

Registered number: 03944511

CHARLES RIVER DEVELOPMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



CHARLES RIVER DEVELOPMENT LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| Directors | John Plansky Lou Maiuri (resigned 13/03/2020) James Robert Lowry Spiros Giannaros (appointed 13/03/2020) |
| 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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CHARLES RIVER DEVELOPMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic Report for Charles River Development Limited (the "Company") for the year ended 31 December 2020. The company is a wholly owned subsidiary of Charles River International Holdings Ltd. (the "Parent").

Business Review

In 2020 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 7% to £28,464,404 from £26,481,759 in 2019 while profit for the year before taxation, increased by 38% to £5,525,261 from £4,011,417 in 2019, largely due to increase in intercompany consulting expense. The revenue increase is primarily due to intercompany consulting being included under the new transfer pricing policy.

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 increased by 34% and total liabilities increased by 45%. The increase in assets is due to cash settlement from transfer pricing arrangements, while the increase in liabilities is due to accrued incentive being settled annually as opposed to semi-annual in prior year. This value includes leveraging the Company's market knowledge and its unique expertise in the industry.

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

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

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.

Liquidity Risk

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

Operational Risk

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

CHARLES RIVER DEVELOPMENT LIMITED

Financial and regulatory risk management and objectives (continued)

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

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

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

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 2020 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.

Reputational risk

Our name, reputation and the trust placed in us by existing and potential clients are key factors in our ability to retain existing business and win new business. Always acting in the best interests of our clients is central to everything that we do. To deliver on this, we ensure we have appropriate systems, controls and risk practices in place to manage our business in an efficient manner to the benefit of our clients.

Political risk

The UK left the EU Single Market and Customs Union on 1 January 2021, and the UK became a third country to the EU. While the Brexit trade agreement was signed on 24 December 2020, there is uncertainty related to the UK financial services sector and its future trading with the EU counterparts.

In the absence of clarity, and like many of our peers, we are planning for a Free Trade Agreement (FTA) based on World Trade Organisation (WTO) rules scenario, namely that the UK will give up full access to the EU's single market and Customs Union. For the Financial Services sector, this is expected to result in the loss of some passporting privileges (i.e., the right for the UK to do business in the EU and vice-versa) but some services will still be permitted to be delegated back to the UK.

The EU and the UK reached an agreement on a joint declaration on financial services which sets out the intention to establish structured regulatory cooperation arrangements by spring 2021. A Memorandum of Understanding between the UK and EU on Financial Services to define the future relationship is expected. The Board has considered the risks of the current situation:

Market risk and operational risk of Brexit have abated given the trade deal is in place and the transition period has ended.

Legal risk: Whilst at this stage, the UK's regulatory regime is aligned with the EU, it is conceivable 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, including as and when the Memorandum of Understanding is published.

CHARLES RIVER DEVELOPMENT LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Covid impact

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 it in good stead to come out of this pandemic in a positive position.

Impact of Revenue

The Company continues to carry on business as usual during the pandemic with minimal impact on client deliverables and revenue. Service revenue remains stable and utilization and billability remain strong.

Performance of stress testing and other procedures

We confirm that no decision to liquidate or cease trading of the Company has been authorised as at the date of approval of the financial statements. There are no known circumstances that would indicate a threat to Company's continued activity; the Company will continue to prepare financial statements under the going concern basis. Therefore, no adjustments to the carrying amounts presented in Company's financial statements as well as classification of assets and liabilities are required

Operational

The Company implemented work from home arrangements for its staff during the pandemic, and its operations, governance and oversight framework continue to operate effectively. Senior management and the Board of Directors are aware of the impact the pandemic and lockdowns could be having on staff wellbeing but have not seen significant impact on deliverables as a result. 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 the Company will continue to evaluate and monitor market conditions and its client base for impacts. Return to office plans have been prepared for implementation in 2021 dependent on government advice. This situation is mirrored across the State Street group.

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



James Robert Lowry
Director

Date: 25 August 2021

CHARLES RIVER DEVELOPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020. 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 State Street Alpha Data Platform (ADP) 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. ADP 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 the ADP by maintaining offices devoting its full business time and efforts to promote and support the activities of the business unit. The Company performs this by actively soliciting and encouraging continued demand for Products by dealers, Customers, and end users, developing and coordinating a network of sales representatives for the Products and providing a competent and fully trained sales, account implementation and technical support organization.

Results and dividends

The profit for the year, after taxation, amounted to £4,737,906 (2019: £3,240,992).

Interim dividends of £1,581,403 (2019: £1,630,789) were paid during the year to the Parent. The directors recommend that no final dividend be paid (2019: nil).

Directors

The directors who served during the year were:

John Plansky
Lou Maiuri (resigned 03/13/2020)
James Robert Lowry
Spiros Giannaros (appointed 03/13/2020)

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to market, credit, liquidity, operational, regulatory, reputational and political risk (including the impact of COVID-19 pandemic) are described in the Principal Risks and Uncertainties section of the Strategic Report. The Company has considerable financial resources and as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully in the future.

The Board has considered the going concern assessments and concluded that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. They have reviewed income and expense projections and have considered any potential impact of the COVID-19 pandemic and the mitigating measures which the Company and the State Street Group have in place to maintain the Company's operational resilience.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period to 31 May 2022, being a period of at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Post Balance Sheet Events

The Directors have evaluated the period since the year end and, other than the Brexit matter disclosed in the Political risk section of the Strategic Report, have not noted any subsequent events that require disclosure.

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.

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Directors' Report (continued)

Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware.

Having made enquiries of fellow directors and the Company's auditor, each Director has taken all the steps that they ought to have taken as a director in order to make themselves 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: 25 August 2021

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 year ended 31 December 2020 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 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 2020 and of its profit for the year then ended; have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 31 August 2022, being a period of at least twelve months from the date the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006.
- We understood how Charles River Development Limited is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed minutes of meetings of the Board of Directors and the UK Risk and Compliance Committees and gained an understanding of the Company's governance framework.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and considering the controls established to address risks identified to prevent or detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making inquiries of legal counsel, executive management, and internal audit, reviewing reporting to the Directors with respect to the application of the documented policies and procedures and reviewing the financial statements to ensure compliance with the reporting requirements of the Company.

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

Use of our report

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

DocuSigned by:

Ernst & Young LLP

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Poppy Proborespati (Senior statutory auditor)

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

London

27 August 2021

CHARLES RIVER DEVELOPMENT LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|--|------|--------------|--------------|
| Turnover | 4 | 28,464,404 | 26,481,759 |
| Administrative expenses | | (22,939,143) | (22,470,342) |
| Operating profit | 5 | 5,525,261 | 4,011,417 |
| Profit before tax | | 5,525,261 | 4,011,417 |
| Tax on profit | 8 | (787,355) | (770,425) |
| Profit after tax | | 4,737,906 | 3,240,992 |
| Retained earnings at the beginning of the year | | 10,790,187 | 9,179,984 |
| | | 10,790,187 | 9,179,984 |
| Distribution during the year | | (1,581,403) | (1,630,789) |
| Profit for the year | | 4,737,906 | 3,240,992 |
| Retained earnings at the end of the year | | 13,946,690 | 10,790,187 |

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of income and retained earnings. All Amounts are in respect of continuing activities.


The accompanying notes on pages 11 to 24 are an integral part of the financial statements.

CHARLES RIVER DEVELOPMENT LIMITED
REGISTERED NUMBER: 03944511

**STATEMENT OF FINANCIAL POSITION AS AT 31
DECEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|---|------|-------------|-------------|
| Fixed assets | | | |
| Tangible assets | 9 | 98,671 | 159,030 |
| | | 98,671 | 159,030 |
| Current assets | | | |
| Debtors | 10 | 6,870,357 | 5,180,713 |
| Cash at bank and in hand | 11 | 12,953,047 | 9,575,134 |
| | | 19,823,404 | 14,755,847 |
| Creditors: amounts falling due within one year | 12 | (5,138,484) | (3,297,118) |
| Net current assets | | 14,684,920 | 11,458,729 |
| Total assets less current liabilities | | 14,783,591 | 11,617,759 |
| Creditors: amounts falling due after more than one year | 13 | (835,901) | (826,572) |
| Net assets | | 13,947,690 | 10,791,187 |
| Capital and reserves | | | |
| Called up share capital | 17 | 1,000 | 1,000 |
| Profit and loss account | | 13,946,690 | 10,790,187 |
| | | 13,947,690 | 10,791,187 |

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


James Robert Lowry
Director

Date: 25 August 2021

The accompanying notes on pages 11 to 24 are an integral part of the financial statements..

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020

1. Authorisation of financial statements and general information

The financial statements of Charles River Development Limited for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 25 August 2021 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 the Ultimate Parent, a publicly traded company on NYSE (STT). The registered office of the Company is at 20 Churchill Place, Canary Wharf, London, E14 5HJ.

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 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 2020 (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 transfer pricing revenue from State Street Bank and Trust, the controlling parent, based upon the cost-plus mark-up model. The mark-up on costs is determined based on the Comparable Profits Method utilizing a net cost-plus mark-up on total costs as the profit level indicator. The policy will be reviewed from time to time in accordance with transfer pricing requirements.

2.4 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 | - 3-5 years straight line depending on asset |
| Computer | - 3-5 years straight line depending on asset |

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 2020 (CONTINUED)

2. Accounting policies(continued)

2.5 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.

2.6 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.

2.7 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.

2.8 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 2020 (CONTINUED)

2. Accounting policies(continued)

2.9 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.

2.10 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.

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020 (CONTINUED)

2. Accounting policies(continued)

2.11 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.

2.12 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.

2.13 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 2020 (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:

| | 2020 £ | 2019 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 21,390,412 | 14,300,269 |
| Rest of Europe | 5,791,939 | 10,335,312 |
| Rest of the world | 1,282,053 | 1,846,178 |
| | <u>28,464,404</u> | <u>26,481,759</u> |

Analysis of turnover by class:

| | 2020 £ | 2019 £ |
|-----------------------------------|-------------------|-------------------|
| Transfer Pricing | 13,728,452 | 10,365,355 |
| Implementation Consulting Revenue | 10,054,290 | 10,475,511 |
| FIX Connectivity | 3,960,726 | 4,344,799 |
| Other | 720,936 | 1,296,094 |
| | <u>28,464,404</u> | <u>26,481,759</u> |

Information Classification ** Limited Access

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

5. Operating profit

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

| | 2020 £ | 2019 £ |
|---------------------------------------|-----------|-----------|
| Depreciation of tangible fixed assets | 60,358 | 67,064 |
| Exchange differences | (111,674) | (520,857) |
| Other operating lease rentals | 433,113 | 366,151 |
| Defined contribution pension cost | 845,160 | 829,426 |

6. Auditor's remuneration

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Fees payable to the Company's auditor for the audit services | 118,711 | 92,549 |

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

7. Employees

Staff costs were as follows:

| | 2020 £ | 2019 £ |
|-------------------------------------|-------------------|-------------------|
| Wages and salaries | 12,545,315 | 12,414,770 |
| Social security costs | 1,612,074 | 1,614,175 |
| Cost of defined contribution scheme | 845,160 | 829,425 |
| | <u>15,002,549</u> | <u>14,858,371</u> |

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

| | 2020 No. | 2019 No. |
|--|-------------|-------------|
| | <u>109</u> | <u>106</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 (2019: £6,000).

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

8. Taxation

| | 2020 £ | 2019 £ |
|--|------------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | 1,234,880 | 680,386 |
| Adjustments in respect of previous periods | (39,808) | - |
| | <u>1,195,072</u> | <u>680,386</u> |
| Foreign tax | | |
| Foreign tax on income for the year | 15,585 | 22,212 |
| Total current tax | <u>1,210,657</u> | <u>702,598</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (245,115) | 85,370 |
| Adjustments in respect of previous periods | (178,187) | (4,631) |
| Changes to tax rates | - | (12,912) |
| Total deferred tax | <u>(423,302)</u> | <u>67,827</u> |
| Taxation on profit on ordinary activities | <u>787,355</u> | <u>770,425</u> |

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020 (CONTINUED)

8. 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% (2019: 19%). The difference is reconciled below:

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Profit on ordinary activities before tax | 5,525,261 | 4,011,417 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) | 1,049,799 | 762,169 |
| Effects of: | | |
| Expenses not deductible for tax purposes | (60,034) | 3,587 |
| Adjustments to tax charge in respect of prior periods | (217,995) | (4,631) |
| Other differences leading to changes in the tax charge | - | (12,912) |
| Foreign tax suffered | 15,585 | 22,212 |
| Total tax charge for the year | 787,355 | 770,425 |

Factors that may affect future tax charges

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, deferred tax has been calculated based on the prevailing rate of 19%. The estimated impact of the new 25% rate on the deferred tax asset would be £145,274.

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020 (CONTINUED)

9. Tangible fixed assets

| | Leasehold improvements | Fixtures & fittings | Office equipment | Computer equipment | Total |
|----------------------|---------------------------|------------------------|---------------------|-----------------------|-----------|
| £ | £ | £ | £ | | £ |
| Cost or valuation | | | | | |
| At 1 January 2020 | 428,464 | 120,458 | 48,477 | 382,788 | 980,187 |
| Disposals | (401,497) | (77,203) | (39,127) | (131,099) | (648,926) |
| -At 31 December 2020 | 26,967 | 43,255 | 9,350 | 251,689 | 331,261 |
| Depreciation | | | | | |
| At 1 January 2020 | 409,000 | 86,759 | 42,049 | 283,349 | 821,157 |
| Charge for the year | 5,992 | 7,634 | 2,337 | 44,395 | 60,358 |
| Disposals | (401,497) | (77,203) | (39,127) | (131,098) | (648,925) |
| At 31 December 2020 | 13,495 | 17,190 | 5,259 | 196,646 | 232,590 |
| Net book value | | | | | |
| At 31 December 2020 | 13,472 | 26,065 | 4,091 | 55,044 | 98,671 |
| At 31 December 2019 | 19,465 | 33,698 | 6,428 | 99,439 | 159,030 |

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020 (CONTINUED)

10. Debtors

| | 2020 £ | 2019 £ |
|------------------------------------|-----------------|-----------------|
| Due after more than one year | | |
| Deferred tax asset | 460,035 | 37,295 |
| | <hr/> 460,035 | <hr/> 37,295 |
| Due within one year | | |
| Trade debtors | 1,740,863 | 2,447,897 |
| Amounts owed by group undertakings | 3,874,540 | 1,812,593 |
| Other debtors | 115,505 | 25,720 |
| Prepayments and accrued income | 679,414 | 857,208 |
| | <hr/> 6,870,357 | <hr/> 5,180,713 |

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

11. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------------------|------------|-----------|
| Cash at bank and in hand | 12,953,047 | 9,575,134 |

12. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | - | 407,722 |
| Other taxation and social security | 427,073 | 512,222 |
| Other creditors | 1,445 | 124,005 |
| Corporation tax | 591,281 | 136,441 |
| Accruals and deferred income | <u>4,118,685</u> | <u>2,116,728</u> |
| | 5,138,484 | 3,297,118 |

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020 (CONTINUED)

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

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Liability for cash-settled share-based payments | 55,631 | 57,590 |
| Deferred rent liability | 780,270 | 768,982 |
| | <u>835,901</u> | <u>826,572</u> |

14. Financial instruments

| | 2020 £ | 2019 £ |
|--|--------------------|--------------------|
| Financial assets | | |
| Cash | 12,953,047 | 9,575,134 |
| Financial assets measured at amortised cost | <u>6,870,357</u> | <u>4,610,193</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(4,120,129)</u> | <u>(2,240,735)</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.

15. Deferred taxation

| | 2020 £ | 2019 £ |
|-------------------------------|----------------|---------------|
| At beginning of year | 37,295 | 105,122 |
| Charged to the profit or loss | 422,740 | (67,827) |
| At end of year | <u>460,035</u> | <u>37,295</u> |

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020 (CONTINUED)

15. Deferred taxation (continued)

The deferred tax asset is made up as follows:

| | 2020 £ | 2019 £ |
|--|----------------|---------------|
| Timing differences in relation to fixed assets | 12,960 | (628) |
| Other temporary differences | 447,075 | 37,923 |
| | <u>460,035</u> | <u>37,295</u> |

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, deferred tax has been calculated based on the prevailing rate of 19%. The estimated impact of the new 25% rate on the deferred tax asset would be £145,274.

16. Reserves

Profit & loss account

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

17. Share capital

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Shares classified as equity | | |
| Authorised, allotted, called up and fully paid 100,000 Ordinary shares of £0.01 each | 1,000 | 1,000 |

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.

18. 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 2020, the Company had recorded liabilities of £55,631 (2019: £57,590). 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 2020, there are 371.97 (2019: £371.97) Phantom Units outstanding.

CHARLES RIVER DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020 (CONTINUED)

19. Pension commitments

The Company contributes to a defined contribution pension scheme. During the year the Company made contributions to the scheme of £845,160 (2019: £829,426). A balance of £Nil (2019: £31,835) was payable to the scheme at the year end and is included in accruals.

20. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Not later than 1 year | 553,970 | 553,970 |
| Later than 1 year and not later than 5 years | 2,769,850 | 2,769,850 |
| Later than 5 years | 220,397 | 774,367 |
| | <u>3,544,217</u> | <u>4,098,187</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 Directors have evaluated the period since the year end and, other than the Brexit matter disclosed in the Political risk section of the Strategic Report, have not noted any subsequent events that require disclosure.