the Company during the year.

Principal risks and uncertainties


The principal risks and uncertainties affecting the Company have been considered and addressed in the Directors' report on pages 3 to 7.

Business and future developments

The Company acts as a holding company and there are currently no plans to change the nature of activities in the future.

Approval

By order of the Board



J Jack
Director

BNY Mellon Holdings (UK) Limited
One Canada Square
London
E14 5AL
Date: 7th September 2016

Registered number: 3236179

BNY Mellon Holdings (UK) Limited

Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

Principal activities

The Company acts as a holding company for a group of subsidiaries which provide services to a wide spectrum of customers, including customers of The Bank of New York Mellon Corporation, that include custody services, investment administration services, trustee or depositary services to authorised collective investment schemes and alternative investment funds.

Results and dividends

The loss for the year after taxation amounted to £1,116,000 (2014: £1,051,000 loss).

The directors do not recommend a dividend for the year ended 31 December 2015 (2014: £nil).

Risk management

Governance and policies

Policies and procedures are in place to ensure adequate governance and risk management of the Company's business. Governance of the Company is carried out through regular meetings of the Board of Directors ("the Board"). The Board is responsible for both the management and the oversight of risks together with the quality and effectiveness of internal controls but delegate risk management oversight to general management, supported by the risk management committees. The Board is responsible for reviewing, challenging and approving all risk management processes including risk identification and assessment, stress testing and capital adequacy.

In addition, The Bank of New York Mellon Group ("the Group") has key committees in place to oversee the risk management function and to ensure adequate risk management and controls are established for BNY Mellon Group entities, including the Company. Key BNY Mellon Group committees include:

- Audit Committee;
- Asset & Liability Management Committee ("ALCO");
- Operational Risk Committee;
- Credit Portfolio Management Committee;
- Market Risk Committee; and
- Technology and Informational Risk Committee.

The Company is a part of BNY Mellon's EMEA Region (Europe, Middle East, and Africa) and key EMEA oversight committees in addition to the Group BNY Mellon Global Risk Management Framework include:

- The EMEA Senior Risk Management Committee, which consists of representatives from risk committees across EMEA legal entities, business groups and countries, and is a point of convergence for the risk committees. The Committee's main purpose is to receive, review and discuss risk and compliance matters relevant to EMEA legal entities and business groups, and to assess the regional impact
- The EMEA Asset and Liability Committee ("EMEA ALCO"), which has oversight responsibility for balance sheet liquidity management of branches of BNY Mellon Corporation in the EMEA Region in addition to EMEA legal entities and is responsible for the efficient and effective functioning of local country asset and liability committees or branch liquidity committees in the EMEA Region;

BNY Mellon Holdings (UK) Limited

Directors' report

Risk management - continued

Governance and policies - continued

- The EMEA Controls Committee, which receives updates regarding significant control matters, raised by Internal and External Audit and the status of management's remediation actions and follow-up as well as consideration of emerging control risks; and
- The CASS Operational Oversight Committee, which ensure that BNYMH has appropriate arrangements in place to ensure compliance with its obligations under CASS requirements. A detailed CASS risk appetite statement has been defined, compliance with which is monitored by the CASS Governance Body. The CASS Governance Body, under its terms of reference is responsible for the escalation of CASS risk appetite breaches to the Board.

Risk management process

The lines of business are responsible for actively identifying the risks associated with their key business processes, business change or external threats, identifying and assessing the quality of controls in place to mitigate risk and assigning accountability for the effectiveness of those controls. The objective of this detailed self-assessment is to prevent or minimise:

- Errors or service delivery failures, especially those with impact on clients
- Financial losses
- Compliance breaches
- Reputational damage

The Company utilises the BNY Mellon Operational Risk Platform to achieve the above. The platform is used to maintain risk and control self-assessments, key risk indicators and tracking of operational risk events. Risk Management works in partnership with the business to ensure that there is adequate understanding and assessment of, and accountability for, all risks that relate to the Company.

The Risk Appetite at Bank of New York Mellon Corporation Group ("the Group") level is set and owned by the BNY Mellon Board of Directors, giving the overall strategy and willingness to take on risk at a global level. The Company's risk appetite is commensurate with local business and regulatory requirements, within the guidance set by the Group and in coordination with the relevant business expertise.

Risks of the Company are measured, reported and monitored monthly/quarterly as part of the risk management framework which has been adopted. The reporting measures risk and capital against their regulatory capital requirements as well as monitoring Pillar 3 risk assessments, the internal capital adequacy processes (ICAAP) and liquidity assessments.

Credit risk

Credit risk covers default risk from counterparties or clients for loans, commitments, securities, and other assets where realisation of the value of the asset is dependent on counterparties' ability to perform.

Market risk

Market risk is the risk of loss due to adverse changes in the financial markets. Market risk arises from foreign exchange exposure in respect of revenue, expenses, deposits and borrowings, and interest rate exposure on cash balances, deposits and borrowings.

BNY Mellon Holdings (UK) Limited

Directors' report

Risk management process - continued

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events, including the potential for loss that arises from problems with operational processing, human error or omission, breaches in internal controls, fraud, and unforeseen catastrophes.

Liquidity risk

Liquidity risk is the risk that the Company, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Business risk

Business risk includes risk to the Company arising from changes in its business, including the risk that the Company may not be able to carry out its business plan and its desired strategy.

Compliance risk

Compliance risk covers the risk relating to earnings or capital from violation, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the Company and its executives to fines, payment of damages, the voiding of contracts and damaged reputation.

Pillar 3 risk disclosures

Capital Requirements Regulations ("CRR") Pillar 3 disclosures about the Company (capital and risk management) are covered by the BNY Mellon Holdings (UK) Limited group disclosures which can be found on the group website (<https://www.bnymellon.com/us/en/investor-relations/other-regulatory.jsp>).

EU Capital Requirements Directive IV disclosure

Institutions are required to publish details of their turnover, employment, profits, taxation and any public subsidies on a country by country basis under the EU Capital Requirements Directive IV ("CRD IV") from 1 January 2015.

Article 89 of CRD IV requires institutions to report the following information by member state and third countries in which it has an establishment:

- a) Nature of activities and geographical location (see 'Principal activities' on page 3 and Segmental reporting on page 16);
- b) Turnover (none);
- c) Number of employees on a full time equivalent basis (see Segmental reporting on page 16);
- d) Profit and loss before taxation (see Statement of profit and loss on page 10 and Segmental reporting on page 16);
- e) Tax on profit or loss (see Taxation note on page 17 and Segmental reporting on page 16); and
- f) Public subsidies received (none).

BNY Mellon Holdings (UK) Limited

Directors' report

Directors

The directors who served during the year and up to the date of the report were as follows:

	Appointed	Resignation
J Jack	19 August 2015	-
J M Johnston	-	-
R Savchuk	19 August 2015	-
J Wheatley	-	-
J McEleney	-	31 March 2015

Directors' indemnity provision

The articles of association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the directors (2014: not utilised).

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 1 February 2016, the Company disposed of its investment in BNY Mellon Securities Services (Ireland) Limited. The subsidiary was sold to BNY International Financing Corporation for a consideration of \$495,842,000 (equivalent to £345,138,000) and a gain of £284,750,000 was made on disposal.

The Company made further investment of £270,000,000 in The Bank of New York Mellon (International) Limited in March 2016.

In addition, in May 2016 the Company made early repayment of a £4,000,000 loan from The Bank of New York Mellon.

In relation to the assessment and monitoring of economic, political and regulatory risks, the Company is continuing to evaluate the impact of the outcome of the recent referendum in relation to the UK's membership of the EU on the Company's business strategy and business risks in the short, medium and long term. In the short term there is no significant impact expected on the Company's business activities, there will be no immediate change in business strategy, and it does not affect the going concern position of the Company. Over the course of the expected two year transition period following a notification of intention to leave the EU, the Company will continue to closely monitor developments and will make appropriate changes to the business strategy once the outcome of the referendum result and its impact on the UK and European financial services industry is more certain.

BNY Mellon Holdings (UK) Limited

Directors' report

Auditor

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

By order of the Board



J Jack
Director

BNY Mellon Holdings (UK) Limited
One Canada Square
London
E14 5AL
Date: 7th September 2016

Registered number: 3236179

BNY Mellon Holdings (UK) Limited

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 101, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of BNY Mellon Holdings (UK) Limited

We have audited the financial statements of BNY Mellon Holdings (UK) Limited for the year ended 31 December 2015 set out on pages 10 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

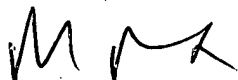
Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Paul Furneaux (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
Date:

9 September 2016

BNY Mellon Holdings (UK) Limited

Statement of profit and loss for the year ended 31 December 2015

		2015	2014#
	Note	£000	£000
Administrative expenses	2	<u>(86)</u>	<u>(63)</u>
Operating loss		(86)	(63)
Interest receivable and similar income	4	2	11
Interest payable and similar charges	5	<u>(1,032)</u>	<u>(999)</u>
Loss on ordinary activities before tax		(1,116)	(1,051)
Taxation on Loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(1,116)</u>	<u>(1,051)</u>

#The Company has reclassified certain prior year numbers to be consistent with current year presentation.

Notes 1 to 13 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year and prior year relate to continuing operations.

The Company has not prepared a separate statement of other comprehensive income as all the income and losses are reflected in the statement of profit and loss above.

BNY Mellon Holdings (UK) Limited

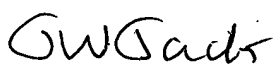
Balance sheet at 31 December 2015

	Note	2015 £000	2014# £000
Fixed assets			
Investments	7	310,083	310,083
		<u>310,083</u>	<u>310,083</u>
Current assets			
Cash at bank and in hand	8	3,609	720
		3,609	720
Creditors: amounts falling due within one year	9	(24)	(19)
Net current assets		3,585	701
 Total assets less current liabilities		 313,668	 310,784
 Creditors: amounts falling due after more than one year	10	 (44,000)	 (40,000)
Net assets		<u>269,668</u>	<u>270,784</u>
 Capital and reserves			
Called up share capital	11	147,211	147,211
Equity capital contribution		164,902	164,902
Profit and loss account		(42,445)	(41,329)
Shareholders' equity		<u>269,668</u>	<u>270,784</u>

#The Company has reclassified certain prior year numbers to be consistent with current year presentation.

Notes 1 to 13 are integral to these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:



J Jack

Director

Date: 7th September 2016

Registered number: 3236179

BNY Mellon Holdings (UK) Limited

Statement of changes in equity

31 December 2015

	Called up Share capital £000	Equity Capital Contribution £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	147,211	164,902	(40,278)	271,835
Loss for the year	-	-	(1,051)	(1,051)
Balance at 31 December 2014	<u>147,211</u>	<u>164,902</u>	<u>(41,329)</u>	<u>270,784</u>

	Called up Share capital £000	Equity Capital Contribution £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	147,211	164,902	(41,329)	270,784
Loss for the year	-	-	(1,116)	(1,116)
Balance at 31 December 2015	<u>147,211</u>	<u>164,902</u>	<u>(42,445)</u>	<u>269,668</u>

Notes 1 to 13 are integral to these financial statements.

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

1 Accounting policies

1.1 Basis of preparation and statement of compliance with FRS 101

The Company is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). These are the Company's first financial statements produced under FRS 101.

The Company's ultimate parent undertaking, The Bank of New York Mellon Corporation includes the Company and all its subsidiary undertakings in its consolidated financial statements. The consolidated financial statements of The Bank of New York Mellon Corporation are prepared in accordance with U.S. Generally Accepted Accounting Principles, which are *equivalent* to Adopted IFRS. The Bank of New York Mellon Corporation's consolidated financial statements are available at www.bnymellon.com/investorrelations/annualreport/index.html. Therefore the Company is a *qualifying entity* for the purpose of FRS 101 disclosure exemptions.

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

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The Company has made no measurement and recognition adjustments as a result of the transition to FRS 101.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs; and
- An additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements (see note 12).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

1.2 Exemption from preparation of group financial statements

As noted in section 1.1 above, the Company's ultimate parent company includes the Company in its consolidated financial statements, which are prepared under a basis equivalent to Adopted IFRS. Accordingly, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. Therefore, these financial statements present information about the Company as an individual undertaking and not about its group.

1.3 Measurement convention

These financial statements are prepared on the historical cost basis.

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

1 Accounting policies - continued

1.4 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2. In addition, the Directors' report on pages 3 to 7 includes the Company's objectives, policies and processes for managing its capital, its financial risk management objective and its exposures to credit and liquidity risk.

The Company has adequate liquidity and capital. The directors perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above assessment of the Company's financial position, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.5 Related party transactions

As the Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, it has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances with entities which form part of the Group.

1.6 Reclassification

Certain prior year numbers have been reclassified to be consistent with current year presentation. This has affected the statement of profit and loss and balance sheet along with the notes 4, 8 and 9 to the financial statements.

1.7 Interest receivable and interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the statement of profit and loss (see foreign currency accounting policy note 1.9 on page 15). Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in the statement of profit and loss as it accrues, using the effective interest method.

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

1 Accounting policies - continued

1.8 Taxation - continued

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.9 Foreign currency

The Company's functional currency is GBP. The Company's presentational currency is also GBP. Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are reported net in the statement of profit and loss within interest receivable or payable as appropriate. There are no material non-monetary assets and liabilities denominated in foreign currencies as at the reporting date.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits

1.11 Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

1.12 Accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions about future conditions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Management believes that the Company's critical accounting policies for which judgement is necessarily applied are those which relate to impairment of investment in subsidiaries. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the notes to the financial statements.

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

1 Accounting policies - continued

1.13 Segmental reporting

A segment is a distinguishable component of the Company which is specific to either the type of product or service (business segment), or to products and services provided within a particular economic environment (geographical segment), where the risks and rewards are different from those of other segments.

Currently, the directors consider that the Company's services comprise one business segment acting as a holding company and that it operates in the UK market which is not geographically segmented.

Profit and loss before taxation and tax on profit or (loss) are generated in the UK market. The number of employees on a full time equivalent basis is zero.

2 Expenses and auditor's remuneration

Auditor's remuneration:

2015	2014
£000	£000

Amounts receivable by the Company's auditor and its associates in respect of:

Audit of these financial statements pursuant to legislation	14	14
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3 Directors' remuneration

The directors did not receive any remuneration for their services in respect of the Company (2014: £nil).

4 Interest receivable and similar income

2015	2014#
£000	£000

Net foreign exchange gain	2	6
Receivable from group undertaking	-	5
Total interest receivable and similar income	2	11

#The Company has reclassified certain prior year numbers to be consistent with current year presentation, including an amount of £6,236 from other income to Interest receivable and similar income.

5 Interest payable and similar charges

2015	2014
£000	£000

Payable to group undertaking	1,032	999
Total interest payable and similar charges	1,032	999

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

6 Taxation

Reconciliation of effective tax rate

	2015 £000	2014 £000
Loss for the year	(1,116)	(1,051)
Loss excluding taxation	(1,116)	(1,051)
Tax using the UK corporation tax rate of 20.25% (2014: 21.50%)	(226)	(226)
Losses not utilised	226	226
Total tax expense	-	-

Factors that may affect current and total tax charge

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's current tax charge accordingly. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will also reduce the Company's future tax charge accordingly. The effect of the reduction from 18% to 17% has not been quantified.

7 Fixed asset investments

	Subsidiaries £000
Cost or valuation	
At 1 January 2015	310,083
At 31 December 2015	310,083
Net book value	
At 31 December 2015	310,083
At 31 December 2014	310,083

Management have conducted an impairment assessment of the carrying value of the investments based on the net asset values of the subsidiaries and have concluded that no impairment exists at the balance sheet date.

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

7 Fixed asset investments - continued

Subsidiaries

The Company has 2 direct subsidiaries and 23 indirect subsidiaries in 2015 (2014: 2 direct and 24 indirect subsidiaries).

The Company has the following investments in subsidiaries:

	Country of incorporation	Principal activity	Class of shares held	Effective ownership 2015	Effective ownership 2014
Direct subsidiaries:					
The Bank of New York Mellon (International) Limited	England & Wales	Custody & Fund Administration services	Ordinary £1	100%	100%
BNY Mellon Securities Services (Ireland) Limited	Ireland	Holding company	Ordinary €1.27	100%	100%
Indirect subsidiaries:					
BNY Trust Company Limited	England & Wales	Holding company	Ordinary £1	100%	100%
BNY Class Nominees Limited	England & Wales	Nominee Company	Ordinary £1	50%	50%
BNYM Firm Nominee Limited (formerly BNY CTOC Nominees Limited)	England & Wales	Nominee Company	Ordinary £1	50%	50%
BNY JB Nominees Limited	England & Wales	Nominee Company	Ordinary £1	50%	50%
BNY Mellon Secretaries (UK) Limited	England & Wales	Nominee Company	Ordinary £1	100%	100%
BNY TY Nominees Limited	England & Wales	Nominee Company	Ordinary £1	99%	99%
BriTel Gilts Nominees Limited	England & Wales	Nominee Company	Ordinary £1	99%	99%
Class Nominees Limited	England & Wales	Nominee Company	Ordinary £1	50%	50%
Collateral Nominees Limited	England & Wales	Nominee Company	Ordinary £1	50%	50%
Europe Nominees Limited	England & Wales	Nominee Company	Ordinary £1	50%	50%
Falcon (External Clients) Nominees Limited	England & Wales	Nominee Company	Ordinary £1	50%	50%
KWS Nominees Limited	England & Wales	Nominee Company	Ordinary £1	100%	100%
Names Nominees Limited	England & Wales	Nominee Company	Ordinary £1	50%	50%
Nutraco Nominees Limited	England & Wales	Nominee Company	Ordinary £1	99%	99%

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

7 Fixed asset investments - continued

Subsidiaries - continued

Possfund Gilts Nominees Limited	England & Wales	Nominee Company	Ordinary £1	99%	99%
Waterhouse Nominees Limited	England & Wales	Nominee Company	Ordinary £1	99%	99%
Willstock Nominees Limited	England & Wales	Nominee Company	Ordinary £1	99%	99%
BNY Custodial Nominees (Ireland) Limited	Ireland	Nominee Company	Ordinary €1.25	100%	100%
BNY Mellon Trust & Depositary (UK) Limited	England & Wales	Trustee or Depositary to Authorised Collective Investment Schemes and Alternative Investment Funds	Ordinary £1	100%	100%
The Bank of New York Capital Markets Limited	England & Wales	Company is not engaged in any ongoing business activity	Ordinary £1	100%	100%
BNY Mellon Fund Services (Ireland) Limited	Ireland	Fund Administration	Ordinary €1.27	100%	100%
BNY Mellon Trust Company (Ireland) Limited	Ireland	Trustee & Custodian	Ordinary €1.27	100%	100%
BNY AIS Nominees Limited	Ireland	Nominee Company	Ordinary €1	100%	100%

8 Cash and cash equivalents

	2015 £000	2014# £000
Cash at bank and in hand	3,609	720
	<u>3,609</u>	<u>720</u>

#The Company has reclassified certain prior year numbers to be consistent with current year presentation, including an amount of £49,079 from Creditors: amounts falling due within one year to Cash and cash equivalents.

9 Creditors: amounts falling due within one year

	2015 £000	2014# £000
Amounts owed to group undertakings	11	6
Accruals and deferred income	13	13
	<u>24</u>	<u>19</u>

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

9 Creditors: amounts falling due within one year - continued

#The Company has reclassified certain prior year numbers to be consistent with current year presentation, including an amount of £49,079 from Creditors: amounts falling due within one year to Cash and cash equivalents.

10 Creditors: amounts falling due after more than one year

	2015	2014
	£000	£000
Amounts owed to group undertakings	44,000	40,000

A subordinated loan of £40,000,000 was outstanding at the year end (2014: £40,000,000). The balance is owed to the Company's immediate parent company, BNY International Financing Corporation. The subordinated loan facility commenced on 29 June 2004. The loan was extended on 23 August 2013 for another period of 10 years and is repayable on 29 June 2024. From the extension date, this facility carries interest at the rate of sterling 3 month LIBOR plus 1.95% (previously 3 month sterling LIBOR plus 1.5%) and each advance under the facility shall be repaid on the 10th anniversary of such advance, subject to regulatory approval from the Financial Conduct Authority.

In addition, on 20 July 2015 the Company received a 3 year £4,000,000 loan from The Bank of New York Mellon. The facility carries interest at the rate of sterling 3 month LIBOR plus 0.50% and is repayable on 20 July 2018. However, in May 2016 the Company made early repayment of above £4,000,000 loan from The Bank of New York Mellon (see post balance sheet events on page 6).

11 Capital and reserves

Share capital

	2015	2014
	£000	£000
Allotted, called up and fully paid		
147,210,974 Ordinary shares of £1 each	147,211	147,211

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12 Explanation of transition to FRS 101 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014, and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 financial statements, the Company made no adjustments to amounts reported previously in its balance sheet or statement of profit and loss prepared in accordance with its old basis of accounting (UK GAAP).

BNY Mellon Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

13 Ultimate parent company and parent company of larger group

The immediate parent undertaking of the Company is BNY International Financing Corporation, incorporated in the United States of America.

The largest and smallest group in which the results of the Company are consolidated is that headed by The Bank of New York Mellon Corporation, incorporated in the United States of America.

The ultimate parent company as at 31 December 2015 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from:

The Secretary
The Bank of New York Mellon Corporation
225 Liberty Street
New York, NY
10286
USA.