

State Street International Holdings UK Limited

Report and Financial Statements

31 December 2019

Registered No. 09558304



State Street International Holdings UK Limited

Registered No. 09558304

Directors

Imran Shaffi
Miranda Love
Anna-Marie Jupp

Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Registered Office

20 Churchill Place
Canary Wharf
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State Street International Holdings UK Limited

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Strategic report

The Directors of the Company present their strategic report of State Street International Holdings UK Limited (the “Company” or “SSIH UK”) for the year ended 31 December 2019.

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

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

	2019	2018
	\$'000	\$'000
Operating profit	173,748	193,606
Interest income	529	729
Interest expense	(75,198)	(75,198)
Profit for the financial year	99,079	119,137
Equity	77,027	279,948

Profit for year ended 31 December 2019 is attributable mainly to dividends received less interest paid on notes outstanding. In September 2019 the Company received a dividend of \$157,278,550 from subsidiary State Street International (Ireland) Limited. In October 2019 the Company received a dividend of \$16,500,000 from subsidiary State Street Channel Islands Limited.

Principal risks and uncertainties

Brexit

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 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. There is a risk of uncertainty for both the UK and the EU resulting from a no-trade deal arrangement, which could adversely affect the economy of the UK and the other economies in which we operate. The potential risks associated with a no-trade deal 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 has resulted in the loss of the passport for firms accessing the EU from the UK and this has required the firm 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 at this stage, the UK’s regulatory regime is aligned with the EU, it is conceivable and to be expected that there will be regulatory divergence between the EU and the UK in the future. The nature and impact of such divergence at this stage is uncertain and we monitor all relevant developments to this effect.

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COVID-19 impact

The worldwide COVID-19 outbreak has generated material impact on the global economic environment. Given the nature of the outbreak and the on-going developments, there is a high degree of uncertainty and it is not possible at this time to reliably predict the extent and nature of the overall future impact on the Company.

The Company has continued to carry on business as usual during the pandemic. All State Street staff have successfully managed to work from home with no impact on client deliverables directly resulting from the disruption caused. Furthermore, no anticipated or actual losses have been recorded either. The Company's Business Continuity Plan has been and is continuing to be executed effectively and it will continue to evaluate and monitor market conditions and its client base for impacts.

Principal risk

The Company's principal risk is the performance of its subsidiaries resulting in its investments being impaired. The Company performs a regular review of any indicators that an impairment review is required. There is a risk dividends from investments are lower than interest payable on loans outstanding, however this risk is managed by the Directors through regular cashflow forecasting of underlying investments. As a result the Company has strong cash reserves allowing it to meet its next interest obligation due on 31 December 2020.

The directors of the subsidiaries in which investments are held manage risks and uncertainties. For this reason, the Company's directors believe that a full discussion of the company's risks would not be appropriate within this report. The board of the ultimate parent State Street Corporation manage risk factors of the corporation, those risk factors and those of the Company are discussed in Item 1A of State Street Corporation Annual Report.

On behalf of the Board

I Shaffi, Director 14th September 2020

Amran Shaffi

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Directors' report

The directors present their report and the audited financial statements for the Company for the year ended 31 December 2019. 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 principal activity of the company is the holding of investments in subsidiaries.

Results and dividends

The profit for the year, after taxation, amounted to \$99,079,072 (2018: \$119,136,550). The dividends of \$302,000,000 were paid during the year (2018: nil). The directors do not recommend the payment of a final dividend.

Directors and their interests

The directors that served the company during the year and up to the date of this financial statements were as follows:

Richard Thomas Flood (resigned 17th June 2020)

Imran Shaffi

Susan McDonald (appointed 4th June 2019, resigned 17th June 2020,)

Miranda Love (appointed 17th June 2020)

Anna-Marie Jupp (appointed 17th June 2020)

There were no directors' interests requiring disclosure under the Companies Act 2006.

Future developments

As disclosed in the Strategic report, the worldwide COVID-19 outbreak as well as the unclear nature of post-Brexit long-term economic relationship between the UK and the EU has generated material impact on the global economic environment. The situation is evolving and it is difficult at this time to fully determine its future impact on the macro-economic environment and its impact on the company will not be able to be determined at this point. The Company continues to hold sufficient capital and liquid resources to meet its operational needs. The directors will continue to monitor the situation.

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 exposure to risk are described in the strategic report. The Company has adequate financial resources; as a consequence the directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors' report (continued)

Directors Indemnification

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 the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

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, all of the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with Section 485 and 487 of the Companies Act 2006, a resolution to re-appoint Ernst & Young LLP as auditors will be proposed at the Annual General Meeting.

By order of the board



I Shaffi, Director

14th September 2020

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Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 statement of affairs of the Company and of the profit and loss 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 to 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.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STATE STREET INTERNATIONAL HOLDINGS UK LIMITED**

Opinion

We have audited the financial statements of State Street International Holdings UK Limited for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 2 and 13 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 INTERNATIONAL HOLDINGS UK LIMITED

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STATE STREET INTERNATIONAL HOLDINGS UK LIMITED

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

Poppy Proborespati (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

18 September 2020

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Income Statement

for the year ended 31 December 2019

	<i>Notes</i>	<i>2019</i> <i>\$'000</i>	<i>2018</i> <i>\$'000</i>
Investment Income		173,779	193,644
Foreign currency translation loss		(1)	(1)
Administrative expenses		(30)	(37)
Operating profit	4	173,748	193,606
Interest income	5	529	729
Interest expense	6	(75,198)	(75,198)
Profit on ordinary activities before taxation		99,079	119,137
Tax on profit ordinary activities	7	-	-
Profit on ordinary activities after taxation		99,079	119,137

Statement of Comprehensive Income

for the year ended 31 December 2019

	<i>Notes</i>	<i>2019</i> <i>\$'000</i>	<i>2018</i> <i>\$'000</i>
Profit on ordinary activities after taxation		99,079	119,137
Other Comprehensive Income		-	-
Total Comprehensive Income		99,079	119,137

There was no other income or expense for the period other than the profit in respect of continuing operations shown within the income statement.

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

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Balance Sheet

At 31 December 2019

		2019 \$'000	2018 \$'000
Fixed assets			
Investments in subsidiaries	8	<u>2,211,705</u>	<u>2,211,705</u>
		<u>2,211,705</u>	<u>2,211,705</u>
Current assets			
Cash at bank		<u>77,110</u>	<u>280,009</u>
		<u>77,110</u>	<u>280,009</u>
Creditors: amounts falling due within one year			
Accruals	9	(50)	(36)
Net current assets		<u>77,060</u>	<u>279,973</u>
Total assets less current liabilities		2,288,765	2,491,678
Creditors: amounts falling due after more than one year			
Loans and advances due to related parties	9	(2,211,738)	(2,211,730)
Net Assets		<u><u>77,027</u></u>	<u><u>279,948</u></u>
Capital and reserves			
Called up share capital	10	200	200
Profit and loss account		76,827	279,748
Shareholder's funds		<u><u>77,027</u></u>	<u><u>279,948</u></u>

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

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



I Shaffi, Director

14th September 2020

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Statement of Changes in Equity

	<i>Called-up share capital</i>	<i>Retained earnings</i>	Total Equity
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at 1 st January 2018	200	160,611	160,811
Profit for the financial year	-	119,137	119,137
Balance at 31 st December 2018	200	279,748	279,948
Profit for the financial year	-	99,079	99,079
Dividends paid	-	(302,000)	(302,000)
Balance at 31st December 2019	200	76,827	77,027

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Notes to the financial statements

for the year ended 31 December 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of State Street International Holdings UK Limited (the “Company”) for the year ended 31 December 2019 were authorised for issue by the board of directors on 1st September 2020 and the balance sheet was signed on the board’s behalf by Imran Shaffi.

State Street International Holdings UK Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company’s financial statements are presented in United States Dollar (USD) which is its functional and presentation currency.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group account as 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 Financial Centre, 1 Lincoln Street, Boston Commonwealth of Massachusetts, United States of America.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting Policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

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;
- Disclosures in respect of related party transactions within wholly owned subsidiaries of a parent company;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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Notes to the financial statements

for the year ended 31 December 2019

2.2 Judgements and key sources of estimation uncertainty

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

The financial statements are prepared on the historical cost basis. As stated in the directors' report the annual report and accounts are prepared on the going concern basis.

The Company's financial statements are presented in United States Dollar (USD) which is its functional and presentational currency and all values are rounded to the nearest thousand U.S Dollar (\$'000) except when otherwise stated.

2.3 Significant accounting policies

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, as this is made of dividends received on investments. 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.

Measurement basis

The financial statements are prepared on the historical cost basis.

Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and monetary liabilities at the balance sheet date are translated at the year-end rate of exchange. Differences arising on translation are recognised in the income statement.

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Notes to the financial statements

for the year ended 31 December 2019

2.3 Significant accounting policies (continued)

Investment in subsidiaries

Investments are recognised at historical cost less any applicable provision for impairment.

Intercompany loan interest expense

Interest expense is recognised over the term of the respective loans on an accruals basis.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, and interest bearing loans.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest bearing loans and borrowings

Obligations for loans and borrowing are recognised when the company becomes party to the related contract and are recognised initially at fair value of consideration received less directly attributable transactions costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Current taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax relating to items charged or credited directly to equity is also dealt with in equity.

Group relief

Appropriate tax credits are recognised in respect of taxable losses, where sufficient taxable profits are available for offset within other group undertakings in the same tax group.

Deferred taxation

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except that deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Investment income

Investment income comprises dividends received and is recognised on an accruals basis.

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Notes to the financial statements

for the year ended 31 December 2019

2.3 Significant accounting policies (continued)

Interest expense

Interest expense comprises interest payable on loan note and is recognised on an accruals basis.

Future Accounting Developments

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- **IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
- **Amendments to IFRS 3 Definition of a business**
- **Amendments to IAS 1 and IAS 8 Definition of material**
- **Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards**

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

Impact of application of IFRS 9 Financial Instruments (continued)

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 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 showed no difference and consequently no disclosure of balances restated from IAS 39 to IFRS 9 has been provided.

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. 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.

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Notes to the financial statements

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3. Directors' emoluments and staff costs

The Directors were employed and were remunerated as Directors of the Company and other State Street entities. In respect of their services to the company as a whole their remuneration has been paid by other Group companies. The estimated amounts allocated to the company were \$7,300 (2018: \$6,000).

The average monthly number of employees during the year was nil (2018: nil).

4. Operating Profit

This is stated after charging:

	2019 \$'000	2018 \$'000
Auditors remuneration		
- audit of the financial statements	25	35
- taxation compliance services	5	2
Net loss on foreign currency translation	<u>1</u>	<u>1</u>

5. Interest Income

	2019 \$'000	2018 \$'000
Interest receivable from group companies	<u>529</u>	<u>729</u>

6. Interest Expense

	2019 \$'000	2018 \$'000
Interest payable to group companies	<u>75,198</u>	<u>75,198</u>

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Notes to the financial statements for the year ended 31 December 2019

7. Tax on profit on ordinary activities

Factors affecting tax charge for period

	2019 \$'000	2018 \$'000
Profit on ordinary activities before tax	<u>99,079</u>	<u>119,137</u>
Profit on ordinary activities multiplied by the blended rate of corporation tax in the United Kingdom of 19.00% (2018 – 19.00%)	18,825	22,636
<i>Effect of:</i>		
Dividend	(33,018)	(36,792)
Expenses not deductible for tax purposes	(6)	(7)
Losses to be surrendered for nil consideration	14,199	14,163
Total tax	<u>-</u>	<u>-</u>

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Notes to the financial statements

for the year ended 31 December 2019

7. Tax on profit on ordinary activities (continued)

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.

8. Investments

	2019 \$'000	2018 \$'000
Investments in subsidiaries	<u>2,211,705</u>	<u>2,211,705</u>

In the opinion of the directors, the aggregate value of investments is not less than the amount at which they are stated in the financial statements.

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

Company Name	Incorporated in	Registered office	Nature of business	Proportion of voting rights and shares held 2019	Proportion of voting rights and shares held 2018
State Street Cayman Trust Company, Ltd.	Cayman Island	M&C Corporate Services Limited, Ugland House, South Church Street, Georgetown, Grand Cayman, Cayman Island KY1-1104	Provision of administrative services for off-shore investment products and clients	100%	100%
State Street Channel Islands Limited	Jersey	Lime Grove House, Green Street, St Helier, JE1 2ST, Jersey	Provision of fund administration, custodial and trustee services	100%	100%

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Notes to the financial statements

for the year ended 31 December 2019

8. Investments (continued)

Company Name	Incorporated in	Registered office	Nature of business	Proportion of voting rights and shares held	Proportion of voting rights and shares held
				2019	2018
International Fund Services (Ireland) Limited	Ireland	78 Sir John Rogerson's Quay, Dublin, Ireland 2	Provision of fund administration services	100%	100%
State Street International (Ireland) Limited	Ireland	78 Sir John Rogerson's Quay, Dublin, Ireland 2	Provision of management, administration and support services	100%	100%

9. Creditors

	2019	2018
	\$'000	\$'000
<u>Amounts falling due within one year:</u>		
Accruals	<u>50</u>	<u>36</u>
<u>Amounts falling due after more than one year:</u>		
Loans and advances due to related parties	<u>2,211,738</u>	<u>2,211,730</u>

3.40% Interest Bearing Unsecured Loan Note due on 30 September 2025.

State Street International Holdings UK Limited

Registered No. 09558304

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for the year ended 31 December 2019

10. Called up share capital

	<i>Authorised</i>	
	2019	2018
	\$	\$
Ordinary shares \$1 each	<u>200,000</u>	<u>200,000</u>

	<i>Allotted called up and fully paid</i>		<i>Allotted called up and fully paid</i>	
	2019	2019	2018	2018
	No.	\$	No.	\$
Ordinary shares \$1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

11. Related party transactions

In accordance with accounting standards the Company has taken advantage of reduced disclosure requirements under FRS101 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.

12. Ultimate parent company and controlling party

The immediate parent company is State Street International Holdings Switzerland GmbH, a company incorporated in Switzerland, Sumpfstrasse 15, Steinhausen, Canton of Zug, Switzerland 6312.

The company's ultimate parent undertaking and controlling party is State Street Corporation, which is incorporated in the United States of America and is the smallest and largest company in which the company's results are consolidated. Copies of its group financial statements, which include the company, are available from State Street Corporation, 1 Lincoln Street, Boston, Massachusetts, USA.

13. 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. The risks associated with this uncertainty are discussed in more detail in the Strategic Report on page 2.

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13. Post balance sheet events (continued)

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 dividends. This is further discussed in note 2.3 under going concern section on page 14.

As it is a holding company, the management reviewed and is satisfied with the going concern and the impairment assumptions of the underlying subsidiaries. Based on the stress test results, the Company will be able to fulfil its 2020 obligations even if no dividends are received from subsidiaries since the Company has sufficient cash and reserves. The fair value of the investments in subsidiaries was USD 4.4 billion in excess over historic cost of investments as at December 2019. The directors believe that no subsequent adjustment to the value of investments is required since the trading results for 2020 are in line with the prior year and a review of the business developments and external factors do not provide any indication of events that would trigger impairment of the Company subsidiaries cost of investment.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019. For further information concerning management's assessment of the impact of COVID-19 on the Company please refer to the Strategic Report on page 3.

As a result, there have been no events since the Balance Sheet date which necessitate revision of the figures included in the financial statements.