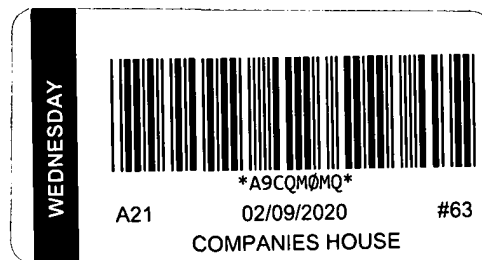


Registered number: 03944511

CHARLES RIVER DEVELOPMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019



CHARLES RIVER DEVELOPMENT LIMITED

COMPANY INFORMATION

Directors	John Plansky Lou Maluri James Robert Lowry
Company secretary	Carrie Carlson
Registered number	03944511
Registered office	20 Churchill Place London Canary Wharf United Kingdom E14 5HJ
Independent auditor	Ernst & Young, LLP 25 Churchill Place London United Kingdom E14 5EY
Banker	Bank of America 26 Elmfield Road Bromley Kent BR11WA CitiBank 1 North Wall Quay Dublin 1

CHARLES RIVER DEVELOPMENT LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their Strategic Report for Charles River Development Limited (the "Company") for the year ended 31 December 2019. The company is a wholly owned subsidiary of Charles River International Holdings Ltd. (the "Parent").

Business Review

In 2019 the operating environment was particularly challenging for the software and support business and the world economy as a whole. The Company has maintained profitability despite these challenges. Revenue for the year increased by 11% to £26,481,759 from £23,752,348 in 2018 while profit for the year before taxation, increased by 41% to £4,011,417 from £2,840,150 in 2018, largely due to increase in revenue. The increase is due to the timing of contract renewal whereby the entire amount is recognized at the time of renewal.

The Company's performance in these difficult conditions has reaffirmed the durability and effectiveness of its business model, core competencies and the Company culture.

The Company has remained committed to strengthening its balance sheet, developing new business opportunities and above all, focusing on providing value to its customers beyond best price. Although headcount has remained stable, total assets decreased by 6% and total liabilities decreased by 38%. The decrease in assets is due to transfer pricing settlement from Charles River Systems, Inc. while the decrease in liabilities is due to the amounts owed by group undertakings. This value includes leveraging off the Company's market knowledge and its unique expertise.

Future Developments

Looking ahead, the Directors continue to take a conservative view on the market and overall demand. However, with the Company's continued focus on financial strength, innovation and risk management the Company remains favourably positioned to continue profitably.

Principal risks and uncertainties

If the Company is unable to retain and attract clients, revenues and net income would remain stagnant or decline. Revenues have been and may continue to be adversely affected by conditions in the global financial markets (which affects the Customer base of the Entity), COVID-19 and economic conditions generally. The businesses of the Company customers are subject to extensive and pervasive regulation around the world. In addition, regulation imposed on financial institutions or market participants generally could adversely impact levels of market activity more broadly, and thus impact our businesses.

The worldwide COVID-19 outbreak has impacted global financial markets as a result of concerns over the future impact of the pandemic on the macro-economic environment and uncertainty about the immediate outlook for many companies. While the short-term outlook is uncertain due to the coronavirus and the subsequent impact on global financial markets, the Company believes explanation of longer-term outlook, business resiliency and sustainable business model stands in good stead to come out of this pandemic in a positive position.

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

CHARLES RIVER DEVELOPMENT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial and regulatory risk management and objectives

The Company uses a variety of financial instruments including cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company's operations.

Market risk

Market risk encompasses two types of risk - currency risk and credit risk.

Currency risk

The Company is exposed to translation and transaction foreign exchange risk. This risk is mitigated, where possible, by undertaking transactions with overseas customers and suppliers in sterling.

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash balances is managed by the Company monitoring the financial position of the counterparties involved. In order to manage credit risk arising from trade debtors the director sets limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the senior manager on a regular basis in conjunction with debt ageing and collection history.

Regulatory risk

Changes in law or regulation, or the enforcement of law or regulation, may adversely affect our business activities or those of our clients, and the products or services that we sell, including, without limitation, additional or increased taxes or assessments thereon, and changes that expose us to risks related to our operating model and the adequacy and resiliency of our controls or compliance programs;

The Company has reviewed debtor balances at 31 December 2019 and provided for balances where the risk of non-recovery is considered to be significant. The controller monitors the performance of counter-parties and addresses problems with customers where the risk of non-performance of contractual obligations is considered to be significant.

Political risk

The UK held a referendum on 23 June 2016 on whether it should remain a member of the EU. This resulted in a vote in favour of leaving the EU. The UK left the EU on 31 January 2020 and a transition period is in place until 31 December 2020 during which the current trading and regulatory status is maintained.

The long-term nature of the UK's relationship with the EU is unclear and is dependent on the UK and the EU agreeing a future economic relationship. There is a risk of uncertainty for both the UK and the EU resulting from a no-trade deal arrangement, which could adversely affect the economy of the UK and the other economies in which we operate. The potential risks associated with a no-trade deal exit from the EU have been carefully considered by the Board and include:

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

Operational risk: i) The UK's withdrawal from the EU has resulted in the loss of the passport for firms accessing the EU from the UK and this has required the firm to realign some limited aspects of its operating model.

ii) Uncertainty over the UK's future approach to EU freedom of movement could have some impact the Company's access to the EU talent pool.

Legal risk: Whilst at this stage, the UK's regulatory regime is aligned with the EU, it is conceivable and to be expected that there will be regulatory divergence between the EU and the UK in the future. The nature and impact of such divergence at this stage is uncertain and we monitor all relevant developments to this effect.

CHARLES RIVER DEVELOPMENT LIMITED

Other key performance Indicators

The Directors consider the key performance indicator of the Company to be the degree to which it is able to profitably grow the business in the implementation and support of a growing customer base and therefore both turnover growth and operating profit are under constant review. It must also ensure that it successfully manages, trains and utilizes its technical employees.

This report was approved by the board and signed on its behalf.



James Robert Lowry
Director

Date: 10 August 2020

CHARLES RIVER DEVELOPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019. In accordance with section 414C (11) of the Companies Act 2006, the Directors have set out the "Review of the Business" and "Principal Risks and Uncertainties" within the Company's Strategic Report.

Principal activity

The Company is part of the CRD entities that's a leader in front- and middle-office investment management software and services solutions for buy-side firms in the institutional asset and fund management, private wealth, alternative investments, insurance, banking and pension markets. CRD provides an end-to-end solution to automate management functions across asset classes on a single platform. Delivered as a hosted service, the solution improves data quality and investment professional productivity, controls risk and lowers technology costs. The Company supports CRD operating unit by maintaining offices and devoting its full business time and efforts to promote and support the activities of the business unit.

Results and dividends

The profit for the year, after taxation, amounted to £3,240,992 (2018: £2,315,205).

Interim dividends of £1,630,789 (2018: £8,912,170) were paid during the year to the Parent. The directors recommend that no final dividend be paid (2018: nil).

Directors

The directors who served during the year was:

John Plansky
Lou Maiuri
James Robert Lowry
David Alexander Weber – resigned 4 January 2019

Post Balance Sheet Events

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. In the weeks leading up to that date and subsequently there has been material volatility in global financial markets as a result of concerns over the future impact of the pandemic on the macro-economic environment and uncertainty about the immediate outlook for many companies. Management continues to monitor the impact that the COVID-19 pandemic has on the Company, the asset management industry, and the economies in which the Company operates. The Company has considered the impact of the current situation in relation to existing analysis that modelled a number of adverse scenarios to assess the potential impact on Company's operations and believes it has sufficient liquidity to meet its liabilities obligations for the next 12 months from the date of approval of Financial statements.

Going Concern

In assessing whether the going concern basis is appropriate, the Directors have considered the impact of the COVID-19 pandemic. The Company is well positioned to manage business risks successfully and have a reasonable expectation that Company have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the Financial Statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

Future developments

The Directors' strategy is to continue to provide exemplary business, support to the existing clients within the entity and generate new business growth through clients contracted within the State Street Group. The Company's profitability will be maintained through the servicing of the existing clients and from the group transfer pricing policies.

CHARLES RIVER DEVELOPMENT LIMITED

Directors' Report (continued)

Disclosure of information to auditor

The directors have confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- they have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Ernst & Young, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



James Robert Lowry
Director

Date: 10 August 2020

CHARLES RIVER DEVELOPMENT LIMITED

Directors' responsibility statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARLES RIVER DEVELOPMENT LIMITED

Opinion

We have audited the financial statements of Charles River Development Limited (the 'Company') for the period ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and the related notes 1 to 22, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report below. We are independent of the Company in accordance with the ethical requirements in the UK that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 2.2 and note 22 of the financial statements, which describes the economic disruption the Company is facing as a result of COVID-19, which is impacting financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Poppy Proborespati (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
11 August 2020

CHARLES RIVER DEVELOPMENT LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR
ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	26,481,759	23,752,348
Administrative expenses		(22,470,342)	(20,914,006)
Operating profit	5	4,011,417	2,838,342
Interest receivable and similar income	8	-	1,808
Profit before tax		4,011,417	2,840,150
Tax on profit	9	(770,425)	(524,945)
Profit after tax		3,240,992	2,315,205
Retained earnings at the beginning of the year		9,179,984	15,776,949
		9,179,984	15,776,949
Distribution during the year		(1,630,789)	(8,912,170)
Profit for the year		3,240,992	2,315,205
Retained earnings at the end of the year		10,790,187	9,179,984

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings. All Amounts are in respect of continuing activities.

The notes on pages 11 to 24 form part of these financial statements.

CHARLES RIVER DEVELOPMENT LIMITED
REGISTERED NUMBER: 03944511

**STATEMENT OF FINANCIAL POSITION AS AT 31
DECEMBER 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	159,030	137,986
		<u>159,030</u>	<u>137,986</u>
Current assets			
Debtors	11	5,180,713	12,268,748
Cash at bank and in hand	12	9,575,134	3,382,843
		<u>14,755,847</u>	<u>15,651,591</u>
Creditors: amounts falling due within one year	13	(3,297,118)	(5,869,712)
Net current assets		<u>11,458,729</u>	<u>9,781,879</u>
Total assets less current liabilities		<u>11,617,759</u>	<u>9,919,865</u>
Creditors: amounts falling due after more than one year		(826,572)	(738,881)
Net assets		<u>10,791,187</u>	<u>9,180,984</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Profit and loss account	17	10,790,187	9,179,984
		<u>10,791,187</u>	<u>9,180,984</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


James Robert Lowry
Director

Date: 10 August 2020

The notes on pages 11 to 24 form part of these financial statements.

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Authorisation of financial statements and general information

The financial statements of Charles River Development Limited for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 10 August 2020 and the Balance Sheet was signed on the Board's behalf by JR Lowry, Director.

Charles River Development Limited is a company limited by shares, incorporated and domiciled in England and Wales and is subsidiary of State Street Banking and Corporation, a publicly traded company on NYSE (STT). The registered office of the Company is at 20 Churchill Place, Canary Wharf, London, E14 5HU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures

The following principal accounting policies have been applied:

2.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, credit, interest, liquidity, market, operational and political risks are described in the Principal Risks and Uncertainties section of the Strategic Report.

The full extent to which the COVID-19 pandemic may impact Company's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the Company, the asset management industry and the economies in which the Company operates.

The Company has considered the impact to its operations, liquidity, revenue and expenses. Whilst, it is not possible to precisely quantify the overall impact of COVID-19, based on the results of cash flow projections and stress testing performed the management have concluded there has been no consequential and adverse impact to its profitability and solvency.

Having performed this analysis management believes they have sufficient liquidity to meet its liabilities for the next 12 months from the date of approval of the financial statements and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future..

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Company receives agent fee revenue from Charles River Systems Inc., the parent company, based upon the software lease revenue recognised by the parent on the Company's end user customer. This agent fee revenue is recognised as earned upon signed approval of the related contract.

2.4 Administrative expenses

Amounts included within administrative expenses are recognised on an accrual basis.

2.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Shorter of lease life or asset, not to exceed 15 years
Fixtures & fittings	- 7 years straight line
Office equipment Computer	- 3-5 years straight line depending on asset
Telecom equipment	- 3-5 years straight line depending on asset
	- 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)

2. Accounting policies(continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Foreign currency translation Functional and

presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)

2. Accounting policies (continued)

2.13 Share based payments

The ultimate parent Company issues cash-settled share-based payments to certain employees of the Company in the form of phantom stock arrangements.

The Company accounts for these under the liability method and therefore records compensation expense based upon the estimated fair value of the vested portion of the share-based units less the agreed exercise price.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest Income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

CHARLES RIVER DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Examples include the recoverability of billed and unbilled accounts receivable, valuation of phantom stock units; the potential outcome of future tax consequences of events that have been recognised in the financial statements or tax returns. Actual results and outcomes may differ from management's estimates.

Management consider the recoverability of receivables on an account-by-account basis based on their past experience and knowledge of the customers. Where recoverability is considered doubtful, specific provision is made.

The measurement of the liability in respect of the phantom stock units also requires management estimates. This is based on an external valuation prepared bi-annually by a valuation specialist. Judgements are applied consistently.

Management evaluates that tax implications of significant and unusual transaction activity as well as the normal activities of the Company. Tax filings and provision calculations are performed by management with the assistance of third party tax specialists.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2019	2018
	£	£
United Kingdom	14,300,269	13,957,394
Rest of Europe	10,335,312	8,607,363
Rest of the world	1,846,178	1,187,591
	<u>26,481,759</u>	<u>23,752,348</u>

Analysis of turnover by class:

	2019	2018
	£	£
Transfer Pricing	10,365,355	9,950,605
Implementation Consulting Revenue	10,475,511	7,727,805
FIX Connectivity	4,344,799	4,701,134
Other	1,296,094	1,372,804
	<u>26,481,759</u>	<u>23,752,348</u>

CHARLES RIVER DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

5. Operating profit

The operating profit is stated after charging/ (crediting):

	2019	2018
	£	£
Depreciation of tangible fixed assets	67,064	62,232
Exchange differences	(520,857)	14,999
Other operating lease rentals	366,151	568,301
Defined contribution pension cost	829,426	440,109
	<u>829,426</u>	<u>440,109</u>

Certain Directors were employed and 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 totaled £6,000 (2018: Nil).

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor for the audit services	92,549	79,601
	<u>92,549</u>	<u>79,601</u>

There's no non-audit services provided to the Company.

7. Employees

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	12,414,770	11,004,293
Social security costs	1,614,175	1,271,376
Cost of defined contribution scheme	829,425	440,109
	<u>14,858,371</u>	<u>12,715,778</u>

The average monthly number of employees, including the director, during the year was as follows:

	2019	2018
	No.	No.
	<u>106</u>	<u>93</u>

CHARLES RIVER DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

8. Interest receivable and similar income

	2019 £	2018 £
Other interest receivable	-	1,808

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	680,386	-
Adjustments in respect of previous periods	-	18,947
	<u>680,386</u>	<u>18,947</u>
Foreign tax		
Foreign tax on income for the year	22,212	15,777
Adjustments in respect of previous periods	-	(3,106)
Total current tax	<u>702,598</u>	<u>31,618</u>
Deferred tax		
Origination and reversal of timing differences	85,370	556,623
Adjustments in respect of previous periods	(4,631)	(58,592)
Changes to tax rates	(12,912)	(4,705)
Total deferred tax	<u>67,827</u>	<u>493,326</u>
Taxation on profit on ordinary activities	<u>770,425</u>	<u>524,944</u>

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed on the profit/(loss) on ordinary activities for the year is different from the standard rate of tax in the United Kingdom of 19% (2018: 19%). The difference is reconciled below:

	2019 £	2018 £
Profit on ordinary activities before tax	4,011,417	2,840,150
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	762,169	539,629
Effects of:		
Expenses not deductible for tax purposes	3,587	16,994
Fixed asset timing differences	-	-
Adjustments to tax charge in respect of prior periods	(4,631)	11,136
Other differences leading to changes in the tax charge	(12,912)	(58,592)
Unrelieved foreign tax	22,212	15,777
Total tax charge for the year	770,425	524,944

Factors that may affect future tax charges

The main rate of corporation tax for the current financial year is 19%. At the balance sheet date, a reduction in the main rate to 17% as from 1 April 2020 had been enacted in UK law. However, in March 2020, the UK Government resolved to retain the main rate of corporate tax at 19% from 1 April 2020.

CHARLES RIVER DEVELOPMENT LIMITED

10. Tangible Fixed Assets

	Leasehold Improvements	Fixtures & Fittings	Office Equipment	Computer Equipment	Total
Cost or valuation					
At 1 January 2019	428,465	120,457	48,477	294,679	892,078
Additions	-	-	-	95,140	95,140
Disposals	-	-	-	(7,031)	(7,031)
At 31 December 2019	<u>428,465</u>	<u>120,457</u>	<u>48,477</u>	<u>382,788</u>	<u>980,187</u>
Depreciation					
At 1 January 2019	402,998	79,114	39,712	232,269	754,092
Charge for the year	6,002	7,645	2,337	53,847	69,831
Disposals	-	-	-	(2,767)	(2,767)
At 31 December 2019	<u>409,000</u>	<u>86,759</u>	<u>42,049</u>	<u>283,349</u>	<u>821,157</u>
Net Book Value					
At 31 December 2019	<u>19,465</u>	<u>33,698</u>	<u>6,428</u>	<u>99,439</u>	<u>159,030</u>
At 31 December 2018	25,467	41,343	8,766	62,410	137,986

CHARLES RIVER DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)**

11. Debtors

	2019 £	2018 £
Due after more than one year		
Deferred tax asset	37,295	105,122
	<u>37,295</u>	<u>105,122</u>
Due within one year		
Trade debtors	2,447,897	2,511,044
Amounts owed by group undertakings	1,812,593	8,691,820
Other debtors	25,720	54,492
Prepayments and accrued income	857,208	656,270
Corporation tax recoverable	-	250,000
	<u>5,180,713</u>	<u>12,268,748</u>

Amounts due by group undertakings are unsecured, interest free and due on demand.

12. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	9,575,134	3,382,843

13. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	1,122
Amounts owed to group undertakings	407,722	2,976,511
Other taxation and social security	512,222	481,157
Other creditors	124,005	199,594
Corporation tax	136,441	-
Accruals and deferred income	<u>2,116,728</u>	<u>2,211,326</u>
	<u>3,297,118</u>	<u>5,869,172</u>

CHARLES RIVER DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)**

14. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Liability for cash-settled share-based payments	57,590	59,626
Deferred rent liability	768,982	679,255
	<u>826,572</u>	<u>738,881</u>

15. Financial Instruments

	2019 £	2018 £
Financial assets		
Cash	9,575,134	3,382,843
Financial assets measured at amortised cost	<u>4,610,193</u>	<u>8,997,242</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,240,735)</u>	<u>(2,053,387)</u>

Financial assets measured at amortised cost comprise accrued income, amounts owed by group undertakings, other debtors and trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

16. Deferred taxation

	2019 £	2018 £
At beginning of year	105,122	598,448
Charged to the profit or loss	<u>(67,827)</u>	<u>(493,326)</u>
At end of year	37,295	105,122

CHARLES RIVER DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)**

16. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(628)	(6,365)
Deferred tax in relation to share-based payments	-	10,136
Other timing differences	37,923	101,351
	<u>37,295</u>	<u>105,122</u>

17. Reserves

Profit & loss account

The profit and loss account includes all current and prior period retained surpluses and deficits.

18. Share capital

	2019 £	2018 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
100,000 Ordinary shares of £0.01 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution rights, including on winding up. They do not confer any rights of redemption.

19. Share based payments

Cash-settled share-based payments

The ultimate parent company issued to certain employees, 175,900 phantom stock units that require the Company to pay the vested portion of the intrinsic value of the units to the employee at the date of exercise. At 31 December 2019, the Company had recorded liabilities of £57,590 (2018: £59,626). The sale of the Company to State Street Corporation qualified as a triggering event under Section 4 of the Phantom Plan document. As a result of the transaction, the per unit price was determined by the Board of Directors to be \$160.30. The units were paid out upon the closing of the transaction according to Section 5.4 of the Plan. As of 31 December 2019, there are 371.97 (2018: £371.97) Phantom Units outstanding.

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019 (CONTINUED)

20. Pension commitments

The Company contributes to a defined contribution pension scheme. During the year the Company made contributions to the scheme of £829,426 (2018: £440,332). A balance of £31,835 (2018: £78,419) was payable to the scheme at the year end and is included in accruals.

21. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	553,968	209,278
Later than 1 year and not later than 5 years	3,323,808	2,769,850
Later than 5 years	91,314	1,328,337
	<u>3,969,090</u>	<u>4,307,465</u>

21. Controlling party

The immediate parent undertaking of this company Charles River Holdings International Ltd, incorporated in UK. State Street Bank & Trust is the ultimate parent company and controlling party, incorporated in USA.

22. Post balance sheet events

The COVID-19 pandemic is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the assets and liabilities as at 31 December 2019. For further discussion concerning the members' assessment of the COVID-19 pandemic and its impact on the Company refer to note 2.2.