



# NORTHERN TRUST

## Northern Trust European Holdings Limited

### Directors' Report and Financial Statements

For the Year Ended 31 December 2016



Registered number: 5092129

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**Company Information**

**Directors**

Mr. C. Bellows  
Mr. S. David  
Mr. J. Davie

**Company secretary**

Mr. M. Wright

**Registered number**

5092129

**Registered office**

50 Bank Street  
Canary Wharf  
London  
E14 5NT  
United Kingdom

**Independent auditor**

KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

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**Strategic Report**  
**For the Year Ended 31 December 2016**

**Introduction**

The financial results of Northern Trust European Holdings Limited ("the Company") reflect the activities of the Company on an unconsolidated basis. The Company does not generate turnover from its activities and operating income represents foreign exchange gains and dividends earned from the Company's investments in its subsidiaries.

**Business review**

Northern Trust European Holdings Limited's strategy is to act as a holding company for its subsidiary undertakings and to continue to support the growth and development of the core activities undertaken by the subsidiaries, further developing relationships with existing clients and expanding its client base.

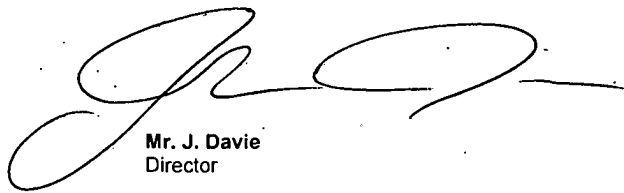
**Principle risks and uncertainties**

The principal risks and uncertainties continue to come from the complex regulatory environment in which its investments operate. The political and economic uncertainties resulting from United Kingdom's decision to exit the European Union are also being monitored.

**Financial key performance indicators**

The Company does not generate turnover from its activities and operating income represents foreign exchange gains and dividends earned from the Company's investments in its subsidiaries.

This report was approved by the and signed on its behalf,



**Mr. J. Davie**  
Director

Date: 22 September 2017

**Directors' Report  
For the Year Ended 31 December 2016**

The Directors present their report and the financial statements for the year ended 31 December 2016.

**Principal Activity**

The principal activity of the Company is to act as a holding company for its subsidiary undertaking: Northern Trust Luxembourg Management Company S.A. ("NTLMC"), which provides fund administration, investment management and distribution services; and The Northern Trust Company Saudi Arabia ("NTCOSA"), which provides custody, advisory and investment management services.

**Results and dividends**

The profit for the year, after taxation, amounted to \$7,479 (2015 : \$156,274).

**Financial risk management**

The Company's business activities are set out in the business review above. Other factors likely to affect its future development and position, are outlined within the Strategic Report. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. Consideration has been given to the financial position of the Company's ultimate parent, Northern Trust Corporation, as reported within the subsidiary undertakings Board's financial updates. The Directors have no reason to believe that a material uncertainty exists which may cast doubt on the ability of the Company to continue as a going concern or its ability to continue with its current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries of the directors of Northern Trust Corporation, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

**Financial resources and going concern**

The Company's business activities are set out in the principal activity review above. Other factors likely to affect its future development and position, are outlined within the Strategic Report. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. Consideration has also been given to the financial position of the Company's ultimate parent, Northern Trust Corporation. The annual ICAAP presented to the Directors of NTCOSA has also aided the formation of their opinion on the ongoing nature of its investment.

On the basis of their assessment of the Company's financial position and assurance from the Northern Trust Corporation that it will continue at all times to provide the Company with sufficient liquidity and funding to remain a going concern, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Company will continue to assess the uncertainties around the United Kingdom (UK) leaving the E.U. otherwise known as "Brexit". The Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Directors**

The Directors who served during the year were:

Mr. C. Bellows (appointed 24 July 2017)  
Mr. S. David  
Mr. J. Davie  
Mr. T. Glaysher (resigned 21 July 2017)

**Charitable and political donations**

The Company made no charitable or political donations during the year (2015: Nil).

**Future developments**

The Directors do not propose to make any significant change in the principal activities of the Company in the foreseeable future. The Directors are monitoring the political and economic uncertainties resulting from United Kingdom's decision to exit from the European Union.

**Disclosure of information to auditors**

Each of the persons who are Directors of the Company at the time when this Directors' Report is approved has confirmed that:

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

**Directors' Report (continued)**  
**For the Year Ended 31 December 2016**

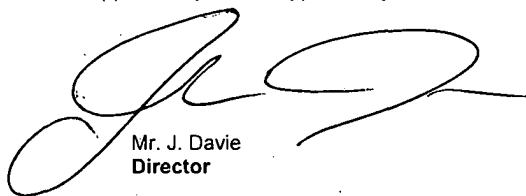
**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

Pursuant to an elective resolution passed by the sole shareholder of the Company, the Company has elected pursuant to Section 487 of the Companies Act 2006 to dispense with the annual obligation to appoint KPMG as auditor of the Company.

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



Mr. J. Davie  
Director

Date: 22 September 2017

**Directors' Responsibilities Statement  
For the Year Ended 31 December 2016**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the 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 judgments 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;
- 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. They have 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.



**KPMG**  
**Audit**  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN TRUST EUROPEAN HOLDINGS LIMITED**

We have audited the financial statements of Northern Trust European Holdings Limited ("the Company") for the year ended 31 December 2016 set out on pages 7 to 15 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the accompanying notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure Framework*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

### **Opinions and conclusions arising from our audit**

#### **1 Our opinion on the financial statements is unmodified**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

#### **3 We have nothing to report in respect of matters on which we are required to report by exception**

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of the above responsibilities.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN TRUST EUROPEAN HOLDINGS LIMITED (continued)**

### **Basis of our report, responsibilities and restrictions on use**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we have read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

Frank Gannon  
for and on behalf of  
**KPMG**

**Chartered Accountants, Statutory Audit Firm**  
1 Harbourmaster Place  
IFSC  
Dublin 1

22 September 2017

**Profit and Loss Account  
For the Year Ended 31 December 2016**

	Note	2016 \$	2015 \$
Turnover	2	-	15
Other operating expense	3	(13)	(22,185)
<b>Operating loss</b>		<b>(13)</b>	<b>(22,170)</b>
Income from shares in group companies	5	7,886	174,170
<b>Profit before tax</b>		<b>7,873</b>	<b>152,000</b>
Tax on profit	6	(394)	4,274
<b>Profit after tax</b>		<b>7,479</b>	<b>156,274</b>

The notes on pages 10 to 15 form part of these financial statements.

**Statement of Other Comprehensive Income  
For the Year Ended 31 December 2016**

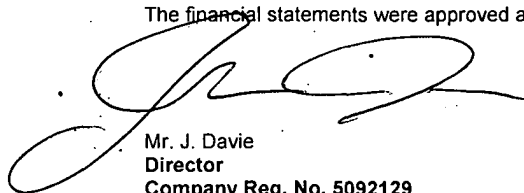
	Note	2016 \$	2015 \$
Profit for the financial year		7,479	156,274
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Foreign exchange loss on liquidation of subsidiary company		-	(12,811)
<b>Total comprehensive income for the year</b>		<b>7,479</b>	<b>143,463</b>

**Balance Sheet**  
**As at 31 December 2016**

	Note	2016 \$	2015 \$
<b>Fixed Assets</b>			
Investments	9	3,955,510	3,955,510
		<u>3,955,510</u>	<u>3,955,510</u>
<b>Current assets</b>			
Debtors	10	367,938	360,457
Current asset investments	11	34,666	34,666
Cash and cash equivalents		72,697	72,697
<b>Total current assets</b>		<u>475,301</u>	<u>467,820</u>
Creditors: Amounts falling due within one year	12	(566)	(564)
<b>Net current assets</b>		<u>474,735</u>	<u>467,256</u>
<b>Total assets less current liabilities</b>		<u>4,430,245</u>	<u>4,422,766</u>
<b>Net assets</b>		<u>4,430,245</u>	<u>4,422,766</u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Capital contribution		3,800,548	3,800,548
Foreign exchange reserve		(12,811)	(12,811)
Profit and loss account		642,408	634,929
		<u>4,430,245</u>	<u>4,422,766</u>

The notes on pages 10 to 15 form part of these financial statements.

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



Mr. J. Davie  
 Director  
 Company Reg. No. 5092129

Date: 22 September 2017

**Statement of Changes in Equity  
As at 31 December 2016**

	Called up share capital	Capital contribution	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2016	100	3,800,548	(12,811)	634,929	4,422,766
Profit for the year	-	-	-	7,479	7,479
At 31 December 2016	100	3,800,548	(12,811)	642,408	4,430,245

**Statement of Changes in Equity  
As at 31 December 2015**

	Called up share capital	Capital contribution	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2015	100	3,800,548	-	478,655	4,279,303
Profit for the year	-	-	-	156,274	156,274
Foreign exchange translation movement	-	-	(12,811)	-	(12,811)
At 31 December 2015	100	3,800,548	(12,811)	634,929	4,422,766

The notes on pages 10 to 15 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 31 December 2016****1. Accounting policies****1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

**1.2 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**1.3 Exemption from consolidation**

The Directors have adopted the provisions of The Companies Act 2006 in preparing these financial statements. Under section 401, sub-section 2 (b) and in accordance with the provisions of the Seventh Directive (83/349/EEC) as referred to within the Act, the Company is exempt from the requirement to prepare group financial statements, on the grounds that it is a wholly owned subsidiary. Therefore the Company's financial statements reflect the activities of the Company on an unconsolidated basis.

**1.4 Going concern**

On the basis of their assessment of the Company's financial position and assurance of liquidity support from the Northern Trust Corporation, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**1.5 Taxation**

Tax is recognised in the Profit and Loss Account, 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 balance sheet date in the countries where the Company operates and generates income.

**1.6 Foreign currency translation**

The Company's functional and presentational currency is the United States Dollar.

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.

**Notes to the Financial Statements  
For the Year Ended 31 December 2016**
**1. Accounting policies (continued)**
**1.7 Investment in Subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**1.8 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.

**1.9 Current asset investments**

Available for sale assets are measured at cost on the balance sheet.

**1.10 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.

**1.11 Related party transactions**

As a subsidiary undertaking of Northern Trust Corporation, the company has taken advantage of the exemption in FRS8 "related party disclosures" not to disclose transactions with other members of the group headed by Northern Trust Corporation.

**2. Turnover**

	2016 \$	2015 \$
Transfer pricing	-	15

Further details of Transfer pricing is provided in Note 4.

**3. Other operating expense**

	2016 \$	2015 \$
Foreign exchange loss	(13)	(22,185)
	(13)	(22,185)

**Notes to the Financial Statements  
For the Year Ended 31 December 2016**
**4. Transfer Pricing**

Transfer pricing generally refers to the determination of compensation for transactions conducted between commonly controlled taxpayers. The determination of an appropriate level of compensation is relevant for all transactions between affiliates for the provision of services, the utilisation of intellectual property and / or intercompany financing. This determination is made using an "arm's-length" standard that tests what would have occurred in comparable circumstances between comparable, unrelated taxpayers.

The Northern Trust Corporation group ("the Group") global transfer pricing methodology uses a residual profit split approach that allocates profit by providing appropriate recognition of each entity's contribution, revenues and expenses, its function in the Group, and its assets and risk profile. The framework also accounts for the fact that each Group service line may engage multiple affiliates to perform functions of varying complexity and value.

The residual profit split methodology framework starts with Group global revenue which is first used to reimburse most direct costs of affiliates with a routine margin. The remaining profit is then split into product related profit pools which are in turn allocated to affiliates, such as the Company, using product specific allocation keys. The allocation keys are reflective of the economics of the Group's lines of business. The determination of the allocation keys begins with an evaluation of the metrics that represent contributions made by the various entities with respect to each product line. Allocation keys will be reassessed periodically to ensure that these continue to be representative.

	2016 \$	2015 \$
<b>Profit and loss account</b>		
Amounts transferred to the global transfer pricing pool	-	(15)
	-	(15)

With effect from 2016, consistent with other Group financial holding companies, the Company has been excluded from the Group transfer pricing methodology as it does not have any clients or engage in a separate trade or business.

**5. Income from shares in group companies**

	2016 \$	2015 \$
Dividends received from investment in group companies	7,886	174,170
	7,886	174,170

On 28 June 2016 the Company received a dividend of SAR 29,575 (\$7,886) from the Northern Trust Company of Saudi Arabia (2015: SAR 16,246 (\$4,333)).

On 26 May 2015 the Company received a dividend of £105,770 (\$169,837) from Northern Trust Director Services (Guernsey) Limited ("NTDSGL").

**6. Taxation**

	2016 \$	2015 \$
<b>Corporation tax</b>		
Current tax credit on profits for the year	-	4,272
<b>Total current tax</b>	-	4,272
Tax withheld overseas	394	217
<b>Tax on profit on ordinary activities</b>	394	4,489

**Notes to the Financial Statements  
For the Year Ended 31 December 2016**
**6. Taxation (continued)**
**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%) The differences are explained below:

	2016 \$	2015 \$
Profit on ordinary activities before tax	7,873	152,000
Current tax at 20% (2015: at 20.25%)	1,575	30,780
<b>Effects of:</b>		
Profits not subject to taxation	(1,577)	(35,269)
Tax withheld overseas	394	217
Unutilised losses	3	-
<b>Total tax charge/(credit) for the year</b>	<b>394</b>	<b>(4,272)</b>

**7. Auditors' remuneration**

A fellow group undertaking, Northern Trust Management Services Limited ("NTMSL") paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2016 \$	2015 \$
<b>Auditors' remuneration</b>		
Audit fees for statutory audit	13,333	13,333
	<b>13,333</b>	<b>13,333</b>

**8. Directors' remuneration**

Directors' emoluments are allocated based on the apportionment of time incurred by Directors for services to the company. Directors are employed by another Northern Trust group entity and the company does not incur any charge for these costs.

	2016 \$	2015 \$
Directors' emoluments	13,147	20,819
Amounts receivable under long-term incentive schemes		
- Deferred cash compensation	2,712	3,330
- Long term restricted stock	3,337	3,957
Amount of money receivable under short-term incentive schemes	2,184	3,256
Company contributions to defined contribution pension plan	444	1,516
	<b>21,824</b>	<b>32,878</b>

The number of Directors who were members of the Company money purchase pension plan during the year was 3 (2015: 3). The number of Directors who exercised share options during the year was 0 (2015: 2). The number of Directors in respect of whose services shares were received or repayable under long term incentive schemes during the year was 3 (2015: 3).



**Notes to the Financial Statements  
For the Year Ended 31 December 2016**
**9. Fixed Asset Investments**

	2016 \$	2015 \$
Investment in Northern Trust Luxembourg Management Company S.A.	3,955,510	3,955,510
	<u>3,955,510</u>	<u>3,955,510</u>

As at 31 December 2016 the Company holds 2,376,968 shares (2015: 2,376,968 shares) in Northern Trust Luxembourg Management Company S.A. representing 99.04% of the 2,400,000 shares in issue at par value €1.25. The remaining 23,032 shares (2015: 23,032 shares) are held by Northern Trust Corporation.

No impairment of the investments in subsidiaries was charged in the year ended 31 December 2016 (2015: Nil).

**10. Debtors**

	2016 \$	2015 \$
Amounts owed by group undertakings	363,449	360,457
Accrued local taxes	4,489	-
	<u>367,938</u>	<u>360,457</u>

**11. Current asset investments**

	2016 \$	2015 \$
Investment in The Northern Trust Company Saudi Arabia	34,666	34,666
	<u>34,666</u>	<u>34,666</u>

As at 31 December 2016, the Company holds 13,000 ordinary shares (2015: 13,000) with a par value of SAR 10 in The Northern Trust Company Saudi Arabia representing 0.25% of the shares in issue.

**12. Creditors: Amounts falling due within one year.**

	2016 \$	2015 \$
Amounts owed to group undertakings	(566)	(564)
	<u>(566)</u>	<u>(564)</u>

**13. Called up share capital**

	2016 \$	2015 \$
Authorised, allotted, called up and fully paid		
100 Authorised, allotted, called up and fully paid shares of \$1 each	100	100
	<u>100</u>	<u>100</u>

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

**Notes to the Financial Statements  
For the Year Ended 31 December 2016**

**14. Accounting estimates and judgements**

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

**15. Risk management**

The nature of the Company's activities means that it has limited exposure to risk. Where risks arise, the Company utilises the framework from its ultimate parent, the Northern Trust Corporation ("NTC" or "Northern Trust"), which has a global structure and process for risk management. Local risk management, by the Company's Board and local risk oversight committees, uses this global corporate risk structure. Policies are validated and approved locally and the local risk organisation is structured to provide the Board with the necessary risk reporting and oversight to satisfy their responsibilities.

The Company's Board is responsible for monitoring compliance with the Company and group's risk management framework in relation to the risks faced by the Company. The Board is assisted in these functions by the Audit Services function of Northern Trust Corporation. Audit Services undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Northern Trust Corporation Audit Committee.

**16. Ultimate controlling party**

The Company is a subsidiary undertaking of Northern Trust Corporation, incorporated in the United States of America. The results of the Company are consolidated in the group that is headed by Northern Trust Corporation, incorporated in the United States of America. The consolidated accounts are available to the public and may be obtained from Northern Trust Corporation, 50 South LaSalle Street, Chicago, Illinois, 60603.

**17. Post balance sheet events**

No events occurred post balance sheet that require disclosure in the financial statements.