AMP Capital Investors (UK) Limited

Company Registration Number: 05524536

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Financial statements

for the year ended 31 December 2020

General information

Directors:	Emma Haight Simon Joiner Bodhisattwa Pahari
Secretary:	Clyde & Company LLP
Registered Office:	6th Floor Berkeley Square House Berkeley Square London W1J 6BX
Solicitors:	Clyde & Company LLP The St Botolph Building 138 Houndsditch London EC3A 7AR United Kingdom
Auditor:	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY United Kingdom
Bank Details:	JP Morgan Chase Bank, N.A. UK Chaseside, Bournemouth Dorset, BH7 7DA, United Kingdom HSBC Bank PLC 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland

Report of Directors

for the year ended 31 December 2020

Company registration number 05524536

The directors present their report on AMP Capital Investors (UK) Limited (the Company) for the financial year ended 31 December 2020. The Company was incorporated as a limited company on 1 August 2005 under the Companies Act 1985 (since superseded by the Companies Act 2006).

Future outlook and going concern

The COVID-19 pandemic has led to significant volatility and declines in the global financial markets. The global impact of the outbreak is rapidly evolving. It is uncertain how long this volatility will continue. Management of the Company are monitoring the spread of COVID-19 and its impact on the Company's operations, financial position and performance. Management has performed a COVID-19 impact analysis as part of its going concern assessment using information available to the date of issue of these financial statements.

Having performed this analysis, management believes regulatory capital requirements will continue to be met and the Company to have sufficient liquidity to meet its liabilities for 12 months from the date of approval of these financial statements and that the preparation of the financial statements on a going concern basis remains appropriate.

On 31 December 2020, the UK government and European Union agreed how their future relationship will be defined on "Brexit". This does not impact the Company's current revenue model. The Company will continue deriving service revenue and investment management fee and commitment fee revenue from existing funds. The Management considers the Company's going concern assumption is appropriate.

Directors and their interests

The names of the directors of AMP Capital Investors (UK) Limited during the financial year and until the date of this report are:

David Allen (Resigned 27 August 2020)
Emma Haight
Simon Joiner
Bodhisattwa Pahari

The directors did not have a material interest in any contract or arrangement during the year to which the Company was a party.

Indemnification and insurance of directors and officers

Under its Constitution, the Company indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by the AMP Limited Board.

During, and since the end of, the year ended 31 December 2020, AMP Limited (the Company's ultimate parent company) maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Company) against certain liabilities (including legal costs) as permitted by the Corporations Act 2001. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

In addition, AMP Group Holdings Limited ("AMPGH") and each of the current and former directors and secretaries of the Company are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to Board papers and specified records of the Company (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person.
- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary of the Company, or of another AMP group company or, an AMP representative of an external company; and
- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

Report of Directors

for the year ended 31 December 2020

Indemnification of auditors

To the extent permitted by law, the company has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from breach or any negligent, wrongful or willful act or omission by or of Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2020.

Events occurring after the reporting date

On 23 April 2021, AMP Limited, the ultimate parent entity of the Company, announced its intention to pursue a demerger of its private markets businesses of infrastructure equity, infrastructure debt, and real estate ("Private Markets"). The targeted timeline is for the demerger to completed in 2022. This does not impact the Company's 2020 financial results.

At the date of this report, the directors are not aware of any other matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the Company's operations in future years; the results of those operations in future years; or the Company's state of affairs in future years which is not already reflected in this report.

Disclosure of information to auditors

So far as each person who is a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware and the directors have taken all steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office and in accordance with section 485 of the Companies Act 2006, a resolution that they be re-appointed at a fee to be fixed by the directors will be proposed and approved by the Board.

By order of the board

Simon Joiner

Director
23 April 2021, London

Strategic report
for the year ended 31 December 2020

Business review and principal activities
The principal activities of the Company during the year ended 31 December 2020 were the provision of investment management services to other entities within the AMP Group.

The principal activity of the Company, which is a wholly owned subsidiary of AMP Capital Investors International Holdings Limited, is to provide discretionary investment management services to a separately managed account and portfolio management and investment advisory services to pooled investment funds. The Company has been authorised as a full-scope Alternative Investment Fund Manager (AIFM) under the Alternative Investment Fund Managers Directive (Directive (2011/61/EU)). The Company has been regulated by the Financial Conduct Authority (FCA) (previously the Financial Services Authority) since 15 December 2006.

The Company is the AIFM of the following funds (collectively, AIFs):
- AMP Capital Global Infrastructure Fund (Non-EU), LP
- AMP Capital Global Infrastructure Fund (Non-EU), B LP
- AMP Capital Strategic Infrastructure Trust of Europe (EUR) SICAV – SIF

The Company has been appointed Portfolio Manager of the following AIFs:
- AMP Capital Global Infrastructure Fund (Non-US) LP
- Global Infrastructure Fund II (GIF II)

The Company has been appointed Infrastructure Manager of the following AIF:
- AMP Capital Irish Infrastructure Fund

The Company has been appointed Investment Manager for the following separately managed account:
- United Nations Relief and Works Agency (UNWRA)

The result for the year ended 31 December 2020 was a net profit after tax of £26,816,439 (2019 restated: £32,376,058). Net assets are £27,984,521 (2019 restated: £45,457,185). Net profit after tax and net assets for the year ended 31 December 2019 were restated to reflect the correction of a prior year error, refer to Note 1(p) for details.

Principal risks and uncertainties
Regulatory risk
The Company is regulated by the FCA and as such, the standards imposed by the FCA are subject to continuous review and any new directives may result in a change of reporting. In addition, compliance imposes costs and failure to comply with the standards could materially affect the Company's ability to operate. We are required by law and regulations to make specified disclosures of our risk management objectives and policies, our capital resources as well as disclosure of information about specified risks and remuneration. We have prepared disclosures to meet our obligations which can be found at www.pillar3.eu/ACI1000314.

Other risks
From the perspective of the Company, the remaining principal risks and uncertainties are integrated with the principal risks of the AMP Group and are not managed separately. These include risks associated with business, employee and business partner conduct, competitor and customer environment, cyber security threats and COVID-19 pandemic. The principal risks and uncertainties of the AMP Group, which include those of the Company, are discussed in the AMP Group's annual report, which produces financial statements available for public use.

The Company is primarily exposed to credit risk, liquidity risk and foreign currency risk. Details of these risks are set out in note 14 of the financial statements.

Key performance indicators (KPIs)
The Company's key performance indicator is the net profit after tax. The results for the Company are a net profit after tax of £26,816,439 for the year (2019 restated: £32,376,058).

Share capital
Details of the movements in share capital are set out in note 11 of the financial statements.

Dividends
During the year, the Company paid an interim dividend of £42,673,751(2019: £Nil) and £Nil final dividend (2019: £Nil). The interim dividend comprises of:
- GBP 18,892,896 in August 2020 (629.76 cents per share)
- GBP 23,780,855 in December 2020 (792.70 cents per share)

Section 172 (1) Statement
The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its member as a whole, and in doing so had regard, amongst other matters, to:

- The likely consequences of any decision in the long term;

Strategic report

for the year ended 31 December 2020

Section 172 (1) Statement (Continued)

- The interests of the company's employees;
- The need to foster the company's business relationship with suppliers, customers and others;
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The Company's success is the driving factor behind all the decisions made by the Board. Decision making processes are structured to enable directors to evaluate the merit of proposed business activities and the likely consequences of its decisions over the short, medium and long term.

The Company key stakeholders are the investors of the AIFs it manages, its parent entity (AMPCIIH), its employees and the regulator (FCA).

Stakeholders	Importance	Engagement	Principal Decision made during the year and impact on the stakeholders
Investors of AIFs	Satisfaction from investors of AIFs has a significant impact on the Company's current and future profitability	Communications (including funds' performance) to investors are provided on a quarterly basis. Any regulatory changes impacting the funds are also monitored and investors are informed as they occur. Key investors are part of Limited Partners Committee which approve all key fund related decisions or structural changes.	All funds operated per the rules set out in the Funds Limited Partners Agreements. Decisions made during the year were business as usual decisions, no other principal decisions to report. Engagement with investors was not interrupted by COVID-19.
AMPCIIH	Continue support from the parent entity on the Company's capital policy is vital to the Company's long-term growth and expansion.	Ongoing conversations between AMPCIIH and the Company, involving personnel from the business, finance, tax and legal teams etc.	Dividend was declared to the extent not jeopardizing the required capital to support further business growth.
Employees	The Company's long-term success relies on the commitment of the employees to our purpose and demonstration of the Company's values on a daily basis. Hence, it is important that the Company can continue to attract, motivate and retain high calibre executives; as well as fostering an environment that employees are happy to work in and that best supports their well-being.	The remuneration package is reviewed against external market data provided by independent professional consultants. The employees also participate in various employee surveys conducted by its parent entity; survey results are reviewed by senior management and discussed with employees.	High proportion of total annual compensation to senior executives continued to be in the form of variable bonus payments. All permanent employees of the Company were able to participate the new AMP Employees Share Plan. Employees were allowed to work from home adhering to the guidance by the UK Government on response to COVID-19. Collaboration among employees remained effective.
FCA	The Company is a full-scope AIFM	Various returns as prescribed by FCA are lodged online via Gabriel.	No change in the reporting process. There were not any breaches noted in 2020.

Signed by

Simon Joiner

Director

23 April 2021, London

Directors' responsibilities statement

for the year ended 31 December 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 Company's financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 group and the company and of the profit or loss of the group and the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are responsible and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirement in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- in respect of the group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which 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 Company financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm, to the best of their knowledge:

- the accounts, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- Report of the Directors includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

AMP CAPITAL INVESTORS (UK) LIMITED
COMPANY REGISTRATION NUMBER: 05524536

FINANCIAL STATEMENTS
31 DECEMBER 2020

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Statement of comprehensive income

for the year ended 31 December 2020

	Note	2020	(Restated) 2019
		£	£
Fee revenue	3a	85,407,563	86,473,563
Other income	3b	8,632,438	5,600,275
Operating expenses	4 (restated)	(60,713,419)	(51,626,580)
Finance costs	4c	(574,121)	(127,640)
Profit before corporation tax		32,752,461	40,319,618
Tax expense	5a (restated)	(5,936,022)	(7,943,560)
Net profit after corporation tax		**26,816,439**	**32,376,058**
Total comprehensive income for the year		**26,816,439**	**32,376,058**

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 5 to 21 form an integral part of these financial statements.

AMP Capital Investors (UK) Limited

Statement of financial position
for the year ended 31 December 2020

	Note	2020 £	*(Restated)* 2019 £
Assets			
Current assets			
Cash and cash equivalents	12(b)	27,291,184	20,430,961
Receivables	6	37,897,948	64,941,804
Prepayments		526,761	477,780
Current tax assets		1,665,071	-
Total current assets		**67,380,964**	**85,850,545**
Non-current assets			
Property, plant and equipment	7	4,842,291	404,191
Right of use assets	13 (restated)	15,044,714	16,979,534
Deferred tax assets	5c (restated)	3,321,046	2,810,754
Total non-current assets		**23,208,051**	**20,194,479**
Total assets		**90,589,015**	**106,045,024**
Liabilities			
Current liabilities			
Payables	8	9,018,520	9,193,540
Provisions	9 (restated)	27,137,225	21,941,716
Current tax liabilities		-	5,058,123
Lease Liabilities	13	973,000	345,753
Total current liabilities		**37,128,745**	**36,539,132**
Non-current liabilities			
Provisions	9 (restated)	9,174,212	7,614,187
Lease liabilities	13	16,065,385	16,434,520
Deferred tax liabilities	5d	236,152	-
Total non-current liabilities		**25,475,749**	**24,048,707**
Total liabilities		**62,604,494**	**60,587,839**
Net assets		**27,984,521**	**45,457,185**
Equity			
Contributed equity	11	3,000,000	3,000,000
Reserves		143,793	1,759,145
Retained earnings		24,840,728	40,698,040
Total equity		**27,984,521**	**45,457,185**

The notes on pages 5 to 21 form an integral part of these financial statements. The financial statements were authorised for issue by the directors on 23 April 2021 and were signed on its behalf by:

Simon Joiner

Director
23 April 2021, London

AMP Capital Investors (UK) Limited

Statement of changes in equity

for the year ended 31 December 2020

	Note	Contributed equity £	Foreign currency translation reserve £	Share-based payments reserve £	Retained earnings £	Total £
Balance as at 1 January 2020		3,000,000	81,441	1,677,704	40,698,040	45,457,185
Currency translation adjustments		-	62,352	-	-	62,352
Total comprehensive income for the year		-	-	-	26,816,439	26,816,439
Other changes in equity						
Reclassification to provision for employee entitlements (Note 1(p))		-	-	(1,677,704)	-	(1,677,704)
Dividends paid	10	-	-	-	(42,673,751)	(42,673,751)
Balance as at 31 December 2020		3,000,000	143,793	-	24,840,728	27,984,521

	Note	Contributed equity £	Foreign currency translation reserve £	Share-based payments reserve £	(Restated) Retained earnings £	Total £
Balance as at 1 January 2019		3,000,000	159,562	1,272,235	8,321,982	12,753,779
Currency translation adjustments		-	(78,121)	-	-	(78,121)
Total comprehensive income for the year		-	-	-	32,376,058	32,376,058
Other changes in equity						
Increase due to share-based payment expense during the year	15(a)	-	-	747,930	-	747,930
Decrease due to settlement		-	-	(342,461)	-	(342,461)
Balance as at 31 December 2019 (restated)		3,000,000	81,441	1,677,704	40,698,040	45,457,185

The notes on pages 5 to 21 form an integral part of these financial statements.

AMP Capital Investors (UK) Limited

Statement of cash flows

for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash receipts from customers in the course of operations		121,084,904	55,640,743
Interest and other items of a similar nature received	3(b)	1,560	13,246
Cash payments to suppliers in the course of operations		(53,513,280)	(40,970,533)
Finance costs		(36,761)	(15,080)
Corporation tax paid		(12,933,356)	(7,572,128)
Cash flows from operating activities	12(a)	**54,603,067**	**7,096,248**
Cash flows from investing activities			
Payments to acquire property, plant and equipment	7	(5,051,360)	(50,598)
Cash flows used in investing activities		**(5,051,360)**	**(50,598)**
Cash flows from financing activities			
Dividends paid	10	(42,474,588)	-
Lease Payment	13	(279,248)	(763,753)
Cash flows used in financing activities		**(42,753,836)**	**(763,753)**
Net increase/(decrease) in cash and cash equivalents		**6,797,871**	**6,281,897**
Balance at the beginning of the year		20,430,961	14,227,186
Effect of foreign exchange rate changes on cash balances		62,352	(78,122)
Balance at the end of the year	12(b)	**27,291,184**	**20,430,961**

The notes on pages 5 to 21 form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2020

1. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of AMP Capital Investors (UK) Limited which include its branches in Ireland and Dubai comply with international accounting standards in conformity with the provisions of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. The financial statements are presented in sterling, the Company's functional currency.

New and amended accounting standards adopted by the AMP Capital Investors (UK) Limited
A number of new accounting standards and amendments became effective from 1 January 2020. They are not applicable to the Company.

New Accounting Standards issued but not yet effective
A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by the AMP Capital Investors (UK) Limited in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the AMP Capital Investors (UK) Limited.

(b) Cash and cash equivalents

For the purpose of the Statement of financial position, cash comprises cash on hand that is available on demand and deposits held at call with financial institutions. Cash on hand, deposits at call and bank overdrafts are carried at fair value, being the principal amount.

For the purposes of the Statement of cash flows, cash comprises cash on hand that is available on demand, deposits held at call with financial institutions and other highly liquid investments not subject to significant risk of change in value with short periods to maturity (less than 3 months), net of outstanding bank overdrafts.

(c) Receivables

The Company's receivables are measured at amortised costs, less any allowance for expected credit losses (ECLs).

The Company adopts a simplified approach in calculating ECLs for receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(d) Property, plant and equipment

Plant and equipment are initially measured at cost, including transaction costs. It is subsequently measured at cost less any accumulated depreciation and accumulated impairment losses.

Each item of plant and equipment is depreciated on a systematic basis over its useful life. Furniture and computers are depreciated over their useful life of 5 years; fittings are depreciated over the useful life of 8 years.

(e) Corporation tax

Corporation tax
Corporation tax expense is the tax payable on taxable income for the current period based on the corporation tax rate, adjusted by changes in deferred tax assets and liabilities attributable to: (i) temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts, and (ii) unused tax losses.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred tax asset or liability is measured at the tax rates expected to apply when the related assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted at the end of the reporting period.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other

Notes to the financial statements

for the year ended 31 December 2020

1. Summary of significant accounting policies (continued)

(e) Corporation tax (continued)
than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The tax impact on income and expense items recognised directly in equity is also recognised directly in equity.

(f) Payables

Payables are financial liabilities and are measured at fair value. Given the short-term nature of most payables, the nominal amount approximates fair value.

(g) Provisions

Provisions are recognised when:
- the Company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time-value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate. This rate reflects the current market assessments of the time-value of money and, where appropriate, the risks specific to the liability.

Employee entitlements
Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include salaries and wages, annual leave and long service leave.

Liabilities arising in respect of salaries and wages, annual leave and other employee entitlements expected to be settled within twelve months of the reporting date, are measured at nominal amounts.

(h) Borrowings

All borrowings are financial liabilities and are initially recognised at fair value. Initial fair value is calculated net of directly attributable transaction costs.

Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the contract using the effective interest rate method.

(i) Contributed equity

Issued capital in respect of ordinary shares is recognised as the fair value of consideration received. Ordinary shares have £1 par value.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. Revenue is recognised for the following business activities as follows:

Fee income and other revenue
Fees are charged to customers in connection with investment contracts and other financial services contracts. Revenue is recognised as services are provided either at inception of the contract or as they are performed over the life of the contract. For example, fees for ongoing investment management services and other services provided are charged on a regular basis and are recognised as the service is provided.

Fees charged for performing a significant act in relation to the funds managed by the Company are recognised as revenue when that act has been completed. Fee rebates provided to customers are recognised as a reduction in fee revenue. Expenses recovered from the funds the Company manages are recognised as other revenue. The nature of these recoveries includes professional fees and travel expenses.

1. Summary of significant accounting policies (continued)

(j) Revenue Recognition (continued)

Interest income
Interest income is recognised in profit or loss on an accruals basis when the Company obtains control of the right to receive revenue.

(k) Foreign currencies

Functional and presentation currency
Items provided in the financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The functional currency and presentation currency of the Company is sterling.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences resulting from translation of foreign branches are initially recognised in the foreign currency translation reserve and subsequently transferred to profit or loss on disposal of the foreign operation.

(l) Leases

The Company recognises a right of use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured based on the present value of future lease payments, plus initial direct costs and restoration costs of the underlying asset, less any lease incentives received. The ROU asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. The ROU asset is tested for impairment if there is an indicator and is adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of future lease payments discounted using the Company's incremental borrowing rate. Lease payments generally include fixed payments and variable payments that depend on an index, e.g. CPI. A lease liability is remeasured when there is a change in future lease payments from a change in an index, or if the Company's assessment of whether an option will be exercised changes.

Interest expense on lease liability is recognised within finance costs in the income statement.

The Company has elected not to recognise ROU assets and lease liabilities for leases where the lease-term is less than or equal to 12- months. Payments for such leases are recognised as an expense on a straight-line over the lease term.

(m)Share-based payments

During the year, the Company corrected its accounting treatment in respect of share based payments - refer to Note 1(p) for further information.

AMP Limited (the ultimate parent of the Company) issues performance rights, restricted shares and other equity instruments to employees of the Group as a form of share-based compensation. This share-based compensation includes share bonus rights offered to employees in overseas domiciles (such as the UK) when it is not possible or tax-efficient to grant performance rights, share rights or restricted shares.

Share-based compensation to employees is an expense in respect of the services received and is recognised in profit or loss over the vesting period of the instrument. There is an equivalent increase in provision for employee bonuses (a liability), which is measured at fair value.

This liability is remeasured at the end of each reporting date and at the date of settlement, by reference to the share price of AMP Limited, with any changes in fair value recognised in profit or loss for the period.

Where the terms share-based payment are modified and the expense change as a result of the modification, then the change is recognised through profit or loss over the remaining vesting period.

Expenses for awards that do not ultimately vest are reversed in the period in which the instrument lapses, except for awards where vesting is conditional upon a market condition in which case no reversal can be recognised.

Notes to the financial statements
for the year ended 31 December 2020

1. Summary of significant accounting policies (continued)

(n) Netting

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. No financial assets and liabilities were netted in these financial statements.

(o) Going concern

The COVID-19 pandemic has severely restricted the level of economic activity around the world. In response to this pandemic, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

Effective 6 March 2020, the Company's staff and members, as a precautionary measure worked from home adhering to the guidance provided by the UK government. The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. In November 2020, COVID-19 vaccines were announced, and the UK launched a nationwide vaccination programme, leading to a gradual lifting of previously imposed restrictions in the UK.

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. Management has performed a COVID -19 impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements. As noted in the assessment, the Company's main sources of revenue are service fee revenue and investment management fee revenue. The service fee revenue is derived from AMP Capital Investors Limited (a related entity in the AMP Capital Investors Group) which is calculated at the Company's cost plus a margin. The investment management fee revenue profile is linked to total fund commitments and the underlying funds have financial resources, callable commitments and debt facilities to meet any ongoing expenses including management fees payable to the Company. Accordingly, the Company's fee revenue for the next 12 months is unlikely to be impacted by COVID-19.

Further, on 31 December 2020, the UK government and European Union agreed how their future relationship will be defined on "Brexit". This does not impact the Company's current revenue model. The Company will continue deriving service revenue and investment management fee and commitment fee revenue from existing funds.

Having performed the analysis, management believes regulatory capital requirements continue to be met and have sufficient liquidity to meet its liabilities for the for at least 12 months from the date of approval of these 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.

(p) Correction of prior year errors

Restatement of make good provision

During the year, management identified an error in the make good provision previously recognised in the Company's financial statements in relation to its office lease. Specifically, the inputs used for the calculation of the provision were incorrect, leading to an overstatement of the provision, the Right-of-Use (ROU) asset and an overstatement of the corresponding depreciation.

The error has been corrected retrospectively in accordance with the requirements of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.*

Notes to the financial statements

for the year ended 31 December 2020

1. Summary of significant accounting policies (continued)

(p) Correction of prior year errors (continued)

Restatement of make good provision (continued)

The Company has not presented a third balance sheet as at the beginning of the earliest period presented as the restatement had no impact on the opening balances as at 1 January 2019.

The impact of the restatement is presented below:

(i) Statement of Comprehensive Income

For the year ended 31 December 2019	As previously reported £	Restatement adjustment £	Restated £
Occupancy and property maintenance expenses (Note 4)	(770,965)	8,093	(762,872)
Depreciation - ROU assets (Note 4)	(837,077)	24,902	(812,175)
Total other expenses (Note 4)	(12,573,592)	32,995	(12,540,597)
Total operating expenses	(51,659,575)	32,995	(51,626,580)
Profit before corporation tax	40,286,623	32,995	40,319,618
Tax expense	(7,920,946)	(22,614)	(7,943,560)
Net profit after corporation tax	32,365,677	10,381	32,376,058
Total comprehensive income for the year	**32,365,677**	**10,381**	**32,376,058**

(ii) Statement of Financial Position

As at 31 December 2019	As previously reported £	Restatement adjustment £	Restated £
Right of use assets	19,942,953	(2,963,419)	16,979,534
Deferred tax assets	2,833,368	(22,614)	2,810,754
Makegood provision (Note 9)	(3,419,554)	2,996,414	(423,140)
Net assets	**45,446,804**	**10,381**	**45,457,185**

(iii) Statement of Changes in Equity

For the year ended 31 December 2019	As previously reported £	Restatement adjustment £	Restated £
Retained earnings	40,687,659	10,381	40,698,040
Total equity	**45,446,804**	**10,381**	**45,457,185**

Accounting for share based payments

During the year, management reassessed the accounting treatment applied for its share-based payments and concluded that it should have been accounted for as a cash-settled scheme in accordance with IFRS 2 rather than as an equity settled scheme.

The error has been corrected prospectively in accordance with the requirements of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.*

The impact of the correction is presented in the financial statements in the Statement of Comprehensive Income (Operating Expenses – Note 4), Statement of Changes in Equity, and the Statement of Financial Position (Provisions - Note 9).

The relevant corrections were made prospectively and are reflected in the financial statements for the year. The relevant accounting policy has also been revised to reflect the correct accounting treatment of the scheme – Note 1(m).

Notes to the financial statements

for the year ended 31 December 2020

2. Significant accounting estimates and judgements

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting period in light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax

The Company is subject to taxes in the UK and other jurisdictions where it has operations. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

(b) Provisions

A provision is recognised for items where the Company has a present obligation arising from a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision is measured as the best estimate of the expenditure required to settle the present obligation. Management applies judgement in assessing whether a particular item satisfies the above criteria and in determining the best estimate.

(c) Allowance for ECL

The Company applies a simplified approach in calculating ECLs for receivables. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Management applies judgement in establishing the provision matrix, including the selection of forward-looking factors specific to the debtors and the economic environment.

(d) Lease liability – borrowing rate

The lease liability of the Company is measured at the present value of future lease payments discounted using the Company's incremental borrowing rate. The Company's incremental borrowing rate is determined based on market variable rate plus 15bps margin.

Notes to the financial statements

for the year ended 31 December 2020

3. Income

	Note	2020	2019
		£	£
(a) Fee revenue			
Service fee revenue - related entities [1]	19	29,835,014	28,487,184
Investment management and origination fees [2]			
- related entities	19	53,045,286	56,189,327
- other entities		2,527,263	1,797,052
Total fee revenue		**85,407,563**	**86,473,563**
(b) Other income			
Interest - other entities		1,560	13,246
Other revenue		8,630,878	5,587,029
Total other income		**8,632,438**	**5,600,275**
Total operating revenue (a+b)		**94,040,001**	**92,073,838**

Footnote:

(1) Service fee revenue is derived from the provision of services with the principal source of this income being Australian entities in the AMP Limited group.
(2) Since July 2018, the Company charges investment management fees directly to the funds it manages, following the change in the investment management arrangement between AMP Capital Investors Ltd, the Company and the funds.

Notes to the financial statements
for the year ended 31 December 2020

4. Operating expenses

	Note	2020 £	(Restated) 2019 £
(a) Staff and related expenses			
Wages and salaries		(45,073,807)	(35,646,746)
Contributions to defined contribution pension funds		(2,237,498)	(1,629,359)
Share-based payments expense [1]	15(a)	539,421	(747,930)
Other staff costs		(771,106)	(1,061,948)
Total staff and related expenses		**(47,542,990)**	**(39,085,983)**
(b) Other expenses			
Investment management expenses		(61,792)	(41,333)
Occupancy and property maintenance expenses		(1,214,696)	(762,872)
Information technology and communication		(1,181,147)	(963,324)
Professional fees		(9,051,385)	(6,345,755)
Advertising and marketing		(229,666)	(152,406)
Travel and entertainment		(591,391)	(2,016,387)
Depreciation	7	(339,605)	(128,440)
Depreciation - ROU assets	13	(1,934,820)	(812,175)
Conference costs		(58,920)	(196,820)
Net foreign exchange losses		2,345,615	(552,818)
Other expenses		(852,622)	(568,267)
Total other expenses		**(13,170,429)**	**(12,540,597)**
Total operating expenses (a+b)		**(60,713,419)**	**(51,626,580)**
(c) Finance costs			
Interest expense - other entities		(36,761)	(19,682)
Interest expense on lease liabilities		(537,360)	(107,958)
Total finance costs		**(574,121)**	**(127,640)**

Footnote:
1. The share based payment expense include GBP 399,778 due to correction of the error as noted in Note 1(p).

Employees
The average number of persons employed during the financial year was 94 (2019: 100).

Directors' remuneration
Remuneration paid to the directors in respect of services in connection with the management of the Company for the year was £8,825,440 (2019: £8,470,938) comprising total emoluments of £7,080,896 (2019: £5,475,140), contributions to a defined contribution scheme of £12,000 (2019: £32,786), long term benefits £935,398 (2019: £1,239,246), share-based payments of £797,147 (2019: £1,466,340) and termination payment of Nil (2019: £257,426).

The above amounts for remuneration include amounts for the 2020 highest paid director of £6,770,895 (2019: £3,959,750) comprising total emoluments of £5,378,789 (2019: £2,554,416), contributions to a defined contribution scheme of £4,000 (2019: £10,000), share-based payments of £691,352 (2019: £890,730) and other long term benefits £696,757 (2019: 504,604).

The Company aims to attract, motivate and retain high caliber executives by rewarding them with competitive salary and benefit packages. In assessing the competitiveness of remuneration, salaries and bonuses have been reviewed against external market data provided by independent professional consultants. To retain flexibility in the application of its remuneration policy on an annual basis, the Company seeks to give a high proportion of total annual compensation in the form of variable bonus payments.

The directors are the only key management personnel of the Company.

Notes to the financial statements
for the year ended 31 December 2020

5. Income tax

	2020 £	(Restated) 2019 £
(a) Analysis of corporation tax expense		
Current tax	(6,194,657)	(8,446,197)
(Decrease)/increase in deferred tax assets	(18,213)	969,657
Adjustment due to change in tax rates	310,098	(50,746)
Under provided in previous years	(33,250)	(416,274)
Corporation tax expense	**(5,936,022)**	**(7,943,560)**

Relationship between corporation tax expense and accounting profit

The table below provides a reconciliation of differences between prima facie tax calculated as 19.00% (2019: 19.00%) of the profit before corporation tax for the year and the actual corporation tax expense recognised in profit or loss for the year. A further reduction in corporation tax rate is expected in future years.

The effective tax rate in 2020 was 18.12% (2019 restated: 19.70%). There are certain differences between the amounts of income and expenses recognised in the financial report and the amounts recognised for corporation tax purposes.

	2020 £	(Restated) 2019 £
(b) Tax reconciliation note		
Profit before corporation tax	**32,752,461**	**40,319,618**
Prima facie tax at the rate of 19.00% (2019: 19.00%)	(6,222,968)	(7,660,727)
Tax effect of differences between amounts of income and expenses recognised for accounting and the amounts taxable in calculating taxable income:		
Non-deductible expenses	(61,788)	(3,028)
Other items	71,886	187,215
Effect of change in tax rate	310,098	(50,746)
Under provided in previous years	(33,250)	(416,274)
Corporation tax expense per statement of comprehensive income	**(5,936,022)**	**(7,943,560)**

	2020 £	(Restated) 2019 £
(c) Analysis of deferred tax assets		
Expenses deductible and income recognisable in future years	3,321,046	2,810,754
Total deferred tax assets	**3,321,046**	**2,810,754**

	2020 £	2019 £
(d) Analysis of deferred tax liabilities		
Temporary difference in the carrying book value of property plant and equipment	236,152	-
Total deferred tax liabilities	**236,152**	**-**

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. 2020 deferred tax opening balance was restated to 19%. The income tax benefit impact on this restatement was £310,098. 2020 current and deferred tax movements have been calculated using corporate tax rate of 19%.

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 an increase of £1,041,269.

Notes to the financial statements

for the year ended 31 December 2020

6. Receivables

	Note	Consolidated 2020 £	2019 £
Investment management fees receivables		2,877,981	11,286,165
Service fees and other receivables from related entities	19	22,439,605	37,776,058
Receivables from other entities		12,696,195	16,175,712
Allowance for expected credit losses		(115,833)	(296,131)
Total receivables		**37,897,948**	**64,941,804**

7. Property, plant and equipment

	2020 £	2019 £
Property, plant and equipment		
Gross carrying amount	5,254,610	1,731,721
Less: accumulated depreciation	(412,319)	(1,327,530)
Property, plant and equipment at written down value	**4,842,291**	**404,191**
Movements in property, plant and equipment cost		
Balance at the beginning of the period	1,731,721	1,681,123
Additions	5,051,360	50,598
Disposal	(1,528,471)	-
Balance at the end of the period	**5,254,610**	**1,731,721**
Movements in property, plant and equipment accumulated depreciation		
Balance at the beginning of the period	(1,327,530)	(1,199,090)
Disposal	1,254,816	-
Depreciation expense	(339,605)	(128,440)
Balance at the end of the period	**(412,319)**	**(1,327,530)**

8. Payables

	Note	2020 £	2019 £
Accrued expenses		2,723,517	6,186,947
Payables			
- related entities	19	142,172	145,864
- other entities		6,152,831	2,860,729
Total payables		**9,018,520**	**9,193,540**

9. Provisions

	2020 £	*(Restated)* 2019 £
Provisions		
Employee bonuses [1]	35,064,113	28,404,897
Employee entitlements	809,327	727,866
Makegood (refer to Note 1(p))	437,997	423,140
Total provisions	**36,311,437**	**29,555,903**

Footnote:

1. The "Employment bonuses" provision include GBP 697,523 representing the Company's liability in respect of the share based payments, out of which GBP 1,677,704 is transferred from equity due to the correction of the error noted in Note 1(p).

Notes to the financial statements
for the year ended 31 December 2020

9. Provisions (continued)

2020	Employee bonuses £	Employee entitlements £	Makegood £
Movements in provisions			
Balance at the beginning of the year	28,404,897	727,866	423,140
Transfer between share based payments reserve	1,677,604	-	-
Additional provisions recognised	25,990,300	1,651,575	14,857
Derecognition during the year	-	-	-
Payments/other sacrifices of economic benefits	(21,039,439)	(1,568,100)	-
Decrease through foreign exchange movements	30,751	(2,014)	-
Balance at the end of the period	**35,064,113**	**809,327**	**437,997**

2019 (restated - refer to Note 1(p))	Employee bonuses £	Employee entitlements £	Makegood £
Movements in provisions			
Balance at the beginning of the year	23,610,221	579,040	115,564
Additional provisions recognised	22,827,358	1,199,339	477,447
Additions from remeasurement or settlement without cost	(45,618)	-	(169,871)
Payments/other sacrifices of economic benefits	(17,926,384)	(1,046,110)	-
Increase through foreign exchange movements	(60,680)	(4,403)	-
Balance at the end of the period	**28,404,897**	**727,866**	**423,140**

10. Dividends

	2020 £	2019 £
Dividends paid on ordinary shares during the year		
Dividends paid on 24 August 2020 (629.76 pence per share)	18,892,896	-
Dividends paid on 15 December 2020 (792.70 pence per share)	23,780,855	-
Total dividends paid on ordinary shares during the year	**42,673,751**	**-**
Final dividends proposed but not recognised at reporting period	-	-

11. Contributed Equity

	2020 £	2019 £
Issued and fully paid		
Balance at 1 January 2020 (3,000,000 shares)	3,000,000	3,000,000
Balance at 31 December 2020 (3,000,000 shares)	**3,000,000**	**3,000,000**

The Company has authorised share capital of £3,000,000. Ordinary shares have the right to receive dividends as declared and in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have a nominal value of £1 each.

Notes to the financial statements
for the year ended 31 December 2020

12. Notes to the statement of cash flows

	2020	(Restated) 2019
	£	£
(a) Reconciliation of net profit after tax to net cash flow from operating activities		
Profit after tax	26,816,439	32,376,058
Non-cash flows/ Non operating cash flows in profit:		
Depreciation on property, plant and equipment	(915,211)	128,440
Loss from disposal of PPE	1,528,471	-
Cash payment in relation to lease liability	279,248	763,753
Movements in share-based payments reserve	(1,677,704)	405,469
Changes in assets/liabilities		
Decrease/(increase) in receivables, prepayments and other assets	26,484,583	(37,014,916)
Decrease/(increase) in ROU asset	1,934,820	(16,979,534)
Increase in lease liabilities	258,112	16,502,401
(Decrease)/increase in payables, provisions and other liabilities	(105,691)	10,914,577
Net cash flows from operating activities	**54,603,067**	**7,096,248**

(b) Cash and cash equivalents

	2020	2019
Cash and cash equivalents comprise:		
- cash at bank	27,291,184	20,430,961
Closing cash balance	**27,291,184**	**20,430,961**

13. ROU Assets and Lease Liabilities

(i) ROU Assets

31 December 2020	**Buildings $'000**	**Total $'000**
Opening Balance	16,979,534	16,979,534
Depreciation provided during the year	(1,934,820)	(1,934,820)
Closing Balance as at 31 December 2020	15,044,714	15,044,714

31 December 2019 (restated - refer to Note 1(p))	**Buildings $'000**	**Total $'000**
Opening Balance	-	-
Upon adoption of IFRS 16 at 1 January 2019	2,403,766	2,403,766
Additions during the year	16,871,709	16,871,709
Depreciation provided during the year	(812,175)	(812,175)
Derecognition during the year	(1,483,766)	(1,483,766)
Closing Balance as at 31 December 2019	16,979,534	16,979,534

13. ROU Assets and Lease Liabilities (continued)

ii. Lease Liabilities

	2020 $'000	2019 $'000
Balance at the beginning of the period	16,780,273	-
Upon Adoption of IFRS 16 at 1 January 2019	-	2,631,933
Additions during the year	-	16,449,712
Interest expense	537,360	107,958
Payment of lease liability	(279,248)	(763,753)
Derecognition	-	(1,645,577)
Balance at the end of the period	17,038,385	16,780,273

14. Capital management and financial instruments information

The Company manages its capital within the broader framework of the AMP Group capital management strategy. The primary capital management objective is to ensure the Company will be able to continue as a going concern while minimizing excess capital through capital initiatives, such as dividends, where appropriate.

The Company's board monitors the Company's capital position. As the Company forms part of the AMP Group, the Company's capital management policies and processes are determined in accordance with AMP Group's Financial Risk Management Policy and capital management strategy. The AMP Group assesses the adequacy of its capital requirements through both regulatory and ratings capital targets. The Company takes a prudent approach to capital management ensuring that there is an adequate surplus of capital above both the regulatory and economic requirements.

There have been no changes in the capital management objectives, policies and processes from the previous period.

The Company's capital comprises contributed equity, reserves and retained earnings. These balances and the movements in these balances are disclosed in the Statement of changes in equity.

The Company is subject to externally imposed capital management requirements. The Company must comply with capital and liquidity requirements under its UK Financial Conduct Authority license.

All externally imposed capital requirements were complied with during the year.

Financial instruments include receivables (Note 6) and payables (Note 8). Amounts receivable or payable after 12 months have been disclosed in the footnotes to Note 6 and Note 8. There are no past due financial assets. Carrying values in the Statement of financial position approximate their fair value.

The Company is primarily exposed to credit risk, liquidity risk and foreign currency risk. The Company's board reviews and agrees policies for managing these risks as summarized below:

Credit risk
It is the Company's policy to conduct its business with creditworthy customers and the exposure to credit risk is monitored on an ongoing basis. Although there is a significant concentration of credit exposure with regard to the amount due from a related company, the risk is minimal as that related company is of good credit rating.

The carrying amount of receivables of £37,897,948 (2019: £64,941,804) represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Liquidity risk
Liquidity risk is managed by the Company in accordance with the AMP Financial Risk Management Policy. As at 31 December 2020, the Company has a current liability of £37,128,745 (2019: £36,593,132) and this balance relates to employee bonuses of £27,137,225 (2019: £21,941,716), payable of £9,018,520 (2019: £9,193,540) and present value of lease liability for the next 12 months of £973,000 (2019: £345,753). The funding position of the Company is monitored on a regular basis to ensure sufficient funds are available to meet liquidity requirements. There is no liquidity risk at the time of this report as the Company recharges the majority of its cost at a margin. Receipts are generally higher than payments every month except for when dividends are declared and paid. Please refer to capital management process above.

Notes to the financial statements

for the year ended 31 December 2020

14. Capital management and financial instruments information (continued)

Foreign currency risk
The financial statements of the Company are maintained in sterling. Transactions arising in foreign currencies during the year are translated at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into sterling, the Company's functional currency at exchange rates ruling at the end of the reporting period. As part of the management of foreign currency risk, intercompany balances are settled periodically. Cash received is converted into the functional currency when the funds are received.

Sensitivity analysis
A 10% movement on the GBP exchange rates with non GBP currency would have an impact of +/- £1,389k (2019: +/- £1,045k) on the profit before tax through changes in the value of monetary assets and liabilities, assuming all other variables stay constant. There is no impact on equity reserves.

15. Share-based payments

(a) Summary of AMP's share-based payment plans
AMP Limited (AMP) has a number of employee share-based payment plans. Share-based payments place employees participating in those plans (participants) in the position of the shareholder, and in doing so, reward employees for the generation of value to shareholders. Information on plans which AMP currently offers in relation to AMP Capital Investors (UK) Limited (AMPCI UK) employees is provided below.

The following table shows the expense recorded for AMP share-based payment plans in relation to AMPCI UK employees during the year:

	2020 £	2019 £
Plans currently offered		
Share rights	(539,421)	747,930
Total share-based payments (benefit)/expense	**(539,421)**	**747,930**

(b) Share rights

Plan description
Nominated executives and selected other senior leaders who have the ability to impact AMP's financial soundness participate in the short-term incentive (STI) deferral plan, this plan requires that 40% of the participants STI be awarded as share rights. Additionally, each year high potential is eligible for nomination to participate in CEO's discretionary pool, which provides an award of share rights to the individual.

Plan	**CEO's discretionary pool**	**STI deferral plan**
Overview	Share rights give the participant the right to acquire one fully paid ordinary share in AMP Limited after a specified service period. They are granted at no cost to the participant and carry no dividend or voting rights until they vest. Share rights may be settled through a cash payment in lieu of shares, at the discretion of the board.	
Vesting conditions/ period	Continued service for three years but may vary where the share rights are awarded to retain an employee for a critical period.	Continued service for three years and subject to ongoing employment, compliance with AMP policies and the board's discretion.
Vested awards	Vested share rights are automatically converted to shares on behalf of participants.	
Unvested awards	Unvested awards are forfeited if the participant voluntarily ceases employment or is dismissed for misconduct or poor performance.	

Plan valuation
The fair value of share rights has been calculated as at the grant date, by external consultants using a 'discounted cash flow' methodology. Fair value has been discounted for the present value of dividends expected to be paid during the vesting period to which the participant is not entitled. For the purposes of the valuation it is assumed share rights are exercised as soon as they have vested. Assumptions regarding the dividend yield have been estimated based on AMP's actual historic dividend yield over an appropriate period.

15. Share-based payments (continued)

(b) Share rights (continued)

In determining the share-based payments expense, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the performance period.

The following table shows the factors which were considered in determining the independent fair value of the share rights granted during year.

Grant Date	Share Price	Contractual Life	Dividend Yield	Dividend discount	Fair value
1/04/2020	$ 1.41	3.9 years	0.0%	0.0%	$ 1.41
17/05/2019	$ 2.20	3.8 years	4.2%	0.5%	$ 2.19
01/04/2019	$ 2.14	3 years	4.2%	11.2%	$ 1.90
02/04/2018	$ 4.99	2.9 years	5.7%	14.8%	$ 4.25
02/04/2018	$ 4.99	3 years	5.7%	14.4%	$ 4.27
02/04/2018	$ 4.99	1.9 years	5.7%	10.0%	$ 4.49
19/05/2017	$ 5.08	3 years	5.2%	12.8%	$ 4.43
27/04/2017	$ 5.30	2.8 years	5.2%	13.8%	$ 4.57

The following table shows the movement in share rights outstanding during the period.

Grant Date	Exercise Period[2]	Exercise price	Balance at 1 Jan 2020	Exercised during the year	Granted during the year	Lapsed during the year	Other movements[3]	Balance at 31 Dec 2020[1]
27/04/2017	n/a	Nil	178,683	178,683	-	-	-	-
19/05/2017	n/a	Nil	35,000	35,000	-	-	-	-
02/04/2018	n/a	Nil	157,401	157,401	-	-	-	-
02/04/2018	n/a	Nil	166,577	-	-	-	-	166,577
01/04/2019	n/a	Nil	42,372	-	-	-	-	42,372
17/05/2019	n/a	Nil	463,828	-	-	-	-	463,828
1/04/2020	n/a	Nil	-	-	1,184,000	-		1,184,000
Total			**1,043,861**	**371,084**	**1,184,000**	**-**	**-**	**1,856,777**

1 The weighted average remaining contractual life of share rights outstanding at the end of the period is 2.56 years.

2. Share rights granted have no exercise price as they are automatically exercised upon vesting.

3. Other movements reflects the changes to the share rights balances for underlying participants who are no longer reportable.

From the end of the financial year and up to the date of this report, no share rights have been issued, no share rights have been exercised, and no share rights have lapsed. Of the share rights outstanding at the end of the period, none have vested or become exercisable.

16. Parent entities

AMP Capital Investors (UK) Limited is a company limited by shares incorporated and domiciled in the United Kingdom.

The Company's immediate parent is AMP Capital Investors International Holdings Limited. The Company's ultimate parent and controlling party is AMP Limited, a company incorporated in New South Wales, Australia.

A copy of their Financial Statements can be obtained from AMP Group Holdings Limited, 33 Alfred Street, Sydney, NSW Australia.

Notes to the financial statements
for the year ended 31 December 2020

17. Economic dependency

AMP Capital Investors (UK) Limited is dependent on significant revenue from AMP Capital Investors Limited for the provision of investment management services.

18. Auditor's remuneration

Fees paid to the Company's statutory auditor for the audit of its financial statement for the year amounted to £33,870 (2019: £31,838) and are paid on the entity's behalf by a controlled entity of the AMP Group.

The total fee represents, fee payable to the Company's auditor for the audit of the Company's annual accounts amounting to £28,870 (2019: £26,838) and for Client Assets ("CASS") audit amounting to £5,000 (2019: £5,000).

19. Related party transactions

During the financial year, the Company entered into the following transactions with related and affiliated companies in the normal course of business and on arm's length terms:

	2020	2019
	£	£
Service fee revenue from AMP Capital Investors Limited	29,835,014	28,487,184
Investment management and origination fees	53,045,286	56,189,327
Various operating expenses from fellow subsidiaries	492,223	399,735
Total service fee revenue from related parties	83,372,523	85,076,246

The Company receives a fee from AMP Capital Investors Limited under a service agreement that is equivalent to (a) its share in AMP Capital Investors Limited's profit particularly from the infrastructure equity business and (b) its costs plus a margin. The receivables from related entities of £22,439,605 (2019: £37,776,058) are mainly due from AMPCI (GIF GP) Sarl, AMPCI (GIF II GP) Sarl, AMPCI Luxembourg SARL 3 and AMP Capital Investors Limited. These are on demand and do not bear interest.

The Company is charged for certain costs by AMP Services Limited and AMP Capital Investors (New Zealand) Limited under a service agreement. The payables to related entities of £142,172 (2019: £145,864) are mainly due to AMP Services Limited. The balance relates mainly to costs of seconded employees and IT. These are on demand and do not bear interest.

As disclosed in Note 4, a portion of Directors' remuneration was paid by AMP Capital Investors Limited and borne as an expense of that company.

Auditors' remuneration for the financial year was paid on the Company's behalf by a controlled entity of the AMP Group.

20. Commitments and contingencies

The Company and the parent entity from time to time may incur obligations arising from litigation or various types of contracts entered into in the normal course of business including guarantees issued by the parent for performance obligations to controlled entities in the AMPCHL Group.

Where it is determined that the disclosure of information in relation to a contingent liability can be expected to prejudice seriously the position of the AMP Group (or its insurers) in a dispute, accounting standards allow the Company not to disclose such information and it is also AMP Group's policy that such information is not to be disclosed in this note.

At reporting date there were no material contingent liabilities where the probability of any outflow in settlement was greater than remote.

Notes to the financial statements

for the year ended 31 December 2020

21. Events occurring after reporting date

On 23 April 2021, AMP Limited, the ultimate parent entity of the Company, announced its intention to pursue a demerger of its private markets businesses of infrastructure equity, infrastructure debt, and real estate ("Private Markets"). The targeted timeline is for the demerger to completed in 2022. This does not impact the Company's 2020 financial results.

At the date of this report, the directors are not aware of any other matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the Company's operations in future years; the results of those operations in future years; or the Company's state of affairs in future years which is not already reflected in this report.

22. Approval of financial statements

The financial statements were approved by the Board of Directors on 23 April 2021.

Independent auditor's report

for the year ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMP CAPITAL INVESTORS (UK) LIMITED

Opinion

We have audited the financial statements of AMP Capital Investors (UK) Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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 a period of 12 months from when 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 with 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 (vii), 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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that related to the reporting frameworks, International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company is required to comply with relevant Financial Conduct Authority's (FCA) rules and regulations relating to its operations.
- We understood how the Company is complying with those frameworks by making enquiries of management including Compliance officers and those charged with governance. We corroborated our understanding through our review of supporting documentation including board minutes and correspondence with regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of internal control and by designating revenue recognition in respect of performance fees as a fraud risk. We tested a sample of performance fee calculations by agreeing the inputs to the calculation to agreements and other supporting documentation ensuring appropriate authorisation of the transactions. We tested the performance fees by performing recalculations in line with agreements.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses, review of breaches and complaints register and review of board meeting minutes.
- The Company is a regulated entity under the supervision of the FCA. As such, the Senior statutory auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

Independent auditor's report

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.

Irene Psalti (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 *April 2021*