

State Street International Holdings UK Limited

Annual Report and Financial Statements

31 December 2022

Registered No. 09558304



State Street International Holdings UK Limited

Registered No. 09558304

Directors

Imran Shaffi (Chairman)
Miranda Love
Anna-Marie Jupp

Auditors

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

Registered Office

20 Churchill Place
Canary Wharf
London
E14 5HJ

State Street International Holdings UK Limited

Registered No. 09558304

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 2022.

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:

	2022	2021
	\$'000	\$'000
Operating profit/(loss)	371,306	(47)
Dividend income	371,350	-
Interest expense	(75,198)	(75,198)
Profit/(Loss) for the financial year	296,979	(75,245)
Equity	493,658	196,679

The Company's profit for year ended 31 December 2022 is attributable mainly to dividends received from its subsidiaries in 2022 (2021: Nil).

Principal risks and uncertainties

The Company's activities expose it to a number of risks: market risk, credit risk, liquidity risk and operational risk. The Directors review and approve policies for managing each of these risks. A summary of Management's assessment of these risks can be found below. Please note that the Company's policies are modified from time to time where appropriate.

Market risk

The Company's principal risk is the performance of its subsidiaries resulting in its investments being impaired. The Company performs a regular review to confirm if there are any indicators which would indicate that the Company's investment in its subsidiaries should be impaired. There is a risk that 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. Taking into account the Company's strong cash reserves and cash management process, the Directors are comfortable that the Company will be able to make its interest payments when they fall due.

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.

Credit risk

The Company is exposed to credit risk from its financing activities, including deposits with banks and financial institutions. Credit risk is managed within a conservative framework as set out in the State Street Corporation's ('SSC') Credit Risk Policy. State Street Corporation manages its counterparty credit risk centrally to optimise the use of credit availability and to avoid excessive risk concentration.

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Strategic report (continued)

Liquidity risk

As part of the management of liquidity risk arising from financial liabilities, the Company's policy is to consistently maintain sufficient cash reserves.

Operational risk

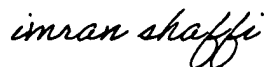
The following operational risks arise from breakdowns in the key operational processes, human failure or from external events and systems.

Operational Risk is the risk of errors or omissions arising from inadequate or failed internal processes with the potential for financial or reputational harm. The Company addresses Operational Risk by identifying, collecting and analysing operational risk data; utilising the data to quantify its operational risk exposure and by implementing a comprehensive operational risk management and governance structure.

Technology and Resiliency Risk is defined as the inability to achieve strategic, financial, and operational objectives due to issues arising from the use, ownership, operation, involvement, influence and adoption of information technology. The risk is managed by establishing information technology policies, controls and operating procedures as well as implementing governance, monitoring and assurance functions.

Core Compliance Risk is defined as the failure to meet the regulatory and contractual obligations, other legal duties, policies and standards, corporate culture and standards of ethical business conduct that is expected by its shareholders and other stakeholders. The Company seeks to minimise business risks arising from adverse changes in the competitive or regulatory environment, as well as changes in the economics of its business activities and also seeks to minimise the failure or poor execution of strategic decisions that could lead to core compliance risks.

On behalf of the Board



I Shaffi, Director

13th September 2023

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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 2022. 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 \$296,978,845 (2021 loss: \$75,245,372). No dividends were paid during the year (2021: Nil). The Directors do not currently recommend the payment of a final dividend in respect of the year ended 31 December 2022 (2021: Nil).

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:

Imran Shaffi (Chairman)
Miranda Love
Anna-Marie Jupp

None of the Directors had a disclosable interest in the shares of the Company during the year, however the Directors may hold interest in the shares of the ultimate parent Company, State Street Corporation. There were no other directors' interests requiring disclosure under the Companies Act 2006.

Future developments

The Company aims to maintain the management policies which have resulted in the Company's successful performance over recent years. The Directors consider that the Company has adequate financial reserves and is well placed to ensure healthy financial performance in 2023.

Events since the balance sheet date

There have been no events since the balance sheet date which necessitate disclosure or revision of the figures included in the financial statements.

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Directors' report (continued)

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, including available cash balances and planned dividend income and as a result, management believes the Company will have sufficient liquidity to meet its interest expense liabilities as they fall due.

The Board has considered the going concern assessments and concluded that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

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 until 31 December 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

The Company's ultimate parent, State Street Corporation, maintains external insurance in respect of claims brought by third parties against the Company's directors and this insurance remains in force at the date of approving the Directors' Report.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving the financial statements is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Company's auditors are unaware and they have taken all the steps that they ought reasonably to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Re-appointment of auditor

In accordance with sections 485 and 487 of the Companies Act 2006, Ernst & Young LLP are re-appointed as the auditor of the Company.

By order of the board



I Shaffi, Director

13 September 2023

Statement of Directors' responsibilities

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 or 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 United Kingdom 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 (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 31 December 2024, being a period of at least 12 months from the date the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

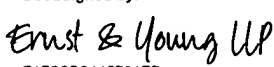
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 101 and the Companies Act 2006.
- We understood how State Street International Holdings UK Limited is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and regulatory bodies, reviewed minutes of meetings of the Board of Directors and the UK Risk and Compliance Committees and gained an understanding of the Company's governance framework.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and considering the controls established to address risks identified to prevent or detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making inquiries of legal counsel, executive management, and internal audit, reviewing reporting to the Directors with respect to the application of the documented policies and procedures and reviewing the financial statements to ensure compliance with the reporting requirements of the Company.

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.

DocuSigned by:

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Keith Wood (Senior statutory auditor)

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

London, United Kingdom

13 September 2023

State Street International Holdings UK Limited

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Statement of Comprehensive Income

for the year ended 31 December 2022

	<i>Notes</i>	<i>2022</i> <i>\$'000</i>	<i>2021</i> <i>\$'000</i>
Investment income		371,350	-
Administrative expenses		<u>(44)</u>	<u>(47)</u>
Operating profit/(loss)	4	371,306	(47)
Interest income	5	871	-
Interest expense	6	(75,198)	(75,198)
Profit/(Loss) on ordinary activities before taxation		<u>296,979</u>	<u>(75,245)</u>
Tax on profit/(loss) ordinary activities	7	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities after taxation		<u>296,979</u>	<u>(75,245)</u>

All results are derived from continuing operations in both years presented.

The Company has not recognised any gains or losses in current or preceding financial years other than those shown above. The net profit for the year disclosed above represents the Company's total comprehensive income.

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

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Statement of Financial Position

At 31 December 2022

		2022 \$'000	2021 \$'000
Non-current 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			
Debtors	9	338	-
Cash at bank		<u>493,352</u>	<u>196,711</u>
		<u>493,690</u>	<u>196,711</u>
Creditors: amounts falling due within one year			
Accruals	10	(32)	(32)
Net current assets		<u>493,658</u>	<u>196,679</u>
Total assets less current liabilities		2,705,363	2,408,384
Creditors: amounts falling due after more than one year			
Loans and advances due to group companies	10	(2,211,705)	(2,211,705)
Net Assets		<u><u>493,658</u></u>	<u><u>196,679</u></u>
Capital and reserves			
Called up share capital	11	200	200
Profit and loss account		<u>493,458</u>	<u>196,479</u>
Shareholder's funds		<u><u>493,658</u></u>	<u><u>196,679</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:

imran shaffi

I Shaffi, Director

13 September 2023

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Statement of Changes in Equity

	<i>Called-up share capital (Note 11)</i>	<i>Retained earnings</i>	<i>Total shareholder's funds</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at 1 st January 2021	200	271,724	271,924
Loss for the financial year	-	(75,245)	(75,245)
Balance at 31 st December 2021	<u>200</u>	<u>196,479</u>	<u>196,679</u>
Profit for the financial year	-	296,979	296,979
Balance at 31st December 2022	<u><u>200</u></u>	<u><u>493,458</u></u>	<u><u>493,658</u></u>

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Notes to the financial statements

for the year ended 31 December 2022

1. Corporate Information and statement of compliance with FRS 101

State Street International Holdings UK Limited is a company limited by shares, incorporated and domiciled in England and Wales.

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

The Company's financial statements are presented in United States Dollar (USD) which is its functional and presentation currency. All amounts in the financial statements have been rounded to the nearest thousand United States Dollar (\$'000), unless stated otherwise.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts 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 2022.

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 capital management;
- Disclosures in respect of the compensation of Key Management Personnel.

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 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 2022

2.1 Basis of preparation (continued)

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 including available cash balance and planned dividend income, and as a result, management believes the Company will have sufficient liquidity to meet its interest expense liabilities as they fall due.

The Directors continue to monitor the impact that the Russian-Ukraine conflict has on the Company. The Directors also reviewed Company's current financial position and approved budget together with revenue and expense projections for the period to 31 December 2025.

As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the period to 31 December 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.2 Judgements in applying accounting policies and key sources of estimation uncertainty

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

Impairment assessment and valuation of investments in subsidiaries:

Management judgement is required in relation to the impairment assessment and valuation of investments in subsidiaries. They consider the expected future profitability of the subsidiaries. This is completed through preparation of forecasts and detailed budgets based on their experience, knowledge of the business and future strategy. Valuation models are utilized to calculate an accurate valuation of the subsidiaries which is then compared to the historical cost to assess whether any impairment is present. Further details are contained in note 8.

2.3 Significant accounting policies

Investment income

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

Operating expenses

Operating expenses are recognised on an accrual basis. Foreign currency gains and losses are reported on a net basis.

Interest income

Interest income is recognised in the Statement of Comprehensive Income as the income accrues, using the effective interest method.

Loan interest expense

Intercompany interest expense is recognised over the term of the respective loans on an accrual basis.

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Notes to the financial statements

for the year ended 31 December 2022

2.3 Significant accounting policies (continued)

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 Statement of Comprehensive Income 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 in subsidiaries

Investments are recognised at historical cost less any applicable provision for impairment. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of the returns.

Non-derivative financial instruments

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

Cash

Cash comprise call deposits at bank.

Creditors

Creditors comprise primarily other taxes and accrued operating expenses. They are non-derivative financial instruments held at fair value. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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Notes to the financial statements

for the year ended 31 December 2022

2.3 Significant accounting policies (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented on balance sheet when, and only when, the Company currently has a legally enforceable right to set off the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under FRS 101.

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. 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 Statement of Comprehensive Income.

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.

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 fair value through other comprehensive income ("FVOCI"), which may result in an accounting loss being recognised when an asset is newly originated.

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Notes to the financial statements

for the year ended 31 December 2022

2.3 Significant accounting policies (continued)

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.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as pass through transfers that result in derecognition if the Company:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has the obligation to remit any cash it collects from the assets without material delay.

Financial liabilities – classification and measurement

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

Amortised cost and effective interest rate

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

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.

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Notes to the financial statements

for the year ended 31 December 2022

Recent 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:

Effective for annual periods beginning on or after 1 January 2022:

- Amendment to IAS 8 – Definition of accounting estimates [Effective date: 01 January 2023]
- Amendment to IAS 1 and IFRS practice statement 2 – Disclosure of accounting policies [Effective date: 01 January 2023]
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction [Effective date: 01 January 2023]
- Amendment to IAS 1 – Classification of liabilities as current or non-current [Effective date: 01 January 2024]

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.

3. Directors' emoluments and staff costs

The Directors were employed and were remunerated as Directors or executives of State Street Corporation and its subsidiaries ("the Group") in respect of their services to the Group as a whole and their remuneration has been paid by other Group entities. It is estimated that the remuneration for their services to the Company in the year totalled \$3,800 (2021: \$4,800).

The average monthly number of employees during the year was nil (2021: nil).

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4. Operating profit

This is stated after charging:

	<i>2022</i>	<i>2021</i>
	<i>\$'000</i>	<i>\$'000</i>
Auditors remuneration		
- audit of the financial statements	33	31
- taxation compliance services	-	9
Net loss on foreign currency translation	<u>5</u>	<u>2</u>

5. Interest income

	<i>2022</i>	<i>2021</i>
	<i>\$'000</i>	<i>\$'000</i>
Interest receivable from group companies	<u>871</u>	<u>-</u>

6. Interest expense

	<i>2022</i>	<i>2021</i>
	<i>\$'000</i>	<i>\$'000</i>
Interest payable to group companies	<u>75,198</u>	<u>75,198</u>

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7. Tax on profit on ordinary activities

Factors affecting tax charge for period

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 \$'000	2021 \$'000
Profit/(Loss) on ordinary activities before tax	<u>296,979</u>	<u>(75,245)</u>
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19.00% (2021 – 19.00%)	56,426	(14,297)
<i>Effect of:</i>		
Dividend not subject to tax	(70,557)	-
Losses on which no deferred tax is recognised	14,131	14,297
Total tax	<u>-</u>	<u>-</u>

The main rate of corporation tax for the current financial year is 19%. At the balance sheet date, an increase in the main rate to 25% as from 1 April 2023 had been enacted in Finance Act 2021.

The Company has unrelieved losses carried forward of \$187,228,055 (2021: unrelieved loss of \$150,468,426). Prior period disclosure has been updated to conform with current period presentation. This change did not result to the overall balance sheet and income statement of the Company as at 31 December 2021. No deferred tax has been recognised in respect of the losses as their utilisation is uncertain.

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8. Investments

Company Name	Total Cost at 31 December 2021 \$'000	Additions \$'000	Disposals \$'000	Total Cost at 31 December 2022 \$'000
Investment in State Street Cayman Trust Company, Ltd	206,361			206,361
Investment in State Street Channel Islands Limited	21,263			21,263
Investment in State Street International (Ireland) Limited	1,984,081			1,984,081
Investments in subsidiaries	2,211,705			2,211,705

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 2022	Proportion of voting rights and shares held 2021
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%
State Street International (Ireland) Limited	Ireland	78 Sir John Rogerson's Quay, Dublin, Ireland 2	Provision of management, administration and support services	100%	100%

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9. Debtors

	2022 \$'000	2021 \$'000
Accrued Interest Receivable	<u>338</u>	<u>-</u>

10. Creditors

	2022 \$'000	2021 \$'000
<u>Amounts falling due within one year:</u>		
Accruals	<u>32</u>	<u>32</u>
<u>Amounts falling due after more than one year:</u>		
Loans and advances due to group companies	<u>2,211,705</u>	<u>2,211,705</u>

The loans and advance due to group companies primarily relate to a 3.40% interest bearing, unsecured loan note with State Street International Finance Luxembourg S.À.R.L. which is due for repayment on 30 September 2025.

11. Called up share capital

	<i>Authorised</i>	
	2022 \$	2021 \$
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>	
	2022 No.	2022 \$	2021 No.	2021 \$
Ordinary shares \$1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

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

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12. 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.

13. 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.

14. Post balance sheet events

There have been no events since the balance sheet date which necessitate disclosure or revision of the figures included in the financial statements.