

**STB AM Investment (UK) Limited**

**Directors' report and financial statements**

Registered number 07700939

Year Ended 31 March 2020



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## **Directors' report**

The directors present their directors' report and financial statements for the year ended 31 March 2020. The financial statements are presented in pounds sterling ('£' or 'sterling').

### **Principal activities**

The principal activity of the Company is to act as an investment holding company. However, following the sale of NS Holdings LLP's investment business and their imminent liquidation, it is anticipated that the Company will also be liquidated.

### **Business review**

The directors set out below a review of the development and performance of the business during the year and its position at the year end. This review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties faced.

The Company is an investment holding company, having 41.98% interest in NS Holdings LLP ('NSP') (formerly NewSmith LLP). On 19 February 2015, NSP and Man Group Plc, a listed hedge fund company, entered into an asset purchase agreement to acquire the investment management business of NSP. The deal was structured as a sale of the legal entity, NewSmith Japan Limited and the sale of the underlying assets of NS Asset Management LLP (formerly NewSmith Asset Management LLP). Both were subsidiaries of NSP (100% and 99.11% ownership respectively). The acquisition by Man Group Plc completed on 24 April 2015. The sale consideration comprised an upfront consideration and deferred considerations in Year 1, 3 and 4 subsequent to the sale, with the deferred considerations subject to the Run Rate Management Fee exceeding certain limits. After Year 4, NSP and its remaining subsidiaries will be liquidated. It is also anticipated that the Company will also be liquidated at the same time.

During the year, the Company received no upfront consideration (2019: £461,700). No deferred consideration was received.

The Company received no other distribution from its investment in NSP (2019: nil) and paid no dividend (2019: nil).

The loss for the year after taxation of £16,624 (2019: profit of £444,750) has been transferred from reserves.

The details of the Company's sole investment in its associate undertaking, NSP, are given in note 7 to the financial statements.

### **Financial instruments**

The Company has no financial instruments other than its investment in an associate undertaking.

### **Proposed dividend**

The directors do not recommend a final dividend (2019: nil).

### **Directors**

The directors who held office during the year were as follows:

Yoshio Hishida	08/02/2012
Hiroki Ogawa	24/01/2019

Since the year end, Toshiyuki Saito was appointed as a Director on 30<sup>th</sup> June 2020, and Hiroki Ogawa resigned as a Director on 23<sup>rd</sup> June 2020.

### **Employees**

The Company has no employees.

### **Disclosure of information to auditor**

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

### **Auditor**

KPMG LLP has been appointed by the Company to hold office in accordance with section 487 of the Companies Act 2006.

### **Going Concern**

The directors have a reasonable expectation that the Company will be wound up by June 2022, as the existence of this entity will not be required following the liquidation of NS Holdings LLP, which is expected to be completed by September 2021. The directors expect that the winding up of the Company will be initiated immediately after the liquidation of NS Holdings LLP since there would be no reason for the entity to continue after this. For this reason, the financial statements have been prepared on a non-going concern basis.

Given the circumstances of the liquidation, the directors have elected to prepare the accounts in compliance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB), and under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS9, as set out in the relevant accounting policies. The directors consider that IFRS are still appropriate to the circumstances of the Company, and that there is no difference between the carrying value of the Company's residual assets and the recoverable amounts of those assets.

By order of the board



**Toshiyuki Saito**  
*Director*  
155 Bishopsgate  
London  
EC2M 3XU

12 November 2020

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STB AM INVESTMENT (UK) LIMITED**

### **Opinion**

We have audited the financial statements of STB AM Investment (UK) Limited ("the company") for the year ended 31 March 2020 which comprise the Statement Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1.2 to the financial statements which indicates Director's plan to liquidate the entity as a result of the disposal of its underlying investment. These events and conditions, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- 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 these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

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

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

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



**Michael McGarry (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

12 November 2020

## Statement of Comprehensive Income

*for the year ended 31 March 2020*

	Note	2020 £000	2019 £000
<b>Income from investment</b>	2	-	462
<b>Total revenue</b>		-	462
<b>Administrative expenses</b>	3	(17)	(17)
<b>(Loss)/Profit before tax</b>		(17)	445
<b>Taxation</b>	6	-	-
<b>(Loss)/Profit for the year</b>		(17)	445
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive (loss)/profit for the year attributable to equity shareholders of the Company</b>		(17)	445

The results above arose wholly from continuing activities.

The notes on pages 11 to 15 form part of the financial statements.

## Balance Sheet

at 31 March 2020

	Note	2020 £000	2019 £000
<b>Assets</b>			
Investments in associates	7	1	1
Cash at bank		2,088	2,103
		<hr/>	<hr/>
<b>Total assets</b>		<b>2,089</b>	<b>2,104</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>			
Trade and other payables	8	18	16
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>18</b>	<b>16</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets</b>		<b>2,071</b>	<b>2,088</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>			
Share capital	9	35,000	35,000
Retained earnings		(32,929)	(32,912)
		<hr/>	<hr/>
<b>Total equity</b>		<b>2,071</b>	<b>2,088</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 15 form part of the financial statements.

These financial statements were approved by the board of directors on 12 November 2020 and were signed on its behalf by:



**Toshiyuki Saito**  
*Director*

Company registered number: 07700939

**Statement of Changes in Equity**  
*for the year ended 31 March 2020*

	Share capital £000	Retained earnings £000	Total equity £000
<b>Balance at 1 April 2018</b>	35,000	(33,357)	1,643
Profit for the year	-	445	445
<b>Balance at 31 March 2019</b>	35,000	(32,912)	2,088
<b>Balance at 1 April 2019</b>	35,000	(32,912)	2,088
Loss for the year	-	(17)	(17)
<b>Balance at 31 March 2020</b>	35,000	(32,929)	2,071

The notes on pages 11 to 15 form part of the financial statements.

**Cash Flow Statement**  
*for the year ended 31 March 2020*

	Note	2020	2019
		£000	£000
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		(17)	445
Adjustments for:			
Gain from sales of underlying business in associate		-	(462)
Changes in:			
Increase/(Decrease) in trade and other payables		2	(2)
<b>Net cash from operating activities</b>		<b>(15)</b>	<b>(19)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of underlying business in associate	7	-	462
<b>Net cash from investing activities</b>		<b>-</b>	<b>462</b>
Net (decrease)/increase in cash and cash equivalents		(15)	443
Cash and cash equivalents at beginning of year		2,103	1,660
<b>Cash and cash equivalents at end of year</b>		<b>2,088</b>	<b>2,103</b>

The notes on pages 11 to 15 form part of the financial statements.

## Notes to the Financial Statements

For the year ended 31 March 2020

### 1. Accounting policies

#### Reporting entity

STB AM Investment (UK) Limited (the "Company") is a company incorporated and domiciled in the UK with its registered office at 155 Bishopsgate, London, EC2M 3XU.

#### Basis of preparation

The Company's financial statements have been prepared and approved on 12 November 2020 by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and the Companies Act 2006.

#### New and amended accounting standards

There are no new standards that are effective for the first time for the financial year beginning 1 April 2019 that would be expected to have a significant impact on the Company's financial statements.

As at 31 March 2020, a number of standards and interpretations and amendments thereto, had been issued by the International Accounting Standards Board, which are not effective for the Company's financial statements as at 31 March 2020. None of these are expected to have a significant impact on the Company's financial statements in the future.

#### Summary of significant accounting policies

A summary of the principal accounting policies applied consistently throughout the year is set out below.

##### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis. The preparation of the financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. There was a significant degree of judgement for impairment assessment on investment in associates, which was discussed in note 7.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimates are revised and in any future periods affected.

##### 1.2 Going Concern

The directors have a reasonable expectation that the Company will be wound up by June 2022, as the existence of this entity will not be required following the liquidation of NS Holdings LLP, which is expected to be completed by September 2021. The directors expect that the winding up of the Company will be initiated immediately after the liquidation of NS Holdings LLP since there would be no reason for the entity to continue after this. For this reason, the financial statements have been prepared on a non-going concern basis.

Given the circumstances of the liquidation, the directors have elected to prepare the accounts in compliance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB), and under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS9, as set out in the relevant accounting policies. The directors consider that IFRS are still appropriate to the circumstances of the Company, and that there is no difference between the carrying value of the Company's residual assets and the recoverable amounts of those assets.

##### 1.3 Functional and presentation currency

The financial statements are presented in sterling, which is the Company's functional currency.

**1.4 Non-derivative financial instruments**

Non-derivative financial instruments comprise investment in an associate, and trade and other payables.

*Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

*Investments in associates*

Investments in associates are carried at cost less impairment.

*Impairment loss*

The Company assess at each reporting date whether there is any indication that the investment may be impaired. If any indication exists, the Company estimates the investment's recoverable amount. When carrying amount exceeds its recoverable amount, the assets is considered impaired and written down to its recoverable amount.

**1.5 Revenue**

Revenue represents that fair value of consideration received or receivable in respect of the sale of the business. The Company recognised the revenue at the point when the sales agreement had been finalised, when the risks and rewards had been transferred. Contingent revenue is not recognised until the contingent events have occurred and the Company has a legal enforceable right to claim the revenue.

**1.6 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**2. Income from investment**

	2020 £000	2019 £000
Gain on sale of investment's business	-	462

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**3. Auditor's remuneration**

The auditor's remuneration of £12,000 (2019: £12,000) for providing statutory audit services was included in the administrative expenses.

**4. Directors' remuneration**

None of the directors received any fees or emoluments for performing the role of director during the year (2019: £nil).

## 5. Employees

The Company did not have any direct employees during the year (2019: nil).

## 6. Taxation

No tax expenses have been recognised in the profit or loss. The total tax allowable losses that arise from this year and might be used in the future are calculated as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
(Loss)/Profit before tax	(17)	445
<hr/>		
Tax using the UK corporation tax rate of 19% (2019: 19%)	3	(85)
Income not subject to tax	-	88
Tax effect on share of associate's current year trading loss	12	11
Loss for which no deferred tax assets was recognised	(15)	(14)
<hr/>		
<b>Total tax expense</b>	<b>-</b>	<b>-</b>
<hr/>		
<b>Unrecognised deferred tax assets</b>		
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Tax losses	2,583	2,568
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The tax losses relate to the cumulative losses from business operations since incorporation. Deferred tax assets have not been recognised in respect of the losses in accordance with the Company's accounting policy at note 1.6. The tax losses do not expire under current tax legislation.

The unrecognised deferred tax asset at 31 March 2020 has been calculated on the rate of 19% at the balance sheet date.

The UK corporation tax rate is 19% since 1 April 2017 and a further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The effect of the rate reduction is a reduction in the residual tax assets accordingly.

## 7. Investments in associates

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Balance at 31 March	1	1
<hr/>		

The investment is carried at cost less impairment, which is assessed for impairment by the Company at each balance sheet date. The Company has the following investments in associates:

	<b>Country of Incorporation</b>	<b>Ownership</b>	<b>Ownership</b>
		<b>2020</b>	<b>2019</b>
NS Holdings LLP (formerly NewSmith LLP)	UK	41.98%	41.98%

On 19 February 2015, NS Holdings LLP ('NSP') (formerly NewSmith LLP) and Man Group Plc, a listed hedge fund company, entered into an asset purchase agreement to acquire the investment management business of NSP. The deal

was structured as a sale of the legal entity, NewSmith Japan Limited and the sale of the underlying assets of NS Asset Management LLP (formerly NewSmith Asset Management LLP). The acquisition by Man Group Plc completed on 24 April 2015. The sale consideration comprised an upfront consideration and deferred considerations in Year 1, 3 and 4 subsequent to the sale, with the deferred considerations subject to the Run Rate Management Fee exceeding certain limits. After Year 4, NSP and its remaining subsidiaries will be liquidated. It is also anticipated that the Company will also be liquidated at the same time.

In the year ended 31 March 2015, the Company reviewed the carrying value of its investment and assessed the recoverable amount of the investment, based on its value in use, at £1,131,237. The estimate of the value in use was determined by the amount of upfront cash consideration the Company receives upon the completion of the sale of NSP's investment management business to Man Group Plc. The deferred considerations, which are conditional payments, and the amount of the upfront cash consideration held back by NSP on escrow account and for future running cost has not been taken into account as no value to the shareholder is expected.

During the year ended 31 March 2016, the Company received £1,595,173 from the sale and, as this amount exceeded the carrying value, a £464,936 gain was recognised in the Income Statement and the Investment in associates was stated at a notional value of £1,000.

During the year ended 31 March 2017, the Company received a further £587,695 following the release of the escrow account balance.

No amount was received during the year ended 31 March 2018.

During the year ended 31 March 2019, the Company received £461,760 following the release of funds held back for any potential tax, regulatory, and/or fundamental warranty claims.

The Company's share of post-acquisition total recognised loss in the above associate for the year ended 31 March 2020 was £52,360 (2019: loss of £95,565).

Summary aggregated financial information on associates:

	2020 £000	2019 £000
Assets	352	418
Liabilities	193	133
Revenues	-	-
(Loss)	(125)	(228)

The financial statements of the associate have been prepared in accordance with Adopted IFRS.

#### 8. Trade and other payables

	2020 £000	2019 £000
Accrued expenses	18	16

#### 9. Share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid</i> 35,000,001 Ordinary shares of £1 each	35,000,001	35,000,001

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.

## 10. Financial instruments and principal risks and uncertainties

### (a) Credit risk

#### *Financial risk management*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments for the year comprised investment in an associate only. The Sumitomo Mitsui Trust Group has policies and procedures in place to manage risk. Investment in the associated undertaking is stated at cost less impairment. The Company's exposure to credit risk from investments is not significant.

### (b) Liquidity risk

#### *Financial risk management*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as both investing and funding decisions are within the control of the ultimate parent undertaking. At the balance sheet date, the Company has no material financial obligations.

### (c) Market risk

#### *Financial risk management*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to any significant market risk other than through its investment in associates carried at cost less impairment.

## 11. Related parties

None of the directors received any fees or emoluments from the Company during the year (2019: nil).

## 12. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Sumitomo Mitsui Trust Bank, Limited, a company incorporated in Japan, with its head office at 4-1 Marunouchi 1-Chome, Chiyoda-Ku, Tokyo, Japan 100-8233. The ultimate controlling party is Sumitomo Mitsui Trust Holdings, Inc., a company incorporated in Japan and listed on the Tokyo Stock Exchange.

The largest group in which the results of the Company are consolidated is that headed by Sumitomo Mitsui Trust Holdings, Inc., incorporated in Japan. The smallest group in which they are consolidated is that headed by Sumitomo Mitsui Trust Bank, Limited, incorporated in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public at [www.smtb.jp/tools/english/](http://www.smtb.jp/tools/english/).

## 13. Subsequent Event

Up to the date of the approval of the financial statements, there have been no material subsequent events.

As of 31 March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic. The nature of the event has resulted in immediate global economic impacts on a micro and macro level, however the Directors have assessed that there are no material impact on the Company's operations or exposures.