

Company Registration No. 03376447 (England and Wales)

LINK ASSET SERVICES (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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LINK ASSET SERVICES (UK) LIMITED
COMPANY INFORMATION

Directors	S Fitness P C Walker GR Tough Link Group Corporate Director Limited
Secretary	Link Group Corporate Secretary Limited
Company number	03376447
Registered office	6 th Floor 65 Gresham Street London United Kingdom EC2V 7NQ
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP

LINK ASSET SERVICES (UK) LIMITED

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LINK ASSET SERVICES (UK) LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The Directors present the Strategic report, Directors' report and Financial Statements for the year ended 30 June 2020.

Review of the business and future developments

Link Asset Services (UK) Limited (the "Company") is a wholly owned subsidiary (indirectly held) of Link Administration Holdings Limited, which is a Company incorporated in Australia and operates within the group's Banking and Credit Management division.

The principal activity of the Company is the provision of servicing of mortgage loan portfolios. There have not been any significant changes in the Company's principal activities in the year under review. This year has seen the UK's exit from the EU and despite continued uncertainty around the final terms of future trading relations, the Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year as a result of Brexit or otherwise.

January 2020 saw the outbreak of the Coronavirus pandemic, which remains an evolving situation that has adversely impacted global commercial activities. The ongoing effects, pace of change and fluidity of this situation precludes any prediction of its ultimate impact, but it may have a continued adverse impact on economic and market conditions and trigger a prolonged period of global economic slowdown. The Company continues to monitor developments and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As shown in the Company's statement of comprehensive income on page 6, the Company's revenue has decreased slightly from £9,936,901 to £9,548,627. The reported operating loss in the prior year of £585,948 has reversed to an operating profit of £258,370.

The statement of financial position on page 7 shows that net assets have decreased from £3,457,328 to £1,399,940 driven by the dividend declared during the year. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 10 and 11 to the financial statements.

KPIs

Key performance indicators used by the Company are losses, operating margins and capital expenditure.

Risk management

Risk appetite is articulated and managed with the Link Administration Holdings Limited group and the Company through its business plans, its policies including the risk management framework, and its culture. Risk management is implemented via corporate governance processes, risk management and reporting processes (including risk registers and dashboards), project management standards and the roles of the compliance, legal, and group risk and business assurance functions.

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the Company. Monitoring exposure to risk and uncertainty is an integral part of the Company's structured management processes. The principal risks that the Company faces are operational risk, contract pricing, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation and strong supplier and customer relationships.

To assist the board, which retains ultimate responsibility for risk, to have effective oversight, risk is owned, managed and reported by business managers with the support of the risk management team. Risks are then reported and monitored through the Company's risk management process. Risk reporting is via risk registers and dashboards which are presented to the respective business unit and corporate risk and compliance committees for review and challenge. The registers and dashboards highlight all risks that the businesses believe are relevant and material. Risks are identified and monitored through on-going self-assessment, assessment of external events and past events and losses. The potential financial impact of each risk is quantified. Mitigating factors and controls are also assessed in order to calculate the residual risk. Risks are given "Red"/"Amber"/"Green" status based on the estimated potential residual risk impact on the net profit. Where the residual risk is greater than the business's risk appetite, actions must be undertaken by management to reduce the risk to an acceptable level.

Further details of Group risk management strategy and policies are included in the Annual Report and Financial Statements of Link Administration Holdings Limited.

On behalf of the board



S Fitness
Director

17 December 2020

LINK ASSET SERVICES (UK) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The Directors present their Annual report and Financial Statements of Link Asset Services (UK) Limited for the year ended 30 June 2020.

Results and dividends

The results for the period are set out on page 6.

During the period, an ordinary interim dividend of £2,250,000 was declared and paid (2019: £400,000)

Directors

The following Directors, have held office since 1 July 2019:

S Fitness

P C Walker

GR Tough (appointed 6 March 2020)

Link Group Corporate Director Limited

GR Tough (appointed 6 March 2020)

A Wilcox (resigned 10 October 2019)

J Millan (resigned 16 December 2019)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible be identical to that of other employees.

Employee involvement

The Company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings, newsletters, email notices and intranet communications. These communication initiatives enable employees to share information within and between business units and employees are encouraged, through an open door policy, to discuss with management matters of interest to the employee and subjects affecting day to day operations of the Company.

Auditor

KPMG LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

Statement of disclosure to Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she might reasonably be expected to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Qualifying third party indemnity provisions

The Company has granted an indemnity to the Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

On behalf of the board


S Fitness
Director

17 December 2020

LINK ASSET SERVICES (UK) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2020

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 FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK ASSET SERVICES (UK) LIMITED

Opinion

We have audited the financial statements of Link Asset Services (UK) Limited ("the Company") for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the Company's Profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK ASSET SERVICES (UK) LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

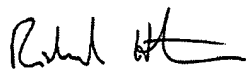
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Hinton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, UK
E14 5GL
17 December 2020

LINK ASSET SERVICES (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Revenue	2	9,548,627	9,936,901
Cost of sales		<u>(5,816,420)</u>	<u>(6,392,054)</u>
Gross profit		3,732,207	3,544,847
Administrative expenses		(3,482,221)	(4,176,865)
Foreign exchange gain		<u>8,384</u>	<u>46,070</u>
Operating profit/(loss)	3	258,370	(585,948)
Interest receivable and similar income	4	14	28
Interest payable and similar expenses	5	<u>(24,299)</u>	<u>-</u>
Profit/(loss) before taxation		234,085	(585,920)
Taxation (charge)/credit	6	<u>(41,473)</u>	<u>444,341</u>
Total comprehensive profit/(loss) for the year		<u><u>192,612</u></u>	<u><u>(141,579)</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 9 to 21 form an integral part of these financial statements.

LINK ASSET SERVICES (UK) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		30 June 2020	30 June 2019
	Note	£	£
Non-current assets			
Property, plant and equipment	8	345,881	78,213
Deferred tax asset	9	43,995	37,111
		<u>389,876</u>	<u>115,324</u>
Current assets			
Trade and other receivables	10	2,893,300	12,248,739
Cash and cash equivalents		1,082,645	183,737
		<u>3,975,945</u>	<u>12,432,476</u>
Current liabilities			
Trade and other payables	11	(2,629,180)	(8,785,687)
Provisions	12	-	(231,785)
		<u>(2,629,180)</u>	<u>(9,017,472)</u>
Net current assets		<u>1,346,765</u>	<u>3,415,004</u>
Total assets less current liabilities		<u>1,736,641</u>	<u>3,530,328</u>
Non-current liabilities			
Trade and other payables	11	(263,701)	-
Provisions	12	(73,000)	(73,000)
		<u>(336,701)</u>	<u>(73,000)</u>
Net Assets		<u>1,399,940</u>	<u>3,457,328</u>
Equity			
Share capital	13	10,000	10,000
Retained earnings		1,389,940	3,447,328
Total equity		<u>1,399,940</u>	<u>3,457,328</u>

The notes on pages 9 to 21 form an integral part of these financial statements.

Approved by the board and authorised for issue on 16 December 2020.

S Fitness
Director



Company Registration No. 03376447

LINK ASSET SERVICES (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Share premium account	Retained earnings	Total equity
	£	£	£	£
At 1 July 2018	10,000	-	3,988,907	3,998,907
Loss for the year	-	-	(141,579)	(141,579)
Total comprehensive loss for the year	-	-	(141,579)	(141,579)
Dividends paid	-	-	(400,000)	(400,000)
At 30 June 2019	10,000	-	3,447,328	3,457,328
Profit for the year	-	-	192,612	192,612
Total comprehensive profit for the year	-	-	192,612	192,612
Dividends paid	-	-	(2,250,000)	(2,250,000)
At 30 June 2020	10,000	-	1,389,940	1,399,940

The notes on pages 9 to 21 form an integral part of these financial statements.

LINK ASSET SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost basis except where stated otherwise, in accordance with Financial Reporting Standard (FRS101) *Reduced Disclosure Framework* and in accordance with applicable accounting standards.

Link Asset Services (UK) Limited is a Company incorporated in England and Wales, in the UK.

1.2 Going concern

The Company has sufficient financial resources together with long standing relationships with clients and suppliers. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. After making enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

As part of this assessment the Directors have considered the potential impact of Coronavirus on the Company's operations. Key aspects include:

- a cash flow forecast analysis extending beyond 12 months from the date of signing of the financial statements, with sensitivity analysis modelling a downturn in activity;
- the Company having access to liquidity through the Group's treasury arrangements as of the date of signing of these financial statements;
- the Directors have sought assurances over the financial position, performance and liquidity position of the ultimate parent up to the date of signing of these financial statements and have assessed that the ultimate parent remains a going concern;
- the Directors have considered the group external debt facilities to which the Company is a guarantor and noted compliance with required covenants; and
- the Company has successfully implemented its business continuity plan with no adverse impact on continued operations.

As per the subsequent note 22, since no proposal has been agreed at the date of accounts issue date, the Company continue to adopt going concern basis in preparing the annual report and accounts.

1.3 Compliance with accounting standards

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework (FRS 101).

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

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

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- Related party transactions with two or more wholly owned members of the Group;
- Certain disclosures in respect of share based payments; and
- Disclosures in respect of the compensation of key management personnel

In addition, as the consolidated financial statements of Link Administration Holdings Limited include equivalent disclosures, the Company has also taken the disclosure exemptions under FRS 101 available in respect of:

- Disclosures required by IFRS 7 Financial Instrument Disclosures.

LINK ASSET SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Accounting policies (continued)

1.4 Changes in accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year with the exception of the adoption of new standards effective from 1 July 2019.

1.5 New standards, interpretations and amendments effective from 1 July 2019

IFRS 16 Leases - IFRS 16 replaced former guidance including IAS 17 Leases. The standard introduced a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing the right to use the underlying leased asset, and a lease liability representing the obligation to make lease payments.

Several transition methods are available under the standard and the Company has chosen to apply the 'cumulative catch-up' method. Therefore, the adoption of the standard has had no effect on the prior period comparative information or the brought forward reserve position.

Leases previously classified as operating leases under IAS 17

Upon transition on 1 July 2019 lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate on that date, (2.14%). Under the transition methodology adopted, the Company measured the ROU asset at an amount equal to the lease liability, adjusted for the amount of any lease incentives or rent equalisation accruals. The effect of the transition was to increase both assets and liabilities by equal amounts, with no effect on net assets or retained earnings.

The effects of transition, including a reconciliation showing the difference between the operating lease commitments previously disclosed under IAS 17 at 30 June 2019 and the lease liabilities initially recognised at 1 July 2019 is found at Note 17.

The Company applied a number of practical expedients upon transition:

- not recognising right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- not recognising right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment).

In summary, the 2020 financial statements incorporate the effects of IFRS 16, which brings lease liabilities and ROU assets onto the Balance Sheet. The 2019 comparative amounts have not been restated and therefore exclude these items within the prior year comparative numbers.

1.6 Revenue

Revenue is recognised when, or as, a performance obligation is satisfied by transferring control of a good or service to a customer. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognised by measuring the Company's progress in satisfying the performance obligation in a manner that reflects the transfer of goods and services to the customer. Revenue from a performance obligation satisfied at a point in time is recognised when the Company has an unconditional right to payment under the terms of the contract. Revenue is stated net of VAT and trade discounts.

1.7 Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold:	Over the period of the lease
Computer equipment:	3 years
Fixtures, fittings and equipment	3 - 5 years

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

LINK ASSET SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Accounting policies (continued)

1.9 Leasing

The Company has applied IFRS 16 with effect from 1 July 2019.

Policy applicable prior to 1 July 2019 under IAS 17

Rentals payable under operating leases (net of any incentives received from the lessor) are charged against income on a straight-line basis over the lease term.

Policy applicable from 1 July 2019 under IFRS 16

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method.

Short term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill;
- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

LINK ASSET SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Accounting policies (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.11 Financial instruments

The Company recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. The Company initially recognizes trade and other receivables and payables on the date of transaction.

Financial assets and liabilities held at amortised cost

Financial assets held at amortised cost are recognised initially at fair value plus transaction costs directly attributable to the asset. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities held at amortised cost are recognised initially at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Derecognition of financial assets and financial liabilities

Financial assets

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement where either:
 - the Company has transferred substantially all the risks and rewards of the asset; or
 - the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities

The Company derecognises a financial liability (or, where applicable a part of a financial liability or part of a group of similar financial liabilities) when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss and other comprehensive income.

LINK ASSET SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Accounting policies (continued)

Impairment of financial assets (including trade and other receivables)

IFRS uses an 'expected credit loss' (ECL) model. The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company generally recognises loss allowances at an amount equal to 12-month ECL, unless there has been significant increase in credit risk, or exposures are in default, in which case ECLs are recognised on a lifetime loss basis. The Company also continues to recognise all outstanding trade receivables over 180 days past due as impaired unless specific circumstances confirm future recoverability.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.13 Annual Leave Accrual

Liabilities relating to accrued employee annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company wholly expects to pay as at the reporting date.

1.14 Pensions

The Company operates defined contribution pension schemes and contributions are charged to the income statement account in the year in which they are due. These pension schemes are funded, and the payment of contributions are made to separately administered trust funds. The assets of the pension schemes are held separately from the Company.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

1.16 Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the Directors to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported income and expense during the reported periods. Although these judgements and assumptions are based on the Directors' best knowledge of the amount, events or actions, actual results may differ from these estimates.

The key sources of estimation uncertainty that could result in a material change are:

The measurement of provisions which reflect management's assessment of the probable outflow of economic benefits resulting from an existing obligation. Provisions are calculated on a case by case basis and involve judgement as regards the final timing and quantum of any financial outlay.

1.17 Share-based payments

The Company participates in the Omnibus Equity Plan (OEP) long-term incentive scheme where share awards are granted at no cost to the recipient and entitle them to Performance Share Rights (PSRs) which, subject to the satisfaction of service-based conditions and performance hurdles, will, if vested, allow participants to receive fully paid ordinary shares in the Link Group. As an equity settled scheme the fair value of the OEP was determined at grant date based upon an independent valuation. The amount expensed is adjusted based on the related service and non-market performance conditions which are expected to be met.

In accordance with IFRS 2, PSRs of Link Administration Holdings' (ultimate parent company) equity instruments in respect of settling grants to employees of the Company are disclosed as a charge to the profit and loss account and a credit to equity. The Company's policy is to reimburse its ultimate parent company through the intercompany account for charges that are made to it. The credit to equity has been eliminated and replaced with a credit to intercompany which better reflects the underlying nature of the transaction.

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2 Revenue

The total revenue of the Company for the year of £9,548,627 (2019: £9,936,901) has been derived from its principal activity wholly undertaken in the United Kingdom.

	Year ended 30 June 2020	Year ended 30 June 2019
	£	£
Provision of service	2,431,901	2,459,815
Disbursements	760,174	943,253
Inter-group revenue	6,356,552	6,533,833
	<u>9,548,627</u>	<u>9,936,901</u>

The presentation of the prior year numbers has been changed to be shown on a consistent basis with current year.

3 Operating profit

	Year ended 30 June 2020	Year ended 30 June 2019
	£	£
Operating loss for the year is stated after charging:		
Net foreign exchange (gain)	(8,384)	(39,921)
Depreciation of ROU assets	63,238	-
Depreciation of property, plant and equipment	53,793	63,464
Operating lease rentals – plant and machinery	-	3,151
Operating lease rentals – other assets	-	67,500

The audit fee for the current year was £14,513 (2019: £13,500) borne by a fellow subsidiary undertaking. The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of Link Administration Holdings Limited.

4 Interest receivable and similar income

	Year ended 30 June 2020	Year ended 30 June 2019
	£	£
Other interest receivable	<u>14</u>	<u>28</u>

5 Interest payable and similar expenses

	Year ended 30 June 2020	Year ended 30 June 2019
	£	£
Finance charge on lease liabilities	<u>24,299</u>	<u>-</u>

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6	Taxation	Year ended 30 June 2020 £	Year ended 30 June 2019 £
	Corporation tax		
	Current period	55,657	(93,702)
	Adjustments in respect of prior periods	<u>(7,300)</u>	<u>(353,104)</u>
		48,357	(446,806)
	Deferred tax		
	Origination and reversal of temporary differences	(6,906)	(3,434)
	Adjustment in respect of prior years	<u>22</u>	<u>5,899</u>
		(6,884)	2,465
	Total tax charge/(credit)	<u>41,473</u>	<u>(444,341)</u>
	The charge for the year can be reconciled to the profit per the income statement as follows:		
		Year ended 30 June 2020 £	Year ended 30 June 2019 £
	Profit/(loss) before taxation on continued operations	234,085	(585,920)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	44,476	(111,325)
	Taxation impact of factors affecting tax charge:		
	Expenses not deductible in determining taxable profit	8,638	13,785
	Adjustments in respect of current tax of prior periods	(7,300)	(353,104)
	Adjustments in respect of deferred tax of prior periods	22	5,899
	Impact of changes in statutory tax rates	<u>(4,363)</u>	<u>404</u>
	Total adjustments	(3,003)	(333,016)
	Tax charge /(credit) for the year	<u>41,473</u>	<u>(444,341)</u>

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporate tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on 17 March 2020. Any deferred tax balances have been updated to reflect this change.

7	Dividends	Year ended 30 June 2020 £	Year ended 30 June 2019 £
	Ordinary		
	Interim dividend declared and paid	<u>2,250,000</u>	<u>-</u>

LINK ASSET SERVICES (UK) LIMITED
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8 Property, plant and equipment					
	Land and buildings leasehold	Fixtures, fittings & equipment	Computer equipment	ROU assets	Total
	£	£	£	£	£
Cost					
At 1 July 2019	275,501	3,148	36,545	-	315,194
Transfer on adoption of IFRS 16	-	-	-	384,699	384,699
Disposals	(35,910)	(3,148)	(24,919)	-	(63,977)
At 30 June 2020	239,591	-	11,626	384,699	635,916
Depreciation					
At 1 July 2019	204,881	2,938	29,162	-	236,981
Charge for the period	47,844	210	5,739	63,238	117,031
Disposals	(35,910)	(3,148)	(24,919)	-	(63,977)
At 30 June 2020	216,815	-	9,982	63,238	290,035
Net book value					
At 30 June 2020	22,776	-	1,644	321,461	345,881
At 30 June 2019	70,620	210	7,383	-	78,213

ROU assets:

The net book value and depreciation charges for right of use assets by class of underlying assets is as follows:

	Total
	£
Net Book Value	
Land and buildings	321,461
Depreciation charges	
Land and buildings	63,238

9 Deferred tax asset

	30 June 2020	30 June 2019
	£	£
Balance at 1 July	37,111	39,576
Statement of comprehensive income	6,884	(2,465)
Balance at 30 June	43,995	37,111

The deferred tax asset is made up as follows:

	30 June 2020	30 June 2019
	£	£
Accelerated capital allowance	26,975	22,647
Other timing differences	17,020	14,464
Total	43,995	37,111

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10 Trade and other receivables

	30 June 2020	30 June 2019
	£	£
Trade receivables	231,199	739,446
Other receivables	201,062	274,962
Amount due from parent and fellow subsidiary undertakings	2,347,736	10,771,855
Prepayments and accrued income	113,303	72,386
Corporation tax recoverable	-	390,090
Total	2,893,300	12,248,739

The above amounts owed by parent and fellow subsidiary undertakings are receivable on demand.

11 Trade and other payables

	30 June 2020	30 June 2019
	£	£
Current payables		
Trade payables	207,914	266,230
Amount due to parent and fellow subsidiary undertakings	1,519,734	7,732,682
Corporation tax	55,657	-
Other taxes and social security	154,917	181,350
Other payables	98,870	82,823
Accruals and deferred income	530,942	522,602
Lease liabilities	61,146	-
Total	2,629,180	8,785,687

The above amounts owed to parent and fellow subsidiary undertakings are repayable on demand.

	30 June 2020	30 June 2019
	£	£
Non-current payables		
Lease liabilities	263,701	-

12 Provisions

	Dilapidations (non-current)	Restructure (current)	Total
	£	£	
Balance at 1 st July 2019	73,000	231,785	304,785
Utilisation of provisions	-	(231,785)	(231,785)
Balance at 30 June 2020	73,000	-	73,000

Dilapidations: The Company is required to perform repairs on leased properties prior to the properties being vacated at the end of their lease term. Dilapidation provisions for such costs are made where a legal obligation is identified, and the liability can be reasonably quantified, based upon third party valuations.

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13 Share capital

	30 June 2020	30 June 2019
	£	£
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Share capital

The nominal proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

14 Operating lease commitments

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

	30 June 2020	30 June 2019
	£	£
Within one year	-	67,500
Between two and five years	-	270,000
In over five years	<u>73,125</u>	<u>73,125</u>
	<u>-</u>	<u>410,625</u>

The PY comparatives have not been restated upon transition to IFRS 16 and represent all lease commitments as at 30 June 2019.

15 Pensions and other post-retirement benefit commitments

The Company offers a defined contribution pension scheme. Contributions in respect of this scheme payable by the Company during the period amounted to £215,946 (2019: £172,759).

16 Directors' remuneration

The Directors were not paid remuneration directly by the Company. For the current period the amount of Directors' remuneration that can be allocated to the Company to cover time spent by the Directors on the affairs of the Company is as follows:

	Year ended 30 June 2020	Year ended 30 June 2019
	£	£
Remuneration for qualifying services	111,499	144,827
Company pension contributions to defined contribution schemes	4,508	5,457
Ex-gratia settlement	<u>115,643</u>	<u>-</u>
Total	<u>231,650</u>	<u>150,284</u>

The number of Directors for whom retirement benefits are accrued under defined contribution schemes amounted to 3 (2019: 3).

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NOTES TO THE FINANCIAL STATEMENTS
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17 Employees

The average monthly number of employees were:

Year ended 30 June 2020	Year ended 30 June 2019
Number	Number
93	88

Their aggregate remuneration comprised:

Employment costs	Year ended 30 June 2020	Year ended 30 June 2019
	£	£
Wages and salaries	5,646,329	6,586,596*
Social security costs	633,566	628,221
Pension costs	215,946	172,759
	<u>6,495,841</u>	<u>7,387,576</u>

* Certain prior year numbers have been reclassified to make the current year presentation consistent with the prior year

18 Share-based payments

Certain employees dedicated to the Company's business participate in long-term incentive (LTI) plans which issue shares in The Link Group.

The Omnibus Equity Plan (OEP)

These awards are granted at no cost to the recipient and entitle the recipient to receive Performance Share Rights (PSRs) which, subject to the satisfaction of service-based conditions and performance hurdles, will, if vested, allow participants to receive fully paid ordinary shares in the Link Group. During the financial year and in accordance with the OEP, LTI PSRs were granted to Directors and senior employees of the Company on 19 November 2018 and 14 January 2019. The PSRs are divided into 2 tranches of 75% and 25% and subject to testing against an operating earnings-per-share (EPS) target and relative total shareholder return (relative TSR) respectively.

Where participants in the OEP do not meet Link Group's minimum shareholding requirement, 50% of that participant's short-term incentive (STI) is mandatorily sacrificed into the OEP and used to acquire PSRs. The STI deferral PSRs have no vesting conditions but are subject to holding locks and restriction periods whilst the participation continues not to meet the minimum shareholding requirement.

Fair value of the OEP was determined at grant date based upon an independent valuation. The amount expensed is adjusted based on the related service and non-market performance conditions which are expected to be met.

Omnibus equity plan

	Year ended 30 June 2020	Year ended 30 June 2019
	Number of awards	Number of awards
Balance outstanding at 1 st July	20,388	-
Awarded during the year	33,193	20,388
Forfeited/cancelled	(5,197)	-
Balance outstanding at 30 th June	<u>48,384</u>	<u>20,388</u>

During 2020, £20,746 was charged to the statement of profit and loss account in respect of the PSRs (2019: £11,170). As at 30 June 2020, A\$102,702 (2019: A\$88,335) of total unrecognised compensation costs related to non-vested OEP is expected to be recognised over the weighted average period of approximately 1.69 years (2019: 2.00 years). The total carrying value of the intercompany liability with Link Administration Holdings as at 30 June 2020 is £32,769 (2019: £11,067).

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19 Effects of changing accounting policies

	Total £
Addition to Property, plant and equipment of ROU assets from previously classified operating leases	384,699
Addition of lease liability to current liabilities	(59,852)
Addition of lease liability to non-current liabilities	<u>(324,847)</u>

Using the cumulative catch up method of transition there is no impact on the retained earnings of the entity.

The following table reconciles the minimum lease commitments disclosed in the company's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019 £
Minimum operating lease commitment at 30 June 2019	410,625
Less: short term leases not recognised under IFRS 16	-
Less: other leases not meeting the definition of IFRS 16	<u>-</u>
Undiscounted lease payments	<u>410,625</u>
Less: effect of discounting using incremental borrowing rate as at the date of initial application (weighted average)	<u>(25,926)</u>
Lease liabilities for leases classified as operating type under IAS 17	<u>384,699</u>
Plus: leases previously classified as finance type under IAS 17	<u>-</u>
Lease liability as at 1 July 2019	<u>384,699</u>

20 Potential future commitments

On 26 January 2018, the Company and certain subsidiaries within the Group agreed to act as a guarantor to an existing Facilities Agreement between Link Administration Holdings Limited and certain Lenders. Under the agreement, the Lenders have made available to the Link Group the following facilities:

- Committed AUD 580 million term loan and working capital facility;
- Committed GBP 485 million term loan and working capital facility; and
- Uncommitted AUD 250 million revolving credit facility.

Each Guarantor a) guarantees punctual performance by the Borrower, b) shall pay any amounts not paid by the Borrower when due, and c) shall indemnify the Lenders against any cost, expense, loss or liability incurred as a result of the Borrower not paying any amount due. There has been no drawdown against these facilities.

21 Ultimate controlling party

The Company's immediate parent undertaking is Link Asset Services (Holdings) Limited, by virtue of its 100% shareholding, a Company incorporated in England and Wales.

The Company's ultimate parent which consolidates these financial statements is Link Administration Holdings Limited. The accounts of Link Administration Holdings Limited are available from the registered office at Level 12, 680 George Street, Sydney, NSW 2000.

The Company's ultimate parent undertaking is Link Administration Holdings Limited, a Company incorporated in Australia.

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22 Subsequent events

On 12 October 2020 the Company's ultimate parent entity, Link Administration Holdings Limited, announced it had received a conditional, non-binding indicative proposal from a consortium to acquire 100% of the shares in Link Group. On 26 October, Link Group announced it had received a revised proposal, following an announcement on 23 October that it would not be proceeding with the initial terms. On 28 October Link Group rejected the revised proposal but indicated it would work with the consortium to develop a proposal that may be capable of being recommended to shareholders.

On 7 December 2020 the Company's ultimate parent entity, Link Administration Holdings Limited, announced it had received a conditional, non-binding indicative proposal from SS&C Technology Holdings to acquire 100% of the shares in Link Group. The proposal is currently subject to consideration and due diligence, with no further update available at the date of signing the financial statements.

On 10 December Link Group rejected the revised proposal but indicated it would work with SS&C on a non-exclusive basis to develop a proposal that may be capable of being recommended to shareholders.