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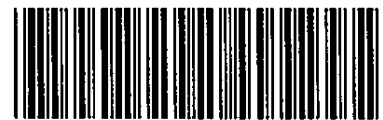
BNYM GIS (UK) Funding II LLC

Strategic report, Directors'/Managers' report and financial statements

Registered number: FC030297

For the year ended 31 December 2014

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BNYM GIS (UK) Funding II LLC

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BNYM GIS (UK) Funding II LLC

Board of Managers and other information

Managers

G J Cohen
J M Johnston
J W Jack

Secretary

BNY Mellon Secretaries (UK) Limited
160 Queen Victoria Street
London
EC4V 4LA

UK Establishment

BNYM GIS (UK) Funding II LLC
160 Queen Victoria Street
London
EC4V 4LA

Registered Office

Corporate Trust Center
1209 Orange Street
Wilmington
New Castle County Delaware 19081
United States

Registered Number

FC030297

BNYM GIS (UK) Funding II LLC

Strategic report

In accordance with Section 414A(1) of the Companies Acts 2006, we have prepared the Strategic report which includes a review of BNYM GIS (UK) Funding II LLC ("the Company") business and future developments, a description of the principal risks and uncertainties facing the group and key performance indicators

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

	Year Ended 2014 \$000	Year Ended 2013 \$000	Change %
Dividend income	51,904	51,904	0 0%
Interest payable	(49,088)	(49,088)	0 0%
Net assets	367,630	364,790	0 8%

During 2014 the Company earned \$51,904,000 (2013 \$51,904,000) dividend income from its equity investment in BNYM GIS Funding III LLC and paid interest of \$49,088,000 (2013 \$49,088,000) on a loan from GIS Funding I LLC

Future development

There are no plans to change the nature of the activities of this Company

Principal risks and uncertainties

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors'/Managers' report on pages 4 to 6

By order of the Board



J W Jack
Manager

BNYM GIS (UK) Funding II LLC
160 Queen Victoria Street
London EC4V 4LA
Registered Number FC030297

1st July 2015

BNYM GIS (UK) Funding II LLC

Directors'/Managers' report

The managers present their report and financial statements for the year ended 31 December 2014

Principal activities

BNYM GIS Funding II LLC ('the Company') is a funding company that holds investments (via a single subsidiary that acts as an intermediary holding company) in two operating companies that are involved in the provision of trustee and administration services

Results and dividends

The profit for the year after taxation amounted to \$2,839,000 (2013 \$2,828,000)

No interim dividend was declared and paid during the year (2013 \$nil) The managers recommend no final dividend for the year ended 31 December 2014 (2013 \$nil)

Risk management

Governance and policies

Policies and procedures are in place to govern and manage the business. Suitable policies and procedures have been adopted by the Company in order to ensure an appropriate level of risk management is directed at the relevant element of the business.

The key risks of the Company are monitored through direct monitoring of the Company, the results of which are reported to the managers.

Governance of the Company is the ultimate responsibility of the Board of Managers. The Board is responsible for the ongoing success and development of the Company's business.

Risk management process

The lines of business are responsible for actively identifying their risks associated with their key business processes, business change or external threats, identifying and assessing the quality of controls in place to mitigate risk and assigning accountability for the effectiveness of those controls. The objective of this is to prevent or minimise:

- Errors or service delivery failures, especially those with visible impact on clients
- Financial losses
- Compliance breaches
- Reputational damage

The Company utilises the BNY Mellon Operational Risk Platform to achieve the above. The platform is used to maintain risk and control self-assessments, key risk indicators and operational risk events. Risk Management works in partnership with the business to ensure that there is adequate understanding and assessment of, and accountability for, all risks that relate to the Company.

The Risk Appetite at Bank of New York Mellon Corporation group ("the Group") level is set and owned by the BNY Mellon Board of Directors, giving the overall strategy and willingness to take on risk at a global level. The Company's risk appetite is commensurate with local business requirements, within the guidance set by the group and in coordination with the relevant business expertise.

Credit risk

Credit risk covers default risk from clients for trade debtors and other assets where realisation of the value of the asset is dependent on counterparties' ability to perform.

BNYM GIS (UK) Funding II LLC

Directors'/Managers' report - continued

Market risk

Market risk is the risk of loss due to adverse changes in the financial markets. Market risk arises from foreign exchange exposure in respect of revenue, expenses, deposits and borrowings, and interest rate exposure on cash balances, deposits and borrowings.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events including the potential for loss that arises from problems with operational processing, human error or omission breaches in internal controls, fraud, and unforeseen catastrophes.

Liquidity risk

Liquidity risk is the risk that a firm, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Business risk

Business risk includes risk to a firm arising from changes in its business, including the risk that the firm may not be able to carry out its business plan and its desired strategy.

Compliance risk

Compliance risk covers the risk relating to earnings or capital from violation, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the firm and its executors to fines, payment of damages, the voiding of contracts and damaged reputation.

Post balance sheet events

The Company reduced its investment in BNYM GIS Funding III LLC through the redemption of the preferred shares and used the proceeds to repay \$360,000,000 of loan notes matured on 30 June 2015. The term of the remainder of loan notes were extended on similar terms & conditions as the original issuance (See note 5 and note 7).

Managers

The managers who served during the period and up to the date this report was signed were as follows:

	Appointment	Resignation
G J Cohen	05 June 2015	-
J M Johnston	-	-
J W Jack	-	-
J C McEleney	-	31 March 2015

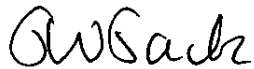
BNYM GIS (UK) Funding II LLC

Directors'/Managers' report – continued

Managers' indemnity provisions

The articles of association of the Company provide that in certain circumstances the managers are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the managers (2013 nil)

By order of the Board



J W Jack
Manager

BNYM GIS (UK) Funding II LLC
160 Queen Victoria Street
London EC4V 4LA
Registered Number FC030297

15 July 2015

BNYM GIS (UK) Funding II LLC

Statement of managers' responsibilities in respect of the Strategic report, Directors'/Managers' report and the financial statements

The managers are responsible for preparing the Strategic report, Directors'/Managers' report and the financial statements in accordance with applicable law and regulations

Company law requires the managers to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

- select suitable accounting policies and then apply them consistently,
- make judgments 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 managers 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

BNYM GIS (UK) Funding II LLC

Profit and loss account for the year ended 31 December 2014

		Year Ended 2014 \$000	Year Ended 2013 \$000
	Notes		
Dividend income		51,904	51,904
Interest receivable and similar income		23	12
		<u>51,927</u>	<u>51,916</u>
Interest payable and similar charges		(49,088)	(49,088)
Profit on ordinary activities before taxation		2,839	2,828
Taxation on profit on ordinary activities	4	-	-
Profit for the financial year		<u>2,839</u>	<u>2,828</u>

Notes 1 to 10 are integral to these financial statements

All items dealt with in arriving at the Company's results for the financial year relate to continuing operations

The Company has not prepared a separate statement of total recognised gains and losses as all gains and losses are reflected in the profit and loss account above

BNYM GIS (UK) Funding II LLC

Balance sheet at 31 December 2014

	Notes	2014 \$000	2013 \$000
Fixed assets			
Investment in subsidiary undertaking	5	1,390,000	1,390,000
Current assets			
Cash at bank and in hand	6	17,630	14,790
Creditors			
Amounts falling due within one year	7	(360,000)	-
Net Current Assets		<u>1,047,630</u>	<u>1,404,790</u>
Creditors			
Amounts falling due more than one year	7	<u>(680,000)</u>	<u>(1,040,000)</u>
Net assets		<u>367,630</u>	<u>364,790</u>
Capital and reserves			
Called up share capital	8	350,000	350,000
Profit and loss account	9	<u>17,630</u>	<u>14,790</u>
Shareholder's funds	9	<u>367,630</u>	<u>364,790</u>

Notes 1 to 10 are integral to these financial statements

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



J W Jack
Manager

1st July 2015

BNYM GIS (UK) Funding II LLC

Notes to the financial statements at 31 December 2014

1. Accounting policies

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

There have been no significant changes to UK accounting policies during the year, however, the accounting framework is changing as from 1 January 2015 after which the Company will present its financial statements in accordance with FRS101

Basis of preparation

The Company is incorporated in the United States. It is managed and controlled in the UK, where it is registered with Companies House as an overseas company carrying on business in the UK. In accordance with the Overseas Companies Regulations 2009, the financial statements have been prepared on the going concern basis in accordance with applicable UK accounting standards and under historical cost accounting rules.

The Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 3. The managers perform an annual going concern assessment that considers, under a stress test scenario, the Company's ability to meet its forecast financial obligations as they fall due for a period of at least twelve months after the date that the financial statements are signed. The Company has adequate liquidity and capital, and appropriate cash flow management. As a consequence, the managers believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above assessment of the Company's financial position, liquidity and capital, the managers have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Interest

Interest is recognised on an accruals basis.

BNYM GIS (UK) Funding II LLC

Notes to the financial statements- continued at 31 December 2014

1. Accounting policies - continued

Taxation

Income tax comprises current tax and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in the statement of total recognised gains and losses. Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised without discounting on timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are generally recognised and deferred tax assets are recognised to the extent that it is probable that they will be recoverable. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when a legal right to offset exists in the entity.

2. Staff costs

The Company had no employees during the year ended 31 December 2014 (2013 Nil)

3. Managers emoluments

The managers did not receive any remuneration for their services in respect of the Company (2013 Nil)

4. Taxation

The Company has no tax liability for the current year. The current corporation tax rate for the year is lower (2013 lower) than the standard rate for the reasons set out in the following reconciliation.

	2014 \$000	2013 \$000
Profit on ordinary activities before tax	2,389	2,828
Tax charge based on the profit for the year at the standard rate of 21.50% (FY 2013 23.25%)	514	693
Factors affecting tax charge		
Income received not subject to tax	(11,159)	(12,068)
Losses surrendered to group companies	10,646	11,410
Current corporation tax charge for year	0	0

BNYM GIS (UK) Funding II LLC

Notes to the financial statements- continued at 31 December 2014

4. Taxation - Continued

Factors that may affect future current and total tax charges

The main rate of UK Corporation tax was reduced for 23% to 21% effective from 1 April 2014 and results in a weighted average tax rate of 21.50% for 2014 (2013: 23.25%). In addition, Finance Act 2013 enacted a further reduction in the rate of UK corporation tax to 20% from 1 April 2015.

5. Investment in subsidiary undertaking

			2014 \$000	2013 \$000
At 1 January and 31 December			1,390,000	1,390,000
Name of principal subsidiary undertaking	Country of incorporation or registration	Principal activities	Class and percentage of shares held	
BNYM GIS Funding III LLC	United States of America	Holding Company with two subsidiaries, BNY Mellon IS Trust Co and BNY Mellon IS (US) Inc	Preference 84%	

Management have conducted an impairment review of the carrying value of the investment based on the net asset values and forecast cash flows of the underlying subsidiaries and have concluded that no impairment exists at the balance sheet date.

The Company reduced its investment in BNYM GIS Funding III LLC on 30 June 2015 through the redemption of the preference shares and used the proceeds to repay \$360,000,000 of loan notes that matured on 30 June 2015. The term of the remainder of loan notes were extended on similar terms & conditions as the original issuance (See note 7).

6. Cash at bank and in hand

	2014 \$000	2013 \$000
Cash at bank	17,630	14,790

This balance represents deposits held with a UK regulated bank branch within the BNY Mellon group.

BNYM GIS (UK) Funding II LLC

Notes to the financial statements- continued at 31 December 2014

7. Creditors

	2014 \$000	2013 \$000
Loan from parent undertaking		
Amounts falling due within one year	360,000	-
Amounts falling due more than one year	680,000	1,040,000
	<u>1,040,000</u>	<u>1,040,000</u>

The loan notes matured on 30 June 2015. As noted in the Directors'/Managers' report on page 5, on 30 June 2015 the Company reduced its investment in BNYM GIS Funding III LLC through the redemption of the preferred shares (see note 5) and used the proceeds to repay \$360,000,000 of loan notes that matured on 30 June 2015. The term of the remainder of loan notes were extended to 30 June 2025 on similar terms & conditions as the original issuance at a fixed rate of 3.86%.

8. Called up share capital

	2014 \$000	2013 \$000
Called up, allotted and fully paid		
350,000,000 ordinary shares of \$1 each at par	<u>350,000</u>	<u>350,000</u>

9. Movement in reserves

	Called up share capital \$000	Profit and loss account \$000	Total \$000
2014			
At 1 January	350,000	14,790	364,790
Profit for the financial year		2,839	2,839
At 31 December	<u>350,000</u>	<u>17,629</u>	<u>367,629</u>
	Called up share capital \$000	Profit and loss account \$000	Total \$000
2013			
At 1 January	350,000	11,962	361,962
Profit for the financial year		2,828	2,828
At 31 December	<u>350,000</u>	<u>14,790</u>	<u>364,790</u>

BNYM GIS (UK) Funding II LLC

**Notes to the financial statements- continued
at 31 December 2014**

10. Parent company

The immediate parent company is BNYM GIS Funding I LLC, incorporated in the United States of America with registered address 1209 Orange Street, Wilmington, DE 19801

The largest and smallest group in which the results of the Company are consolidated is headed by The Bank of New York Mellon Corporation, incorporated in the United States of America

The ultimate parent company as at 31 December 2014 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from

The Secretary
The Bank of New York Mellon Corporation
One Wall Street,
New York, NY
10286
USA