

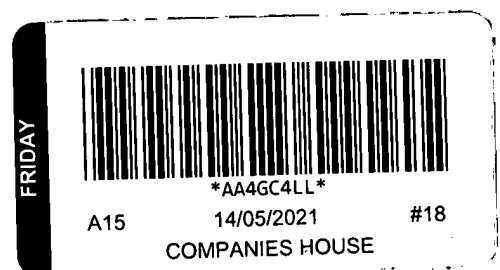
# **BNY Mellon Fund Managers Limited**

Strategic report, Directors' report and financial statements

Registered number 01998251

31 December 2020

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# **BNY Mellon Fund Managers Limited**

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# **BNY Mellon Fund Managers Limited**

## **Board of Directors and other information**

### **Directors**

G A Brisk

A M Islam

C A Judd (Chair)

G D Rehn

M Saluzzi (Non-Executive Director)

### **Secretary**

BNY Mellon Secretaries (UK) Limited

160 Queen Victoria Street

London

EC4V 4LA

### **Auditor**

KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

### **Registered Office**

BNY Mellon Centre

160 Queen Victoria Street

London

EC4V 4LA

### **Registered Number**

01998251

# BNY Mellon Fund Managers Limited

## Strategic report

In accordance with Section 414A(1) of the Companies Act 2006, we have prepared the Strategic report, which includes a review of BNY Mellon Fund Managers Limited (“the Company”) business and future developments, a description of the principal risks and uncertainties facing the Company and key performance indicators.

The ultimate parent company is The Bank of New York Mellon Corporation (“BNY Mellon” or “Group”).

### Business review

The Company has continued to operate profitably and there have been no significant changes in the Company’s core operations during the year.

### Financial key performance indicators

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

	2020 £000	2019 £000	Change £000	Change %
Revenue	13,647	13,918	(271)	(2)%
Administrative expenses	10,809	10,935	(126)	(1)%
Profit before taxation	2,861	3,056	(195)	(6)%
Net assets	19,484	17,167	2,317	13%
Year end assets under management	29,627,000	30,530,000	(903,000)	(3)%
Average assets under management	28,730,000	30,419,000	(1,689,000)	(6)%

The full year average of assets under management (“AUM”) decreased in 2020, with the largest contributing strategies being BNY Mellon Real Return Fund, BNY Mellon Global Income Fund, BNY Mellon Global Equity Fund, BNY Mellon Asian Income Fund, BNY Mellon UK Income Fund, Absolute Insight Fund and BNY Mellon UK Equity Fund. These AUM decreases were offset by the launch of the BNY Mellon Authorised Contractual Scheme umbrella, which launched with £2.1bn of AUM invested into the BNY Mellon (River and Mercantile) Global Equity Fund in January.

Net revenue decreased by £271,000 (2%) during the year. This is primarily due to decreased management fees caused by lower average AUMs in 2020.

Administrative expenses decreased by £126,000 (1%) during the year due to reduced transfer agency charges as result of the year on year decrease in AUMs.

Net assets increased by £2,317,000 (13%) during the year.

### Principal risks and uncertainties

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors’ report on pages 4 to 8.

### Coronavirus (“COVID-19”)

Since early 2020, COVID-19 has created significant disruption to global markets and economies. Management recognises that the pandemic presents risks to the Company and has put in place procedures to monitor and mitigate those risks. An assessment of the impact of the uncertainty on the Company’s year-end financial position and operational resilience has been performed and management has concluded that the pandemic will not have a substantial impact on the Company’s ability to continue as a going concern. This consideration has been detailed within the ‘Risk management’ section of the Directors’ report on page 7.

# **BNY Mellon Fund Managers Limited**

## **Strategic report**

### **Business and future developments**

During 2021, the Company will continue to focus on funds under management growth through launching new sub-funds, or sub-fund modifications and servicing existing clients.

### **Brexit**

The UK formally left the European Union ("EU") on 31 January 2020 and ceased to be an EU member state on that date. The departure was subject to a transition period which ended on 31 December 2020. On 24 December 2020, the UK and EU reached a "Trade and Cooperation Agreement" which offered some major free-trade benefits, but also represented an end to most aspects of the free market access that the UK previously enjoyed as an EU member state. The new rules apply from 1 January 2021.

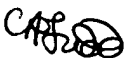
The UK's withdrawal from the European Union ("Brexit") has had a limited impact on the Company. A new group entity was established in Luxembourg to support those clients domiciled in the EU/EEA with regulatory permissions of this being extended as necessary in order to ensure a smooth post-Brexit transition.

The Company continues to monitor other risks which may arise as a result of post-Brexit changes to the UK legal and regulatory framework in which it operates. Economic factors such as changes in interest rates and foreign exchange rates could also affect the Company's performance.

The Directors expect the Company to remain profitable over the next 12 months, with a robust balance sheet and significant headroom above regulatory capital requirements. Accordingly, there is no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern due to Brexit.

### **Approval**

By order of the Board



Carole Judd  
Director

BNY Mellon Fund Managers Limited  
BNY Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA

23 April 2021

Registered number: 01998251

# **BNY Mellon Fund Managers Limited**

## **Directors' report**

The directors present their report and financial statements for the year ended 31 December 2020.

### **Principal activities**

The Company is authorised and regulated by the Financial Conduct Authority (FCA) as a UCITS firm and Alternative Investment Fund Manager. The principal activities of the Company are the management and administration of unit trusts and Investment Companies with Variable Capital ("ICVC") which are either UK Undertakings for Collective Investment in Transferable Securities ('UK UCITS') or Alternative Investment Funds ('AIFs') including Non-UCITS Retail Schemes ('NURS') (as defined within the FCA Handbook), collectively ('the Funds'). In its role, the Company acts as the Manager / Authorised Corporate Director ("ACD") (as relevant) for such products.

The Manager / ACD of a fund is responsible for managing and administering the Funds in accordance with the requirements of the Financial Conduct Authority ("FCA") Handbook and associated UK legislation. In its capacity as Manager / ACD, the Company delegates investment and administration functions to third parties including affiliates in accordance with FCA Regulations. The Company has delegated the investment management of the Funds to the following Group companies: Alcentra Limited, Newton Investment Management Limited, Walter Scott & Partners Limited, Insight Investment Management (Global) Limited and Mellon Investments Corporation. Additionally, the administration of the Funds has been delegated to The Bank of New York Mellon (International) Limited. BNY Mellon Investment Management EMEA Limited is appointed as the Global Distributor of the Funds. The Board regularly reviews the service levels received from these companies to ensure continual delivery of quality to the customer.

All the Company's activities during the year were conducted within the scope of permissions granted to the Company by the FCA.

### **Results and dividends**

The profit for the year after taxation amounted to £2,317,000 (2019: £2,475,000).

Interim dividends paid during the year amounted to £nil (2019: £nil). The directors do not recommend a final dividend for the year ended 31 December 2020 (2019: £nil).

### **Future developments**

See 'Business and future developments' section in Strategic report for details.

### **Political Donations**

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

### **Risk management**

The Company is authorised and regulated by the FCA. The Company is a collective portfolio management company for the purposes of the relevant prudential rules within the FCA Handbook. Capital and other financial returns are prepared and submitted to the regulator on a quarterly basis. At 31 December 2020, surplus regulatory capital, as reflected within the Company's regulatory returns, amounted to £10,805,000 (2019: £8,371,000).

### **Governance and policies**

Formal governance structures, policies and procedures, systems and controls have been established to ensure that the business operates within the risk framework and parameters determined by senior management. Suitable policies and procedures have been adopted by the Company in order to ensure an appropriate level of risk management oversight is directed to relevant business activities.

# **BNY Mellon Fund Managers Limited**

## **Directors' report**

### **Risk management - continued**

#### ***Governance and policies - continued***

Governance of the Company is the ultimate responsibility of the Board of Directors. The Board is responsible for the ongoing success and development of the Company's business as well as setting the risk appetite for the Company as part of the risk framework.

Formal governance committees are in place to oversee the design, development and execution of the risk programme to ensure adequate and effective risk management oversight and business controls are in place. Each committee has clearly stated terms of reference and reporting lines. Significant issues arising from these committees may be reported up to the appropriate Group governance and/or operating committees.

- The Board has established the Risk and Compliance Committee ("RCC") which generally meets on a monthly basis, is chaired by the Head of International Product & Fund Governance who is the Chief Executive Officer of the Company and a member of the IM EMEA Executive Operating Committee. The Risk & Compliance Committee is attended by senior business representatives, certain directors of the Board and also representatives from Risk, Compliance, Legal and Internal Audit. The Committee receives a report from these control functions on current risk issues and activities.

There are a number of key oversight committees in place as part of the Group Global Risk Management Framework. The Group Investment Management Risk Committee, which has an oversight responsibility covering the major risk sources, is the most senior committee. The Group Investment Management Risk Committee is made up of senior Investment Management business managers and risk and compliance officers. Reports are provided and reviewed covering the risk sources and any issues that need monitoring.

### **Risk management process**

The lines of business are responsible for actively identifying the 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 impact on clients
- Financial losses
- Compliance breaches
- Reputational damage

The Company utilises the Group Operational Risk Platform to facilitate the above. The platform is used to maintain risk and control self-assessments, key risk indicators and tracking of 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 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 and regulatory requirements, within the guidance set by the group and in coordination with the relevant business expertise.

Risks associated with the Company's operations are measured through production and assessment of key risk indicators and other analysis, the results of which are formally reported to the RCC on a monthly basis as part of the risk management framework which has been adopted. This includes an analysis of the Company's financial resources against the applicable regulatory capital requirements and the liquidity management framework.

# **BNY Mellon Fund Managers Limited**

## **Directors' report**

### **Risk management process - continued**

#### ***Credit risk***

Credit risk covers default risk from counterparties where realisation of the value of the asset is dependent on counterparties' ability to perform their obligations to the Company. Assets subject to credit risk held by the Company are primarily comprised of deposits with external banks which are subject to oversight both within the Group and on a legal-entity specific basis by the central Finance function and by the senior management of the Company through reporting provided to the RCC and to the Board.

#### ***Market risk***

Market risk is the risk of loss due to adverse changes in the financial markets. Market risk arises from foreign exchange (FX) exposure in respect of revenue, expenses, deposits and interest rate exposure on cash balances. Foreign exchange balance sheet exposures are actively managed through a monthly spot sell-off process of non-sterling currency balances by Group Treasury.

#### ***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. Operational Risk is managed and mitigated through application of Group operational risk framework as described above.

#### ***Liquidity risk***

Liquidity risk is the risk that a company, 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. Liquidity Risk is managed and mitigated through application of a common Liquidity Risk Management Framework utilised across the regulated subsidiaries within the UK consolidation group. The Company's liquidity position is monitored by the central finance function and by the senior management of the Company through reporting provided to the RCC and to the Board.

#### ***Business risk***

Business risk includes risk to a company arising from changes in its business, including the risk that the company may not be able to carry out its business plan and its desired strategy. Business and strategic risks, including emerging and external risks, and product performance are monitored in formal governance and management committees and by the Board, supported by appropriate management information supplied by supporting functions.

#### ***Compliance risk***

Compliance risk covers the risk relating to violations, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the company and its executors to fines, payment of damages, the voiding of contracts and damaged reputation. The Company has established a compliance programme designed to detect and minimise any risk of failure by the Company to comply with its obligations under the relevant regulations.



# BNY Mellon Fund Managers Limited

## Directors' report

### Risk management process - continued

#### *Conduct risk*

Conduct risk is defined as the risk that detriment is caused to clients, the market, the Company or its employees because of inappropriate execution of our business activities or inappropriate behaviour by the Company or its employees. The Company is subject to the Group Code of Conduct and associated corporate policies governing the business conduct of the Company and individuals and/or entities that act on its behalf.

#### **Other macro environmental risks (coronavirus “COVID-19” outbreak)**

In 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation remains dynamic and has led to a continued level of uncertainty among companies and global financial markets. Consideration of the impact of the uncertainty on the Company's financial statements and operational resilience is summarised below:

- The Company experienced a decrease in its management fees revenue during the year primarily driven by a reduction in Assets under Management. However, the Company continues to remain profitable indicating the pandemic has had no significant adverse impact on the Company's performance during the year.
- IFRS 9 Financial Instruments requires that in determining the Expected Credit Loss (“ECL”), estimates of forward-looking macro-economic factors are incorporated into multiple scenarios about the future economy. Accordingly, as a result of market volatility and uncertainty due to COVID-19, management in Q1 2020 adjusted both the macroeconomic scenarios and associated probability weightings used in estimating the ECL. The revised scenario weightings were maintained at the same cautious levels for Q2 - Q4 2020. The Company's ECL provision continues to remain immaterial indicating no significant adverse impact due to the pandemic.
- Liquidity: The Company continues to closely monitor the impact of market volatility on its Balance sheet. The Company currently has sufficient liquidity in excess of its regulatory requirement to absorb any short-term losses and it's able to meet its obligations as and when they fall due.
- No provisions in scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets have been identified as a result of management's actions specifically in response to the pandemic.
- Going concern consideration: Management has performed an assessment to determine whether there are any material uncertainties arising due to the pandemic that could cast significant doubt on the ability of the Company to continue as a going concern. This assessment is disclosed in note 1.3 ‘Going concern’ and focuses on the Company's financial and operational resilience to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company continues to carefully monitor and mitigate the risk on an ongoing basis in order to minimise exposure while maintaining a robust Balance sheet and significant headroom above regulatory capital requirements.

#### **Pillar 3 risk disclosures**

CRR Pillar 3 disclosures about the Company (capital and risk management) are covered by the BNY Mellon Investment Management Europe Holdings Limited group disclosures which can be found on the group website (<https://www.bnymellon.com/us/en/investor-relations/other-regulatory.jsp>).

# BNY Mellon Fund Managers Limited

## Directors' report

### Directors

The directors who served during the year and up to the date of the report were as follows:

	Appointed	Resigned
G A Brisk	-	-
A M Islam	-	-
C A Judd	-	-
H C Lopez	-	24 March 2021
G D Rehn	-	-
M Saluzzi	-	-

### Directors' indemnity provision

The articles of association of the Company provide that in certain circumstances the directors 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 directors (2019: £nil).

### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

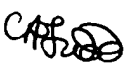
### Post balance sheet events

There were no post balance sheet events.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Carole Judd  
Director

BNY Mellon Fund Managers Limited  
BNY Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA

23 April 2021

Registered number: 01998251

# **BNY Mellon Fund Managers Limited**

## **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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 101, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of BNY Mellon Fund Managers Limited**

### **Opinion**

We have audited the financial statements of BNY Mellon Fund Managers Limited for the year ended 31 December 2020 which comprise of the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

## **Independent auditor's report to the members of BNY Mellon Fund Managers Limited**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes and Risk and Compliance Committee minutes.
- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management fees are overstated or incorrectly calculated and the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to the recognition of other revenue streams because the calculations of the remaining material revenue streams are non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We performed procedures including:

- Assessing the design, implementation and operating effectiveness of the anti-fraud controls in the management fees process.
- Recalculating the full population of management fees over the year based on investment management agreements and assets under management information received.
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post-closing journals.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company’s regulatory and legal correspondence, and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

## **Independent auditor's report to the members of BNY Mellon Fund Managers Limited**

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, anti-money laundering, market abuse regulations and financial services regulations including Client Assets, and specific areas of regulatory capital and liquidity and certain aspects of company legislation, recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

# **Independent auditor's report to the members of BNY Mellon Fund Managers Limited**

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their statement set out on page , the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Acts 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.

*Alison Allen*

**Alison Allen (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

23 April 2021

## BNY Mellon Fund Managers Limited

### Statement of profit and loss and other comprehensive income for the year ended 31 December 2020

		2020	2019
	Note	£000	£000
Revenue	2	13,647	13,918
Administrative expenses	3	(10,809)	(10,935)
<b>Operating profit</b>		<b>2,838</b>	<b>2,983</b>
Interest receivable and similar income	5	33	95
Interest payable and similar charges	6	(10)	(22)
<b>Profit before taxation</b>		<b>2,861</b>	<b>3,056</b>
Taxation on profit	7	(544)	(581)
<b>Total comprehensive income for the financial year</b>		<b>2,317</b>	<b>2,475</b>

Notes 1 to 16 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year and prior year relate to continuing operations. The Company had no items going through other comprehensive income during the year (2019: £nil).



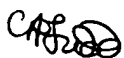
## BNY Mellon Fund Managers Limited

### Balance sheet at 31 December 2020

	Note	2020 £000	2019 £000
<b>Current assets</b>			
Debtors	8	69,186	65,130
Cash at bank and in hand	9	29,691	28,331
Other assets	10	5,000	5,160
		<u>103,877</u>	<u>98,621</u>
Creditors: amounts falling due within one year	11	(84,393)	(81,454)
Net current assets		<u>19,484</u>	<u>17,167</u>
<b>Net assets</b>		<u>19,484</u>	<u>17,167</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,625	1,625
Share premium		6,000	6,000
Profit and loss account		<u>11,859</u>	<u>9,542</u>
<b>Shareholders' funds</b>		<u>19,484</u>	<u>17,167</u>

Notes 1 to 16 are integral to these financial statements.

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



Carole Judd

Director

23 April 2021

Company registered number: 01998251

# BNY Mellon Fund Managers Limited

## Statement of changes in equity

31 December 2020

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2019	1,625	6,000	7,067	14,692
Total comprehensive income for the financial year	-	-	2,475	2,475
<b>Balance at 31 December 2019</b>	<b>1,625</b>	<b>6,000</b>	<b>9,542</b>	<b>17,167</b>

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2020	1,625	6,000	9,542	17,167
Total comprehensive income for the financial year	-	-	2,317	2,317
<b>Balance at 31 December 2020</b>	<b>1,625</b>	<b>6,000</b>	<b>11,859</b>	<b>19,484</b>

Notes 1 to 16 are integral to these financial statements.

# BNY Mellon Fund Managers Limited

## Notes to the Financial Statements for the year ended 31 December 2020

### 1 Accounting policies

#### 1.1 Basis of preparation and statement of compliance with FRS 101

The Company is a private company limited by shares incorporated and domiciled in the UK and registered in England and Wales. The registered address is given on page 1.

These financial statements were prepared in accordance with FRS 101.

The Company's ultimate parent undertaking, The Bank of New York Mellon Corporation, includes the Company and all its subsidiary undertakings in its consolidated financial statements. The consolidated financial statements of The Bank of New York Mellon Corporation are prepared in accordance with U.S. Generally Accepted Accounting Principles, which is considered equivalent under the requirements of Section 401 of the Companies Act 2006. The Bank of New York Mellon Corporation's consolidated financial statements are available at <https://www.bnymellon.com/us/en/investor-relations/>. Accordingly the Company is a *qualifying entity* for the purpose of FRS 101 disclosure exemptions.

Therefore, in preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- A Statement of Cash Flows and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management; and
- Disclosures in respect of revenue contracts with customers and significant judgements.

As the consolidated financial statements of The Bank of New York Mellon Corporation include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.13.

#### 1.2 Measurement convention

These financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through profit and loss. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

# **BNY Mellon Fund Managers Limited**

## **Notes to the Financial Statements** **for the year ended 31 December 2020**

### **1 Accounting policies - continued**

#### **1.3 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 pages 2 to 3. In addition, the Directors' report on pages 4 to 8 includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives and its exposures to credit and liquidity risk.

The Company currently holds capital above regulatory capital requirements as at year end. The directors perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Management has performed an assessment to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the Company to continue as a going concern. No significant issues have been noted. In reaching this conclusion, management considered:

- The financial impact of the uncertainty on the Company's balance sheet;
- Stress tests on reasonably plausible scenarios in addition to an extreme revenue scenario assuming zero management and performance related fees charged on assets under management and maintaining these reduced levels for at least a year from the date of signing the financial statements;
- Liquidity position based on current and projected cash resources. The Company's current cash/liquidity position is able to sustain its current operational costs for at least a year even with a significantly reduced revenue scenario;
- Reverse stress tests, and;
- The Company's operational resilience including the impact of the pandemic on existing processes and key stakeholders such as suppliers, employees, customers and existing IT systems and infrastructure.

Based on the above assessment of the Company's financial position, COVID-19 impact, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence 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.

#### **1.4 Related party transactions**

As the Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, it has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions with entities which form part of the Group. Balances with other members of the Group are disclosed with notes 5, 6, 8, 9, 11 and 13.

# **BNY Mellon Fund Managers Limited**

## **Notes to the Financial Statements for the year ended 31 December 2020**

### **1 Accounting policies - continued**

#### **1.5 Foreign currency**

The Company's functional and presentational currency is GBP. Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are reported net in the Statement of profit and loss and other comprehensive income within interest receivable or payable as appropriate.

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. Any resulting exchange differences are reported net in the Statement of profit and loss and other comprehensive income within interest receivable or payable as appropriate.

#### **1.6 Revenue from contracts with customers**

Revenue is based on terms specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Revenue is recognised when, or as, a performance obligation is satisfied by transferring control of a good or service to a customer.

A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognised by measuring the Company's progress in satisfying the performance obligation in a manner that reflects the transfer of goods and services to the customer. Revenue from a performance obligation satisfied at a point in time is recognised at the point in time the customer obtains control of the promised good or service.

The amount of revenue recognised reflects the consideration the Company expects to be entitled to in exchange for the promised goods and services. Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue producing transaction, are collected from a customer and are excluded from revenue.

#### **1.7 Interest receivable and interest payable**

Interest receivable and payable is recognised in the Statement of profit and loss and other comprehensive income, using the effective interest rate method.

Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges includes interest payable and net foreign exchange gains or losses that are recognised in the Statement of profit and loss and other comprehensive income (see note 1.5). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

# **BNY Mellon Fund Managers Limited**

## **Notes to the Financial Statements for the year ended 31 December 2020**

### **1 Accounting policies - continued**

#### **1.8 Dividends**

Dividend income is recognised in the Statement of profit and loss and other comprehensive income on the date the entity's right to receive payments is established.

Dividends are recognised as a liability at the date that they are declared, to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### **1.9 Taxation**

Taxation on profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in the same statement as the related item appears.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or receivable in respect of previous years.

#### **1.10 Non-derivative financial instruments - classification and measurement**

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

Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at fair value through profit and loss ("FVTPL"):

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets include trade and other debtors.

Financial assets are measured at fair value through other comprehensive income ("FVOCI") only if they meet both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is classified into one of these categories on initial recognition. However, for financial assets held at initial application, the business model assessment is based on facts and circumstances at that date. Also, IFRS 9 permits new elective designations at FVTPL or FVOCI to be made on the date of initial application depending on the facts and circumstances at that date.

A financial liability is initially recognised at fair value and in the case of loans and borrowings and trade and other creditors, net of directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost or FVTPL. Loans and borrowings and trade and other creditors are measured at amortised cost using the effective interest rate method.

# **BNY Mellon Fund Managers Limited**

## **Notes to the Financial Statements** **for the year ended 31 December 2020**

### **1 Accounting policies - continued**

#### **Business model assessment**

Certain financial assets, for example, deposits with central banks and financial institutions, always will be held for collection of contractual cash flows as the nature of the asset means that it cannot be sold. For other financial assets, the Company makes an assessment of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. Information that is considered includes:

- the stated policies and objectives for the portfolio;
- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated; and
- the frequency and volume of historical and expected sales.

The Company generally does not hold assets for trading.

#### **Assessment of whether cash flows are solely payments of principal and interest**

‘Principal’ for these purposes is defined as the fair value of the financial asset at initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that would change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company’s claim to cash flows from specified assets; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

# **BNY Mellon Fund Managers Limited**

## **Notes to the Financial Statements for the year ended 31 December 2020**

### **1 Accounting policies - continued**

#### **1.11 Impairment of financial assets (including trade and other debtors)**

Under IFRS 9, the Company generally recognises loss allowances at an amount equal to 12-month expected credit loss ("ECL") (Stage 1, the portion of ECL that results from default events that are possible within 12 months after the reporting date) unless there has been significant increase in credit risk since origination of the instrument, in which case ECLs are recognised on a lifetime loss basis (Stage 2). Exposures that are in default are regarded as credit impaired (Stage 3) and are also measured on a lifetime ECL basis.

#### **Measurement of ECL**

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date – the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Financial guarantee contracts – the expected payments to reimburse the holder less any amounts that the Company expects to recover.

#### **1.12 Offsetting**

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle 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, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

#### **1.13 Accounting estimates and judgements**

In preparing these financial statements, management has made no material estimates and significant accounting judgements.



# **BNY Mellon Fund Managers Limited**

## **Notes to the Financial Statements for the year ended 31 December 2020**

### **2 Revenue from contracts with customers**

#### **Nature of services and revenue recognition**

Fee revenue in investment management is primarily variable, based on levels of assets under management ("AUM") and the level of client-driven transactions, as specified in fee schedules.

Investment management fees are dependent on the overall level and mix of AUM. The management fees, expressed in basis points, are charged for managing those assets. Management fees are typically subject to fee schedules based on the overall level of assets managed and products in which those assets are invested.

Investment management fee revenue also includes transactional and account-based fees. These fees along with distribution and servicing fees are recognised when the services have been complete. Clients are generally billed for services performed on a monthly or quarterly basis.

Performance fees are generally calculated as a percentage of the applicable portfolio's performance in excess of a benchmark index or a peer group's performance. Performance fees are recognized at the end of the measurement period when they are determinable.

#### **Contract balances**

The Company's customers are billed based on fee schedules that are agreed upon in each customer contract. The receivables from customers were £20,001,112 at 31 December 2020 (2019: £22,242,206). An allowance is maintained for accounts receivable which is generally based on the number of days outstanding. Adjustments to the allowance are recorded in other expense in the Statement of profit and loss and other comprehensive income. Receivables from customers are included in other assets on balance sheet.

Contract assets represent accrued revenues that have not yet been billed to the customers due to contingent factors other than the passage of time. The Company had £nil contract assets as at 31 December 2020 (2019: £nil).

Receivables from customers are included in other assets and prepayments and accrued income on the balance sheet.

Contract liabilities represent payments received in advance of providing services under certain contracts and were £nil as at 31 December 2020 (2019: £nil).

Any changes in the balances of contract assets and contract liabilities would result from changes arising from business combinations, impairment of a contract asset and changes in the timeframe for a right to consideration becoming unconditional or a performance obligation to be satisfied. No such instances were noted.

Contract costs represent either costs which are capitalised relating to incremental costs for obtaining contracts, or costs incurred for fulfilling contract obligations when they relate directly to an existing contract or specific anticipated contract, generate or enhance resources that will be used to fulfil performance obligations and are recoverable. The Company had £nil contract costs as at 31 December 2020 (2019: £nil).

# BNY Mellon Fund Managers Limited

## Notes to the Financial Statements for the year ended 31 December 2020

### 2 Revenue from contracts with customers - continued

#### Unsatisfied performance obligations

The Company does not have any unsatisfied performance obligations other than those subject to a practical expedient election under IFRS 15. The practical expedient applies to (i) contracts with an original expected length of one year or less, and (ii) contracts for which the Company recognises revenue at the amount to which the Company has the right to invoice for services performed.

#### By activity

	2020	2019
	£000	£000
Management fees	216,036	240,995
Performance fees	191	252
Net gain/loss from dealing in investments and managed funds (refer below)	2	-
<b>Gross revenue</b>	<b>216,229</b>	<b>241,247</b>
Sub-advisory fees, commissions and other costs	(202,582)	(227,329)
Total cost of sales	(202,582)	(227,329)
<b>Revenue</b>	<b>13,647</b>	<b>13,918</b>

Net gain/loss from dealing in investments and managed funds is calculated as follows:

Gross sale of units and shares	7,758,138	4,789,355
Net gains/losses on creations/liquidations	1,831,182	3,790,781
Repurchases of units and shares	(9,589,309)	(8,580,118)
Discounts	(9)	(18)
Net gain/loss from dealing in investments and managed funds	2	-

### 3 Administrative expenses and auditor's remuneration

#### Auditor's remuneration:

	2020*	2019
	£000	£000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements pursuant to legislation	130	52

\*Includes additional fees expensed in 2020 to reflect agreed cost increases with the auditors.

# BNY Mellon Fund Managers Limited

## Notes to the Financial Statements for the year ended 31 December 2020

### 4 Directors' emoluments

The aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services is disclosed below. Qualifying services include services as a director of the company, as a director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the Company or any of its subsidiary undertakings. The amounts are disclosed irrespective of which Group company actually makes the payment to the directors.

	2020	2019
	£000	£000
Directors' emoluments	780	560
Amounts receivable under long term incentive schemes	118	266
Company contributions to money purchase pension plans	24	38
Compensation for loss of office	-	22
	<u>922</u>	<u>886</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £586,000 (2019: £614,000), and Company pension contributions of £19,000 (2019: £34,000) were made to a money purchase scheme on their behalf. During the year, the highest paid director did not exercise share options but did receive shares under a long term incentive scheme.

	Number of Directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	4
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	4	4

### 5 Interest receivable and similar income

	2020	2019
	£000	£000
Net foreign exchange gain	-	2
Receivable from third parties on bank deposits	20	39
Receivable from Group undertaking	13	54
Total interest receivable and similar income	<u>33</u>	<u>95</u>

# BNY Mellon Fund Managers Limited

## Notes to the Financial Statements for the year ended 31 December 2020

### 6 Interest payable and similar charges

	2020	2019
	£000	£000
Net foreign exchange loss	5	-
Payables on bank loans and overdrafts from third parties	-	1
Payable to Group undertaking	5	21
Total interest payable and similar charges	<u>10</u>	<u>22</u>

### 7 Taxation

#### *Recognised in the profit and loss and other comprehensive income account*

	2020	2019
	£000	£000
<b>UK corporation tax &amp; Foreign tax</b>		
Current tax on profit for the period	544	581
Total tax expense	<u>544</u>	<u>581</u>

#### *Factors affecting total tax charge for the current period*

	2020	2019
	£000	£000
Total profit for the year	2,317	2,475
Total tax expense	<u>544</u>	<u>581</u>
Profit excluding taxation	2,861	3,056
Tax using the UK corporation tax rate of 19.00% (2019: 19.00%)	<u>544</u>	<u>581</u>
Total tax expense	<u>544</u>	<u>581</u>

The UK Corporate Tax rate for 2020 of 19% (2019: 19%) as per Finance Act 2020 received Royal Assent on 22 July 2020. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge when the rate change will be substantively enacted.

# BNY Mellon Fund Managers Limited

## Notes to the Financial Statements for the year ended 31 December 2020

### 8 Debtors

	2020	2019
	£000	£000
Trade debtors	48,765	42,612
Amounts owed by Group undertakings	578	576
Prepayments and accrued income	19,843	21,942
	<u>69,186</u>	<u>65,130</u>
Due within one year	<u>69,186</u>	<u>65,130</u>

### 9 Cash at bank and in hand

	2020	2019
	£000	£000
Cash at bank and in hand	<u>29,691</u>	<u>28,331</u>

Cash at bank included £5,064,000 (2019: £4,708,000) of funds on deposit with a UK regulated banking entity within the Group.

The Company is exposed to foreign exchange risk between the date of recognition and settlement of foreign currency income and expenses. To mitigate this the Company maintains foreign currency cash balances to offset the net currency position. This activity can result in foreign currency overdrafts that mitigate the risk of foreign currency receivables. All overdrafts are with the Bank of New York Mellon London Branch.

### 10 Other assets

	2020	2019
	£000	£000
Other assets	<u>5,000</u>	<u>5,160</u>

Other assets relate to amounts held in relation to the Company's Prudent Segregation Policy. Under this policy, the Company is required to segregate an amount of its assets in a client money account to ensure its clients are protected from loss in the event of the Company's insolvency.

# BNY Mellon Fund Managers Limited

## Notes to the Financial Statements for the year ended 31 December 2020

### 11 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Bank loans and overdrafts	2,211	1,832
Trade creditors	60,755	55,352
Amounts owed to Group undertakings	21,127	23,777
Accruals and deferred income	256	165
Taxation and social security	44	328
	<u>84,393</u>	<u>81,454</u>

### 12 Capital and reserves

#### Share capital

	2020	2019
	£000	£000
<b>Allotted, called up and fully paid</b>		
1,625,000 ordinary shares of £1 each	<u>1,625</u>	<u>1,625</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.

### 13 Offsetting financial assets and financial liabilities

Amounts due to and from certain individual Group undertakings are netted in the balance sheet as settlement is made net. The extent of this netting can be seen below:

	2020			2019		
	Gross amounts £000	Amounts offset £000	Net amounts £000	Gross amounts £000	Amounts offset £000	Net amounts £000
Amounts owed by Group undertakings	3,194	2,616	578	3,105	2,529	576
Amounts owed to Group undertakings	23,743	2,616	21,127	26,306	2,529	23,777

### 14 Related parties

During the year, the Company received income from the 47 funds (2019: 45 funds) it manages and which are classified as related parties. During the year, the Company received £211,305,000 (2019: £236,024,000) in gross management fees and performance fees. As at 31 December 2020 the Company had £18,502,000 receivable from those funds (2019: £20,567,000).

### 15 Transactions involving Directors, officers and others

At 31 December 2020, there were no loans or other transactions made to directors, officers and other related parties of the Company (2019: £nil).

# **BNY Mellon Fund Managers Limited**

## **Notes to the Financial Statements for the year ended 31 December 2020.**

### **16 Ultimate parent company and parent company of larger group**

The immediate parent undertaking of the Company is BNY Mellon Investment Management EMEA Limited, a company registered in England and Wales. BNY Mellon Investment Management EMEA Limited's registered address is 160 Queen Victoria Street, London, EC4V 4LA.

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

The ultimate parent company as at 31 December 2020 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 its registered address.

The Secretary  
The Bank of New York Mellon Corporation  
240 Greenwich Street  
New York, NY  
10286  
USA