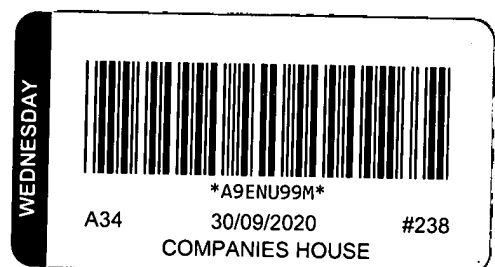


**State Street Administration Services (UK) Limited**

Registered no. 04092438

**Annual Report and Financial Statements**

**For the year ended 31 December 2019**



# **State Street Administration Services (UK) Limited**

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Registered no. 04092438

## **Directors**

J. Knott  
V. Fernando  
M. Van Krimpen

## **Auditors**

Ernst & Young LLP  
25 Churchill Place  
London E14 5EY

## **Registered office**

20 Churchill Place  
London  
E14 5HJ

# **State Street Administration Services (UK) Limited**

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## **REPORT OF THE DIRECTORS**

The directors present their annual report to the members together with the audited financial statements for the year ended 31 December 2019.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the provision of administration services.

### **BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS**

State Street Administration Services (UK) Limited ('the Company') is a wholly owned subsidiary of State Street Investment Holdings (Jersey) Limited and is ultimately owned by State Street Corporation. It receives its broad strategy from the State Street Alternative Investment Solutions management team. The strategy is broadly defined to grow the business of unregulated onshore fund administration in the markets of private equity and real estate in a controlled manner.

The principal costs of the business are its staff and operating costs. Costs for the year of £1,907,105 (2018: £1,998,106), other income and net interest of £(45) (2018: £46,266) and revenue of £3,379,001 (2018: £2,429,577) resulted in a profit before tax for the Company for the year ended 31 December 2019 of £1,471,851 (2018: £477,737).

At 31 December 2019 the Company had net current assets of £3,925,264 (2018: £2,655,243) and total net assets of £3,925,264 (2018: £2,614,672).

### **GOING CONCERN**

On 11 March 2020, the World Health Organisation declared the new coronavirus disease ("COVID-19") outbreak a pandemic. This outbreak has generated material impact on the global economic environment. The current situation is still fluid and uncertain, with both revenue generation and FX rates ruling exposed to fluctuations.

During 2019 the Company made a profit as a result of ongoing restructuring of the Company's operations; operating costs reduced with a favourable impact on operating cash flows. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements and latest cash forecasts, including the impact of the COVID-19 pandemic. These forecasts have been subject to sensitivity tests and the directors are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the financial statements and for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Members of the executive management are responsible for identifying and evaluating the key risks facing their areas of the business and for ensuring that any necessary mitigating actions take place.

#### ***Operational Risk***

The Company's main operational risks are related to the outsourcing of services to fellow group companies. These risks are managed on a day to day basis by internal control procedures and rigorous oversight of the outsourcing arrangements.

### **STRATEGIC REPORT**

The Company has applied the small companies exemption from preparing a strategic report in accordance with section 414B of the Companies Act 2006.

**REPORT OF THE DIRECTORS - continued**

**FUTURE DEVELOPMENTS**

The directors aim to continue the operational restructuring to reduce costs and create efficiencies (e.g. certain clients may be moving to other locations) whilst maintaining the strategy of growing the business of unregulated fund administration for the private equity and real estate asset classes.

**RESULTS AND DIVIDEND**

The result for the year is shown on page 7. The directors do not recommend the payment of a dividend (2018: £ Nil).

**DIRECTORS**

The directors who held office during the year and subsequently were as follows:

J. Knott  
V. Fernando  
M. Van Krimpen  
P. Corry (resigned 15 May 2019)

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Company made no disclosable political or charitable donations or incurred any political expenditure during the year.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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 auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

Ernst & Young LLP were appointed as auditors on 13 August 2010. They have expressed their willingness to remain in office.

**REGISTERED OFFICE**

20 Churchill Place  
London  
E14 5HJ

**BY ORDER OF THE BOARD**

*Michel van Krimpen*

**Michel van Krimpen, Director**

Date: 24 September 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

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 apply them consistently;
- make judgements and estimates which 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF STATE STREET ADMINISTRATION SERVICES (UK) LIMITED**

#### **Opinion**

We have audited the financial statements of State Street Administration Services (UK) Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position and the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter – Impact of COVID-19**

We draw attention to notes 1 and 19 of the financial statements, which describes the economic disruption the Company is facing as a result of COVID-19, which is impacting financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF STATE STREET ADMINISTRATION SERVICES (UK) LIMITED (continued)**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF STATE STREET ADMINISTRATION SERVICES (UK) LIMITED (continued)**

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

*Ernst & Young LLP*

Poppy Proborespati (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London,  
28 September 2020



# State Street Administration Services (UK) Limited

## INCOME STATEMENT

For the year ended 31 December 2019

	Notes	<b>2019</b> £	<b>2018</b> £
<b>REVENUE</b>	2	3,379,001	2,429,577
<b>OPERATING EXPENDITURE</b>			
Staff costs	4	1,679,237	884,260
Other costs	3	227,868	1,113,846
		1,907,105	1,998,106
<b>OPERATING PROFIT</b>		1,471,896	431,471
<b>OTHER INCOME</b>	5	105	46,316
<b>OTHER INTEREST CHARGE</b>	6	(150)	(50)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,471,851	477,737
<b>TAXATION</b>	14	161,259	-
<b>PROFIT FOR THE YEAR</b>		1,310,592	477,737

The Company had no other comprehensive income and accordingly no Statement of Comprehensive Income has been prepared.

The above results are derived from continuing operations.

The notes on pages 10 to 19 form an integral part of these financial statements.

# State Street Administration Services (UK) Limited

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<u>Notes</u>	<u>31 Dec 19</u> £	<u>31 Dec 18</u> £
<b>FIXED ASSETS</b>			
Investments in subsidiary undertaking	7	-	1
		<u>-</u>	<u>1</u>
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due within one year	8	384,959	162,259
Accrued income		647,838	622,515
Prepayments		48,457	35,210
Cash at bank		3,211,062	2,188,778
		<u>4,292,316</u>	<u>3,008,762</u>
<b>CURRENT LIABILITIES</b>			
Creditors - amounts falling due within one year	9	(367,052)	(353,519)
<b>NET CURRENT ASSETS</b>		<u>3,925,264</u>	<u>2,655,243</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,925,264	2,655,244
<b>CREDITORS - amounts falling due after more than one year</b>	9	-	(1)
Provisions for liabilities	10	-	(40,571)
<b>NET ASSETS</b>		<u>3,925,264</u>	<u>2,614,672</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2	2
Share premium account	12	2,499,999	2,499,999
Capital contribution	12	3,995,308	3,995,308
Retained earnings		(2,570,045)	(3,880,637)
<b>SHAREHOLDER'S FUNDS</b>		<u>3,925,264</u>	<u>2,614,672</u>

The financial statements were approved and authorised for issue by the Board of Directors on the 24 day of September 2020 and were signed on its behalf by:

*Michel van Krimpen*

Michel van Krimpen, Director

The notes on pages 10 to 19 form an integral part of these financial statements.

**Registered Number: 4092438**

**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2019**

	<b>Share Capital £</b>	<b>Share Premium £</b>	<b>Capital Contribution £</b>	<b>Retained Earnings £</b>	<b>Total £</b>
<b>2018</b>					
At 1 January 2018	2	2,499,999	2,574,602	(4,358,374)	716,229
Profit for the year	-	-	-	477,737	477,737
Total comprehensive income for the year	-	-	-	477,737	477,737
Capital contribution	-	-	1,420,706	-	1,420,706
At 31 December 2018	2	2,499,999	3,995,308	(3,880,637)	2,614,672
<b>2019</b>					
At 1 January 2019	2	2,499,999	3,995,308	(3,880,637)	2,614,672
Profit for the year	-	-	-	1,310,592	1,310,592
Total comprehensive income for the year	-	-	-	1,310,592	1,310,592
Capital contribution	-	-	-	-	-
At 31 December 2019	2	2,499,999	3,995,308	(2,570,045)	3,925,264

The notes on pages 10 to 19 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

**1. ACCOUNTING POLICIES**

***Basis of Preparation***

State Street Administration Services (UK) Limited is a private company, limited by shares, incorporated in the United Kingdom. The Company's registered number is 04092438 and its Registered Office is 20 Churchill Place, London E14 5HJ.

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law. The financial statements have been prepared in sterling which is the functional currency of Company and rounded off to the nearest sterling.

The Company has taken advantage of certain disclosure exemptions available under FRS 102.1.12 due to the consolidated financial statements of its ultimate controlling party, State Street Corporation, being publicly available. The applicable exemptions are as follows:

The requirement of Section 4 *Statement of Financial Position* paragraph 4.12(a)(iv).

The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).

The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A.

The requirements of Section 26 *Share-based Payment* paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

The requirement of Section 33 *Related Party Disclosures* paragraph 33.7.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

***Going concern***

On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The full extent to which the COVID-19 pandemic may impact the Company's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the Company, the asset management industry and the economies in which the Company operates. Management has performed a liquidity analysis, including sensitivity analysis on forecasted revenue, as part of their going concern assessment, using information available to the date of issue of these financial statements. The analysis has modelled adverse scenarios to assess the potential impact that COVID-19 may have on the Company's liquidity, as well as a stress test for the next 36 months, and including an assessment of any relevant mitigations management have within their control to implement.

The most likely expected financial impact is in respect of the Company's future revenue. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments and management have a number of actions that they are able to take to protect profitability and solvency.

Having performed this analysis the management believes the Company has sufficient liquidity to meet its liabilities for the for the next 12 months, and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**For the year ended 31 December 2019**

**1. ACCOUNTING POLICIES - CONTINUED**

***Judgements and key sources of estimation uncertainty***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Recognition of deferred tax assets***

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of future tax planning strategies.

***Impairment of financial assets***

Management judgement is required when assessing whether an impairment has occurred and in the estimation of recoverable amounts.

***Foreign currency***

Transactions in foreign currencies are initially recorded in sterling by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

***Accrued income***

Accrued income is recognised as time, transactions or fixed fees in arrears charged at selling value less a provision for non-recovery where a right to consideration arises through the performance of administration related services. The right to consideration for time based fees is determined by the assessment of time recording data to determine the stage of completion.

***Revenue recognition***

Fees are recognised when invoiced and adjusted for accrued income movements during the year.

Fixed fees are recognised as income in the profit & loss account during the year to which they relate, with the deferred element recognised in the balance sheet as fee income received in advance.

***Interest received and paid***

Interest is recognised on an accruals basis.

***Provisions for liabilities***

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

***Severance provision***

A provision for severance costs is recognised when the Company has a detailed, formal severance plan. Measurement of the obligation will take into account an individual's employment level, monthly salary and number of years of service.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**For the year ended 31 December 2019**

**1. ACCOUNTING POLICIES - CONTINUED**

***Financial Instruments***

***Initial recognition and measurement***

Financial assets and liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the profit or loss. Immediately after recognition, an expected credit loss ("ECL") is recognised for financial assets measured at amortised cost, which may result in an accounting loss being recognised when an asset is newly originated.

***Financial assets – classification***

Trade and other debtors previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.

***Financial assets – impairment***

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised costs. The Company recognises a loss allowance for such losses at each reporting date. The Company measures ECL on each balance sheet date according to a three stage ECL impairment model:

- Stage 1 – from initial recognition of the financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is equal to the credit loss expected to result from default occurring over 12 months following the reporting date;
- Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset;
- Stage 3 – when the financial asset is considered to be credit impaired, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset. Interest and revenue is calculated based on the gross carrying amount of the asset, net of the loss allowance.

The measurement of the ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

***Financial assets – derecognition***

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

***Financial liabilities – classification and measurement***

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost. Financial liabilities are derecognised when they are extinguished.

***Amortised cost and effective interest rate***

The amortised cost is the amount at which the financial asset or financial liability is measured at the initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**For the year ended 31 December 2019**

**1. ACCOUNTING POLICIES - CONTINUED**

***Financial Instruments - continued***

***Amortised cost and effective interest rate - continued***

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. When the Company revises the estimated cash flows, the carrying amount of the respective financial assets or liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits that are repayable on demand.

***Trade and other debtors***

Trade and other debtors are recognised initially at fair value. Where the time value of money is material, receivables are measured at amortised cost using the effective interest method.

***Trade and other creditors***

Trade and other creditors are recognised initially at fair value. Where the time value of money is material, payables are measured at amortised cost using the effective interest method.

***Expenditure***

Expenditure is recognised on an accruals basis.

***Investments***

Investments in subsidiaries are carried at cost in the Company financial statements, except where it is deemed that there has been an impairment in value. Where this is the case they are carried at cost less impairment. Investments in subsidiaries are reviewed for impairment at each reporting date.

***Fiduciary assets and liabilities***

The financial statements do not include any assets and liabilities of clients held in a fiduciary or nominee capacity.

***Taxation***

The charge for taxation is based on taxable profits for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.29. Deferred tax assets are recognised to the extent that the directors deem them to be recoverable in the near future.

***Share based payments***

From time to time, employees are awarded deferred stock under the ultimate parent company's (State Street Corporation "Parent") Equity-Based Compensation Plan. Deferred stock awards issued under the plan vest over two, three or four year periods. The Company does not have an obligation to settle the Parent's awards with its employees and therefore recognises the arrangement in accordance with the requirements applicable to equity-settled share-based payment transactions.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**For the year ended 31 December 2019**

**1. ACCOUNTING POLICIES - CONTINUED**

***Share based payments - continued***

In accordance with FRS 102.26 the cost of equity-settled share-based awards to employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense on a straight-line basis over the period in which employees perform services to which the awards relate, or over the period of the tranches for those awards delivered in tranches. For awards delivered in tranches, each tranche is considered a separate award and the related expense is amortised separately. Fair value is determined by reference to the market price at grant date, adjusted to take account of the fact that awards are not eligible for dividends during the vesting period. Estimates of expected forfeitures are periodically adjusted in the event of actual forfeitures or for changes in expectations.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account.

***Deferred Value Awards***

The Company participates in the deferred awards scheme of the group, via the issuance of deferred value awards to eligible employees. This scheme was introduced in 2014. These deferred awards are tied to the performance of an SSgA managed money market fund. The awards vest quarterly over 4 years. Employees receive dividend equivalents paid by the underlying funds in the form of increased total awards granted.

The company records compensation expense based on the NAV of the underlying funds as well as dividends paid. Upon vesting, employees are paid in cash. The expense is recognised in the profit and loss account of the Company on a straight line basis of the vesting period of the awards.

<b>2. REVENUE</b>	<b><u>31 Dec 19</u></b>	<b><u>31 Dec 18</u></b>
	<b>£</b>	<b>£</b>
Revenue from administration services	1,454,124	2,429,577
Intercompany revenue	1,924,877	-
	<b><u>3,379,001</u></b>	<b><u>2,429,577</u></b>
<b>3. OTHER COSTS</b>	<b><u>31 Dec 19</u></b>	<b><u>31 Dec 18</u></b>
	<b>£</b>	<b>£</b>
Rent and rates incurred directly	225,755	297,796
Severance costs	(40,571)	331,112
Other direct expenditure	189,848	162,716
Net foreign exchange losses	127,088	-
State Street Bank & Trust Company reimbursement - other costs	(274,252)	322,222
	<b><u>227,868</u></b>	<b><u>1,113,846</u></b>



# State Street Administration Services (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2019

4. STAFF COSTS	31 Dec 19	31 Dec 18
	£	£
Wages and salaries	1,227,168	1,781,871
Social security	183,798	274,481
Personnel costs	(10,938)	(9,453)
Pension costs	156,558	209,171
Staff bonus	122,651	135,792
State Street Bank & Trust Company reimbursement - staff costs	-	(1,507,602)
	<u>1,679,237</u>	<u>884,260</u>

### Employees

As at 31 December 2019 State Street Administration Services (UK) Limited had 14 employees (2018: 19).

The average monthly number of employees during the year was:  
Administration

31 Dec 19	31 Dec 18
16	23

5. OTHER INCOME	31 Dec 19	31 Dec 18
	£	£
Disbursement income	105	105
Net foreign exchange gains	-	46,211
	<u>105</u>	<u>46,317</u>

6. OTHER INTEREST CHARGE	31 Dec 19	31 Dec 18
	£	£
Bank interest charged	150	50

7. INVESTMENT IN SUBSIDIARY UNDERTAKING	31 Dec 19	31 Dec 18
	£	£
State Street Secretaries (UK) Limited	-	1
	<u>-</u>	<u>1</u>

All of the company's investments in subsidiary undertakings have been dissolved during the year. Hence, no investment in subsidiary as at 31 Dec 2019. All of the Company's investments in subsidiary

The results of subsidiary undertakings of the Company for 2019 were as follows:

	State Street Secretaries (UK) Limited
	£
Capital and reserves as at 31 December 2019	-
Profit for the year ended 31 December 2019	-

8. DEBTORS - amounts falling due within one year	31 Dec 19	31 Dec 18
	£	£
State Street Bank and Trust Company	106,046	-
Trade debtors	236,403	163,265
Sundry debtors	297	(1,006)
Deferred tax asset	42,213	-
	<u>384,959</u>	<u>162,259</u>

Operating balances due from related parties are cash settled in the ordinary course of business and are therefore deemed to be short term assets.

## State Street Administration Services (UK) Limited

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### For the year ended 31 December 2019

#### 9. CREDITORS

<b>CREDITORS - amounts falling due within one year</b>	<b>31 Dec 19</b>	<b>31 Dec 18</b>
	£	£
State Street Bank and Trust Company	-	33,466
State Street Bank and Trust Company, London Branch	15,329	6,763
Trade creditors	5,613	264
Deferred income	2,604	-
Staff Incentive Scheme	109,127	128,348
Tax creditor	132,025	(0)
Other taxation and social security	12,884	9,447
Other creditors	89,470	175,231
	<u>367,052</u>	<u>353,519</u>

Operating balances due to related parties are cash settled in the ordinary course of business and are therefore deemed to be short term liabilities.

<b>CREDITORS - amounts falling due after more than one year</b>	<b>31 Dec 19</b>	<b>31 Dec 18</b>
	£	£
State Street Secretaries (UK) Limited	-	1
	<u>-</u>	<u>1</u>

#### 10. PROVISIONS FOR LIABILITIES

	<b>31 Dec 19</b>	<b>31 Dec 18</b>
	£	£
At the beginning of the year	40,571	183,288
Charged to the profit and loss account	(40,571)	331,112
Utilised during the year	-	(473,829)
	<u>-</u>	<u>40,571</u>

#### Severance

The Company previously recognised a provision for expected severance costs in relation to employee headcount reductions as part of a restructuring initiative. This provision was fully reversed during the course of 2019.

#### 11. CALLED UP SHARE CAPITAL

	<b>31 Dec 19</b>	<b>31 Dec 18</b>
	£	£
<b>AUTHORISED:</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>ISSUED AND FULLY PAID:</b>		
2 ordinary shares of £1	2	2

Each ordinary share entitles the holder to one vote at a meeting of the shareholders and to an equal share of any dividends declared or any residual net assets on wind-up.

#### 12. RESERVES

##### Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

##### Capital contribution

This reserve records additional capital contributions received for which no shares have been issued.

## State Street Administration Services (UK) Limited

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### For the year ended 31 December 2019

#### 13. PENSION FUND

State Street Administration Services (UK) Limited operates a defined contribution, money purchase, scheme that is open to eligible employees. Contributions to the scheme are charged to profit and loss on an accruals basis and classified within staff costs.

#### 14. TAXATION

Analysis of charge in period	31 Dec 19 £	31 Dec 18 £
<i>Current tax:</i>		
UK corporation tax on profits of the period	203,472	-
	<u>203,472</u>	<u>-</u>
<i>Deferred tax:</i>		
Decelerated capital allowances & Origination and reversal of temporary differences	76,571	-
Impact of tax rate reduction and loss utilisation	(8,061)	-
Adjustments in respect of previous periods	(110,723)	-
	<u>(42,213)</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>161,259</u>	<u>-</u>
<b>Factors affecting tax charge for period</b>		
Profit / (loss) on ordinary activities before taxation	1,471,851	477,737
Tax on profit / (loss) on ordinary activities at the standard rate of corporation tax of 19% (2018 : 19%)	279,652	90,770
Tax impact of capital allowances claimed	391	(3,552)
Adjustments in respect of prior years	(78,510)	(87,218)
Utilisation of tax losses	(32,213)	-
Impact of tax rate reduction	(8,061)	-
Current tax charge for the year	<u>161,259</u>	<u>(0)</u>
<b>Deferred tax:</b>		
Deferred tax asset at start of year	-	-
Deferred tax (charge) in profit and loss account for the	42,213	-
Deferred tax asset at end of year	<u>42,213</u>	<u>-</u>
<i>The balance at the year end comprises:</i>		
Decelerated capital allowances	9,735	-
Other temporary differences	32,478	-
	<u>42,213</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued****For the year ended 31 December 2019****14. TAXATION - CONTINUED****Available losses:**

Available tax losses brought forward	2,967,879	4,023,825
Adjustment to losses relieved in prior year	(2,798,338)	(1,533,683)
Tax losses utilised during the year year	(169,541)	477,737
Group relief surrender	-	-
	<u>-</u>	<u>2,967,879</u>

**Factors that may affect future tax charges**

The main rate of corporation tax for the current financial year is 19%. At the balance sheet date, a reduction in the main rate to 17% as from 1 April 2020 had been enacted in UK law. Thus, deferred tax has been calculated based on a 17% rate. However, in March 2020, the UK Government resolved to retain the main rate of corporate tax at 19% from 1 April 2020. If the deferred tax asset had been calculated at the 19% rate, this would have increased the deferred tax asset to £47,179.

**15. RELATED PARTY TRANSACTIONS**

Amounts receivable and payable to fellow State Street group entities are disclosed in notes 8 and 9 and transactions with fellow subsidiaries in notes 2 and 4.

The Company has taken advantage of the exemption to provide full related party transaction disclosures under FRS 102, as disclosures need not be given of transactions entered into between members of a group where any subsidiary that is party to the transaction is wholly owned by such a member.

**16. DIRECTORS' REMUNERATION**

	<u>31 Dec 19</u>	<u>31 Dec 18</u>
	£	£
Aggregate remuneration in respect of qualifying services	<u>357,064</u>	<u>371,314</u>

Aggregate directors' remuneration has been disclosed in respect of those directors employed by the Company for the period in which they were acting as directors. Where a director is employed by a related company it is not practicable to ascertain the portion of remuneration attributable to the services performed on behalf of the Company and as such this has not been disclosed.

**17. PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY**

The Company is wholly owned by State Street Investment Holdings (Jersey) Limited, a Jersey company. In the directors' opinion, the Company's parent undertaking and ultimate controlling party is State Street Corporation, incorporated in the Commonwealth of Massachusetts, in the United States of America. Copies of State Street Corporation's consolidated financial statements can be obtained from State Street Financial Center, 1 Lincoln Street, Commonwealth of Massachusetts, 02111, United States of America.

**18. AUDITORS' REMUNERATION**

The Company's audit fee for the year to 31 December 2019 was £22,945 (2018: £28,776).

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**For the year ended 31 December 2019**

**19. POST BALANCE SHEET EVENTS**

The UK left the EU on 31 January 2020 and a transition period is in place until 31 December 2020 during which the current trading and regulatory status is maintained.

The long-term nature of the UK's relationship with the EU is unclear and is dependent on the UK and the EU agreeing a future economic relationship.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. The situation has continued to evolve rapidly, and it is difficult to fully determine its future impact.

In the weeks leading up to that date and subsequently there has been material volatility in global financial markets as a result of concerns over the future impact of the pandemic on the macro-economic environment and uncertainty about the immediate outlook for many companies. This may have a consequential impact on the revenue generated from clients. This is further discussed in note 1 under going concern section on page 10.

Both of the events described above are considered to be non-adjusting post balance sheet events and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019.