State Street Managed Accounts Services Limited

Registered No. 07365745

Annual Report and Financial Statements

31 December 2018

State Street Managed Accounts Services Limited

Registered No. 07365745

Directors

A Allright
J Considine
R Raman
O Berger

Auditors

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Registered Office

20 Churchill Place
London
E14 5HJ

Strategic Report

The directors present their Strategic Report for State Street Managed Accounts Services Limited ('the Company', formerly InfraHedge Limited) for the year ended 31 December 2018.

The purpose of the Strategic Report is to inform members of the Company and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the Company).

Review of the business

State Street Managed Accounts Services Limited was incorporated in the UK on September 3, 2010 as InfraHedge Limited. In July 2011 AGH Company, LLC ("the Parent", formerly State Street AIS Europe LLC) acquired a majority stake in the Company, making the Company a subsidiary of the ultimate Parent. The Company also established a 99.9% ownership of a subsidiary in India, InfraHedge Services India Private Limited ("the Subsidiary"), to provide operational services in support of its business, the remaining 0.1% is owned by management. In December 2013 AGH Company, LLC acquired the minority interest in the Company, which is now a wholly owned subsidiary of AGH Company, LLC.

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

	2018	*2017*
	US $	*US $*
		Restated
Turnover	7,758,744	7,219,139
Profit for the financial year after tax	1,118,883	1,240,524
Shareholders' funds	10,780,895	9,662,012
Current assets as a % of current liabilities	522%	434%
Average number of employees	7	5

Turnover has increased by 7% due an increase in existing business. Administrative expenses have increased by 14% mainly due to unfavourable foreign exchange movements. The Company recorded a profit on ordinary activities before taxation of $1,418,548 (2017: $1,661,242). The Company recognised tax on profits of ordinary activities of $299,665 (2017: $420,718), resulting in a profit for the financial year of $1,118,883 (2017: $1,240,524).

Principal risks and uncertainties

Business risk

The Company has established itself bringing a new and innovative product to the market. It is important that the business continues to grow by expanding its relationship with existing clients and acquiring new clients. The Company picked up new client relationships in 2018 and currently has a significant pipeline. The Company will continue to focus on developing new and existing client relationships in order to mitigate this risk.

Financial risk management

The Company's activities expose it to limited financial risks that include foreign exchange and liquidity risk. The Company limits the adverse effects of these risks on its financial performance by complying with risk management policies laid down by its ultimate parent undertaking, State Street Corporation.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from trading balances in currencies other than US Dollars. The foreign exchange exposure arising from the mismatch of assets and liabilities is managed according to global policies.

Principal risks and uncertainties (continued)

Sales cycle risk

The Company is bringing a new and innovative service to the market. While there are clear advantages for clients, a buying decision represents a significant action and as a result, sales cycles tend to be long. Once a deal is won with a client, implementation can often take several months. This can result in delays in revenue realisation. The development and continuing maturity of the business including a healthy client pipeline helps mitigate this risk.

Credit risk

The Company manages its counterparty credit risk centrally to optimise the use of credit availability and to avoid excessive risk concentration. Non-bank counterparty credit risk is managed locally. The directors receive and monitor regular reports on any credit limit exceptions.

Liquidity risk

The Company maintains a mixture of cash and short-term deposits that is designed to ensure it has sufficient available funds for its operations.

Operational risk

Procedures and controls to manage operational risk are formally documented. Any losses or significant control failures are reported to the directors.

Regulatory risk

The Company is authorised and regulated by the Financial Conduct Authority (FCA). The risk is mitigated through compliance with FCA requirements, active monitoring and adherence to regulatory policies as implemented by State Street Corporation compliance and risk functions.

Political risk - EU referendum

The UK held a referendum on 23 June 2016 on whether it should remain a member of the EU. This resulted in a vote in favour of leaving the EU. The result of the referendum means that the long-term nature of the UK's relationship with the EU is unclear and is dependent on agreeing both a withdrawal agreement as well as a future economic relationship. The UK is attempting to ratify the terms of a negotiated withdrawal agreement which includes arrangements for a transition period which is due to last until 31 December 2020. If the UK is unable to ratify a withdrawal agreement resulting in a 'no-deal' Brexit, there is a risk of uncertainty for both the UK and the EU, which could adversely affect the economy of the UK and the other economies in which we operate. The potential risks associated with an exit from the EU have been carefully considered by the Board and include:

Market risk: Potential for continued market volatility (notably FX and interest rates) given political uncertainty which could affect the value of the Company's revenue stream and related portfolios.

Operational risk: i) The UK's withdrawal from the EU may result in the loss of the passport for firms accessing the EU from the UK, this has required the Company to realign some limited aspects of its operating model. *ii)* Uncertainty over the UK's future approach to EU freedom of movement could have some impact the Company's access to the EU talent pool.

Legal risk: Whilst European Union law will remain in force for two years after the UK's exit from EU, assuming the currently envisaged transition period is in place, following such time it is conceivable that there could be divergence in EU and UK regulation, however any such changes are not expected to have a material impact on the Company's contracts or enforceability of legal obligations given the types of products and services offered.

By order of the Board

A Allright, Director
18th April 2019

Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2018. In accordance with section 414C(11) of the Companies Act 2006, the directors have set out the review of the business and principal risks and uncertainties within the Company's Strategic Report.

Principal activities

The Company's principal activities during the year were the provision of the legal, operational oversight, investment compliance and analytics platforms for large institutional investors who wish to invest in hedge funds. The asset owner and asset allocator sector remains the dominant segment for the Company. The Company's differentiated model of providing an infrastructure only platform as opposed to the more traditional model of a full asset management based platform, is being recognised in the industry.

Results and dividends

The profits for the year after taxation amounted to $1,118,883 (2017: $1,240,524). The directors do not recommend a final dividend (2017: $nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to price, credit, liquidity and cash flow risk are mitigated through support from its parent undertaking.

During 2014 and 2015 the parent has provided all the necessary capital to allow the Company to be in compliance with all applicable regulatory capital requirements and the Company has started making profits in 2016, which allows it to meet all current obligations as they fall due for the foreseeable future. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of the signing of the financial statements and for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who served the Company during the year were as follow:

A Allright	(Appointed 10/04/2018)
J Considine	
R Raman	
O Berger	
P Fleming	(Resigned 06/02/2019)
E Adenubi	(Appointed 14/06/2018; Resigned 31/12/2018)
B Keith	(Resigned 10/04/2018)

Directors liabilities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force at the date of approving the Directors' report.

Future developments

The directors are hopeful that the business will continue to grow based upon the strong business pipeline and the considerable implementation activity committed to in 2018. The directors will continue to closely monitor the Company's progress.

On the 10th of April 2018 Bruce Keith resigned from the Board of Directors and Andrew Allright was appointed to the position of Chief Executive Officer. Andrew has been part of the Company's leadership team since the Company's inception, which ensured a smooth transition. Andrew assumed the same responsibilities previously held by Bruce Keith.

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Directors' Report (continued)

Disclosure of information to the auditors

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 auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

By order of the Board

A Allright, Director
18th April 2019

Statement of directors' responsibilities

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

Company law requires 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 Financial Reporting Standard 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 those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STATE STREET MANAGED ACCOUNTS SERVICES LIMITED

Opinion

We have audited the financial statements of State Street Managed Accounts Services Limited for the year ended 31 December 2018 which comprise Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and 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 Financial Reporting Standard 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with 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.

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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

David Reeves
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 April 2019

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Income Statement

for the year ended 31 December 2018

	Notes	*2018* *US $*	*2017* *US $*
Turnover	3	7,758,744	7,219,139
Gross profit		7,758,744	7,219,139
Administrative expenses		(6,352,032)	(5,559,573)
Operating profit	4	1,406,712	1,659,566
Interest receivable and similar income	11	11,836	1,676
Profit on ordinary activities before taxation		1,418,548	1,661,242
Tax on profit on ordinary activities	7	(299,665)	(420,718)
Profit on ordinary activities after taxation		1,118,883	1,240,524

The company has not recognised gains or losses in current or preceding financial year other than those shown above and accordingly no Other Comprehensive Income Statement has been prepared.

All amounts are in respect of continuing activities.

The accompanying notes are an integral part of the financial statements.

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Balance sheet

As at 31 December 2018

	Notes	*2018 US $*	*2017 US $ Restated*
Non-current assets			
Investments in subsidiaries	8	202,166	202,166
Deferred tax asset	7	2,263,955	2,563,621
		2,466,121	2,765,787
Current assets			
Debtors	9	2,714,524	3,008,742
Cash at bank	10	7,570,828	5,954,657
		10,285,352	8,963,399
Current liabilities			
Creditors	12	1,970,578	2,067,174
		1,970,578	2,067,174
Net current assets		8,314,774	6,896,225
Total assets less current liabilities		10,780,895	9,662,012
Net assets		10,780,895	9,662,012
Capital and reserves			
Called-up share capital	13	8,020,712	8,020,712
Share premium		6,471,438	6,471,438
Capital contribution		7,000,000	7,000,000
Profit and loss account		(10,711,255)	(11,830,138)
Shareholder's funds		10,780,895	9,662,012

The financial statements on pages 10 to 22 were approved by the Board of directors and are signed on its behalf by:

A Allright, Director

18th April 2019

The accompanying notes are an integral part of the financial statements.

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Statement of Changes in Equity

As at 31 December 2018

	Called-up share capital	*Share premium*	*Capital contribution*	*Profit and loss account*	Shareholder's funds
	US $	*US $*	*US $*	*US $*	*US $*
At 1 January 2017	8,020,712	6,471,438	7,000,000	(13,070,662)	8,421,488
Profit for the financial year	-	-	-	1,240,524	1,240,524
Total comprehensive income for the period	-	-	-	1,240,524	1,240,524
At 31 December 2017	8,020,712	6,471,438	7,000,000	(11,830,138)	9,662,012
Profit for the financial year	-	-	-	1,118,883	1,118,883
Total comprehensive income for the period	-	-	-	1,118,883	1,118,883
At 31 December 2018	8,020,712	6,471,438	7,000,000	(10,711,255)	10,780,895

Notes to the financial statements

at 31 December 2018

1. Changes in accounting policies

Impact of application of IFRS 9 Financial instruments

The Company adopted IFRS 9 Financial Instruments as issued by the International Accounting Standards Board ("IASB") on 1 January 2018, which resulted in changes in accounting policies but no adjustments to the amounts previously recognised in the financial statements.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate the comparative figures. For disclosures, the consequential amendments to IFRS 7 disclosures have also been applied to the current period. The comparative notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 resulted in changes to our accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

Set out below are the disclosures relating to the impact of the adoption of IFRS 9 to the Company. The accounting policies are described in detail in note 2 below.

a. *Classification and measurement:* The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

There were no changes to the classification and measurement of financial liabilities.

b. *Reconciliation of statement of financial position balances from IAS 39 to IFRS 9:* The Company performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. Please refer to note 2 for a detailed description regarding the classification requirements of IFRS 9.

There were no remeasurement adjustments arising from changes in the classification of financial assets.

c. *Reconciliation of impairment allowance balance from IAS 39 to IFRS 9*:

There were no remeasurement adjustments arising from changes in the measurement of impairment of financial assets.

Impact of application of IFRS 15 Revenue from contracts with customers

The Company adopted IFRS 15 Revenue from contracts with customers (as amended in April 2016) on 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

The core principle requires a company to recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The Company used the modified retrospective method of transition, which requires the impact of applying the standard on prior periods to be reflected in opening retained earnings upon adoption.

The adoption of the standard does not have a material impact on the timing of recognition of revenue in our profit and loss, or our balance sheet, and therefore no adjustment has been made to retained earnings.

The Company's accounting policy for its revenue is disclosed in detail in note 2 below.

2. Accounting policies

State Street Managed Accounts Services Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

Notes to the financial statements (continued)

at 31 December 2018

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 Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking State Street Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of State Street Corporation are prepared in accordance with US Generally Accepted Accounting Principles ("US GAAP") and are available to the public and may be obtained from State Street Corporation, State Street Financial Centre, 1 Lincoln Street, Boston Commonwealth of Massachusetts, 02111, United States of America.

Basis of preparation

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

- a Cash Flow Statement and related notes;
- transactions with wholly owned subsidiaries of the ultimate parent company;

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 of the requirements of paragraphs 45(a), 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity.

Restatement

During the year, it was noted that deferred tax assets (total $2.56m) were reported within current assets in the prior year balance sheet. As per IAS1, all deferred tax assets should have been reported as non-current assets. The 2017 comparative figures for each of these line items in the balance sheet have been corrected in the current year balance sheet, decreasing current debtors by $2.56m and increasing non-current deferred tax assets by $2.56m for the 2017 period. The total net impact of this reclassification error on net assets in 2017 is nil.

Judgements made by the directors, in the application of these accounting policies had no significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year have not been observed in the period.

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. As stated in the Directors' Report the annual report and accounts are prepared on the going concern basis.

The functional currency and presentation currency of these financial statements is United States Dollars. All amounts in the financial statements have been rounded to the nearest United States Dollar.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

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. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full or the invoice is over 180 days old.

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.

Cash and cash equivalents

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

Notes to the financial statements (continued)

at 31 December 2018

Financial assets and liabilities

Measurement methods

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 and investment securities measured at FVOCI, which may result in an accounting loss being recognised when an asset is newly originated.

Financial assets – classification and subsequent measurement: From 1 January 2018, the Company has applied IFRS 9 and classified financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

The classification of debt instruments is described below.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, bonds and trade receivables. The classification and subsequent measurement of debt instruments depend on:

(i) The Company's business model for managing the asset

The business model reflects how the Company manages the assets in order to generate cash flows. The Company's business model assessment is based on the following categories:

- Held to collect: The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- Held to collect and for sale: Both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- Other business model: The business model is neither held-to-collect nor held-to-collect and for sale.

Factors considered by the Company in determining the business model for a group of assets include past experience of how the cash flows for these assets were collected and how risks are assessed and managed.

(ii) The cash flow characteristic of the asset

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and for sale, the Company assesses whether the financial instruments' cash flows represent sorely payments of principal and interest ("SPPI"). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value or money, credit risk, other lending risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets is classified and measured at FVTPL.

Notes to the financial statements (continued)

at 31 December 2018

Based on these factors, the Company classifies its debt instruments into one of the following measurement categories.

- Amortised cost: assets that are held for collection of contractual cash flows were those cash flows represent SPPI, and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described below.
- Fair value through other comprehensive income: financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI and are not designated as FVTPL. Movements in fair value are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchanges gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on the debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss.

Equity investments are instruments that meet the definition of equity from the issuer's perspective i.e. the instruments do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Company subsequently measures all equity investments at FVTPL. Impairment losses and reversal of impairment losses are not reported separately from the changes in fair value. Dividends[1], when representing a return on such investments, will be recognised in the profit or loss when the Company's right to receive payments is established.

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 and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. 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 or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied. Financial liabilities are derecognised when they are extinguished.

Notes to the financial statements (continued)

at 31 December 2018

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.

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.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items 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 taxation

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

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

Tax credits may be recognised in respect of taxable losses when sufficient taxable profits are available for offset within other group undertakings in the same tax group.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency, United States Dollars, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Interest receivable and similar income

Interest receivable and similar income comprises interest and is recognised on an accruals basis.

Investments

Investments in subsidiaries are stated at cost less provision for any permanent diminution in the value of the investments.

Revenue recognition

Notes to the financial statements (continued)

at 31 December 2018

Revenue from contracts with customers: The amount of revenue that we recognise is measured based on the consideration specified in contracts with our customers, and excludes taxes collected from customers subsequently remitted to government authorities. We recognise revenue when a performance obligation is satisfied over time as the services are performed or at a point in time depending on the nature of the services provided as further discussed below.

As of 31 December 2018, net receivables of $1,776,390 (2017: $2,014,392) were included in Trade and other receivables, representing amounts billed to or due from our customers related to revenue from contracts with customers. As performance obligations are satisfied, the Company has an unconditional right to payment following which billing is generally performed monthly and therefore does not give rise to significant contract assets or liabilities.

No adjustments are made to the promised amount of consideration for the effects of a significant financing component as the period between when we transfer a promised service to a customer and when the customer pays for that service is expected to be one year or less.

Pension

The Company operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Financial statements

The financial statements contain information about State Street Managed Accounts Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Company's Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, State Street Corporation, a company registered in the United States of America.

Recent Accounting Developments

The following standards have been recently issued but are not yet adopted. The Company is currently assessing the impact that the adoption of the following standard will have on its financial statements:

IFRS 16– Leases

In January 2016, the IASB issued IFRS 16, which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard removes the current requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets and lease liabilities on the balance sheet for most leases. Lessees will also recognise depreciation expense on the lease asset and interest expense on the lease liability in the statement of income. There are no significant changes to lessor accounting. IFRS 16 was effective 1 January 2019.

We are currently assessing the impact of adopting this standard on the Company's financial statements and do not expect the impact to be significant.

3. Turnover

Turnover represents Platform Infrastructure fees charged on the basis of Assets Under Management ('AUM') for the funds on the Company's platform.

Notes to the financial statements (continued)

at 31 December 2018

4. Operating profit

This is stated after charging / (crediting):

	2018 US $	2017 US $
Auditors remuneration		
- audit of the financial statements	29,139	28,431
- other non-audit services	15,834	14,211
Net loss / (gain) on foreign currency translation	382,148	(268,179)

5. Staff costs

	2018 US $	2017 US $
Wages and salaries	1,344,380	1,380,807
Social security costs	144,652	172,913
Pension costs	77,010	48,635
	1,566,043	1,602,355

The pension charge of $77,010 (2017: $48,635) for the year ended 31 December 2018 represents contributions payable by the Company to the defined contribution scheme.

The monthly average number of employees during the year was 7 (2017: 5).

6. Directors' remuneration

Directors' emoluments paid by the company during the year were $386,646 (2017: $661,132)

The remaining directors were employed and remunerated as directors of State Street Managed Accounts Services Limited. In respect to their services to the Company as a whole their remuneration has been paid by other Group companies. It is estimated that the remuneration for their services to the Company in the year totalled $2,750 (2017: $2,750).

The amount paid in respect of the highest paid director is as follows:

	2018 US $	2017 US $
Remuneration	226,364	611,132

Notes to the financial statements (continued)

at 31 December 2018

7. Tax

(a) Analysis of charge in period

	2018 US$	2017 US$
Current tax:		
UK corporation tax on profit for the period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	269,536	323,764
Decelerated capital allowances	187	231
Impact of tax rate reduction	29,900	96,038
Adjustments in respect of previous periods	42	685
Total deferred tax	299,665	420,718
Total tax on profit on ordinary activities	299,665	420,718

(b) Factors affecting tax charge for period

	2018 US$	2017 US$
Profit on ordinary activities before tax	1,418,547	1,661,242
Profit on ordinary actives multiplied by the rate of corporation tax in the United Kingdom of 19% (2017: 19.25%)	269,524	319,789
Effect of:		
Expenses not deductible for tax purposes	199	4,206
Adjustments in respect of prior years	42	685
Impact of tax rate reduction	29,900	96,038
Total tax on profit on ordinary activities	299,665	420,718

(c) Deferred tax

	2018 US$ Recognised	2017 US$ Recognised
Deferred tax asset at start of year	2,563,621	2,984,339
Deferred tax (charge) in profit and loss account for the year	(299,665)	(420,718)
Deferred tax asset at end of year	2,263,955	2,563,621

The balance at the year end comprises:

	2018	2017
Trading losses	2,263,180	2,558,193
Decelerated capital allowances	310	590
Other temporary differences	465	4,838
	2,263,955	2,563,621

Notes to the financial statements (continued)

at 31 December 2018

Recognised deferred tax

The Finance Act 2015 (2) enacted reductions in the main UK Corporation tax rate to 19% with effect from April 2017 and 18% with effect from April 2020. In September 2016, the Finance Act 2016 subsequently enacted a further 1% reduction in the main UK Corporation tax rate, from 18% to 17% effective from April 2020.

A blended rate of 17.64% (2017: 17.99%), which reflects the rate at which the temporary differences are expected to reverse, has been applied in the measurement of the Company's closing deferred tax asset as at 31 December 2018.

The rate of 17.64% has reduced the Company's closing deferred tax asset by $44,243.

8. Investments

	2018 *US $*	*2017* *US $*
Cost:		
At 31 December	202,166	202,166

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*	*Country of incorporation*
InfraHedge Services (India) Pvt Ltd	Ordinary shares	99.99%	Hedge Fund Support	India

9. Debtors

	2018 *US $*	*2017* *US $*
Amounts owed from group companies	933,993	988,470
Trade debtors	1,776,390	2,014,392
Prepayments	3,737	5,503
Other debtors	404	377
	2,714,524	5,572,363

10. Cash at bank

	2018 *US $*	*2017* *US $*
Cash held with group companies	3,290,154	2,001,810
Cash held with unrelated counterparties	4,280,674	3,952,847
	7,570,828	5,954,657

11. Interest receivable and similar income

	2018 *US $*	*2017* *US $*
Interest receivable from group companies	11,836	1,676

Notes to the financial statements (continued)

at 31 December 2018

12. Creditors: amounts falling due within one year

	2018	*2017*
	US $	*US $*
Trade creditors	287,700	176,496
Accruals	1,220,713	1,490,721
Amounts owed to group undertakings	462,165	399,957
	1,970,578	2,067,174

13. Issued share capital

	Authorised shares	*Allotted called and fully paid*	*GBP*	*US $*
2012 Ordinary shares of £0.023 each	95,000,000	95,000,000	2,185,000	3,528,562
2013 Ordinary shares of £0.023 each	41,619,260	41,619,260	957,243	1,492,150
2013 Ordinary shares of £0.023 each	78,760,281	78,760,281	1,811,486	3,000,000
	215,379,541	215,379,541		8,020,712

There have been no changes in share capital in the period.

14. Related party transactions

In accordance with accounting standards the Company has taken advantage of reduced disclosure requirements per IAS24 in relation to related party transactions, due to the fact that it is wholly owned and its ultimate holding company produces publicly available consolidated financial statements.

15. Ultimate parent undertaking and controlling party

Following its acquisition of the remaining minority interest in the Company on 30 December 2013, AGH Company, LLC, incorporated in Delaware, in the United States of America, holds a 100% ownership interest in State Street Managed Accounts Services Limited. AGH Company, LLC is a wholly-owned subsidiary of State Street Corporation, incorporated in the Commonwealth of Massachusetts, in the United States of America and is the smallest and largest company in which the Company's results are consolidated. Copies of State Street Corporation's Group financial statements can be obtained from State Street Financial Center, 1 Lincoln Street, Boston, Massachusetts, United States of America. State Street Corporation is regarded by the directors as being the company's ultimate parent company.

[1] Generally, dividends received (including intercompany dividends) represent returns on an equity investment and as such, are recognised in the P&L when the right to receive the dividend is established (for investments carried at cost or IFRS 9 basis). If the company is using equity accounting, dividend income is a return of investment and reduces the carrying amount of the investment.