

**BNY Mellon International Asset Management (Holdings)  
Limited**

Strategic report, Directors' report and financial statements

Registered number 8260807

31 December 2019

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## **BNY Mellon International Asset Management (Holdings) Limited**

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## **BNY Mellon International Asset Management (Holdings) Limited**

### **Board of Directors and other information**

#### **Directors**

G A Brisk (Chair)

D J Peace

S S Sumal

#### **Secretary**

BNY Mellon Secretaries (UK) Limited

160 Queen Victoria Street

London

EC4V 4LA

#### **Auditor**

KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

#### **Registered Office**

BNY Mellon Centre

160 Queen Victoria Street

London

EC4V 4LA

#### **Registered Number**

8260807

# BNY Mellon International Asset Management (Holdings) Limited

## Strategic report

In accordance with Section 414A(1) of the Companies Act 2006, we have prepared the Strategic report which includes a review of BNY Mellon International Asset Management (Holdings) Limited (“the Company”) business and future developments, a description of the principal risks and uncertainties facing the Company and key performance indicators.

The ultimate parent company is The Bank of New York Mellon Corporation (“BNY Mellon” or “Group”).

### Business review

The Company has continued to operate profitably and there have been no significant changes in the Company's core operations during the year.

Management has conducted an impairment assessment of the carrying value of the investments based on the net asset value and present value of future profitability of the subsidiaries and have concluded that no impairment exists as at the balance sheet date.

### Financial key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	2019	2018	Change	Change
	£000	£000	£000	%
Income from shares in Group undertakings	70,000	327,000	(257,000)	(79)%
Profit before taxation	69,993	327,000	(257,007)	(79)%
Net assets	725,521	725,518	3	0%

Income from shares in Group undertakings reflects £70,000,000 (2018: £327,000,000) dividend received from BNY Mellon International Asset Management Holdings No.1 Limited, a wholly owned subsidiary.

Profit before taxation decreased by £(257,000,000) (79%) due to decrease in dividend income received from BNY Mellon International Asset Management Holdings No.1 Limited.

Net assets decreased by £3,000 (0%) during the year reflecting profit for the year less dividends paid.

### Principal risks and uncertainties

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors' report on pages 4 to 6.

### Business and future developments

The directors believe that the nature of the business of the Company will continue for the foreseeable future.

### Brexit

The UK formally left the European Union (“EU”) on 31 January 2020 and has ceased to be a member state. The departure will lead to a transition period, lasting until the end of 2020, which effectively keeps the UK in the EU from the perspective of companies and individuals and their respective rights and obligations. The UK's withdrawal from the European Union (“Brexit”) is expected to have a lower impact on the Company and its subsidiaries due to the majority of the clients being domiciled in the UK.

## **BNY Mellon International Asset Management (Holdings) Limited**

### **Strategic report - continued**

As part of the BNY Mellon Brexit Programme, the Company and its subsidiaries continue to monitor the UK's withdrawal from the European Union. The programme's analysis and planning has taken into account a range of potential economic scenarios and impacts on the Company and subsidiaries' operating model, aligned with regulatory and supervisory guidance which has been communicated industry-wide.

Specific risks to the Company's subsidiaries include the impact of potential regulatory changes to the legal framework in which the Company operates and retention of Assets Under Management ("AUM"). By working closely with regulators, and establishing a full Communications work stream as part of the wider BNY Mellon Brexit programme, a proactive approach has been taken to mitigate these risks wherever possible.

As the Brexit transition progresses, BNY Mellon's Brexit Programme continues to monitor new developments and any regulatory implications that may impact the Company and its subsidiaries' services.

### **Coronavirus ("COVID-19")**

As a result of the COVID-19 outbreak, there has been global uncertainty on the likely impact of the pandemic on companies, government policies, financial markets and among others. The Company has performed an impact assessment on the specific risks it could be exposed to together with its subsidiaries. This has been explained within the 'Risk Management' section of the Directors' report on page 5.

### **Approval**

By order of the Board

DocuSigned by:  
  
165D588B11EC47B...  
D J Peace  
Director

BNY Mellon International Asset Management (Holdings) Limited  
BNY Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA

1 September 2020

Registered number: 8260807

# **BNY Mellon International Asset Management (Holdings) Limited**

## **Directors' report**

The directors present their report and financial statements for the year ended 31 December 2019.

### **Principal activity**

The principal activity of the Company is that of a holding company whose subsidiaries, and their activities, are shown in note 7 to the financial statements.

### **Results and dividends**

The profit for the year after taxation amounted to £70,003,000 (2018: £327,000,000).

Interim dividends paid during the year amounted to £70,000,000 (2018: £332,000,000). The directors do not recommend a final dividend for the year ended 31 December 2019 (2018: £nil).

### **Future developments**

See 'Business and future developments' section in Strategic report for details.

### **Political donations**

The Company made no political donations or incurred any political expenditure during the year (2018: £nil).

### **Risk management**

As a holding company, the Company is subject to the principal risks and uncertainties of its operating subsidiaries whose business is described in note 7.

### **Governance and policies**

Suitable policies and procedures are in place both across the Group and within the Company's operating subsidiaries to identify and manage the risks each operating business faces.

The key risks of the Company are monitored through direct monitoring of the Company's operating subsidiaries, the results of which are reported to a number of committees across the wider corporation and if sufficiently material and relevant to the Company would escalate to the directors and potentially the parent Company Board.

Governance of the Company is the ultimate responsibility of the Board of Directors. Management of and oversight over the Company's subsidiaries is exercised by their respective boards which in turn are part of Group's global governance structures.

### **Risk management process**

The Company's operating subsidiaries are responsible for actively identifying the risks associated with their key business processes, business change or external threats, identifying and assessing the quality of controls in place to mitigate risk and assigning accountability for the effectiveness of those controls. The objective of this detailed self-assessment is to prevent or minimise:

- Errors or service delivery failures
- Financial losses
- Compliance breaches
- Reputational damage

## **BNY Mellon International Asset Management (Holdings) Limited**

### **Directors' report - continued**

#### **Risk management process - continued**

The Company's subsidiaries utilise the Group Operational Risk Platform to achieve the above. The platform is used to maintain risk and control self-assessments, high level assessments, key risk indicators and tracking of operational risk events. A second line of defence Risk Management function works in partnership with the businesses to ensure that there is adequate understanding and assessment of, and accountability for, all risks.

The Risk Appetite for Group level is set and owned by the BNY Mellon Board of Directors, giving the overall strategy and willingness to take on risk at a global level. The Company's risk appetite is commensurate with local business requirements, within the guidance set by the Group and in coordination with the relevant business expertise.

#### **Other macro environmental risks (including coronavirus "COVID-19")**

Subsequent to 31 December 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with various governments and institutions around the world responding in different ways to address the outbreak. This has led to an increased level of uncertainty in the financial markets which has triggered volatility in interest rates, foreign exchange rates and equity prices among others. Whereas the quantification of the impact on the Company is uncertain, management has considered the below specific factors that could affect the Company as a result of the risks faced by its main operating subsidiaries:

- Client activity and volume: The Company's operating subsidiaries could face potential reduction in client activity driven by a likely risk averse customer behaviour leading to a reduction in new business and AUM;
- The reduction in client activity could lead to a fall in revenue;
- The Company and its subsidiaries continue to closely monitor the impact of market volatility on capital and liquidity. Post year end, there is sufficient available liquidity able to absorb any short-term losses.
- Market fluctuations: Due to the uncertainty, the Company's subsidiaries are likely to be exposed to volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.
- The above factors could have a direct impact on the value of the Company's investments in its subsidiaries. However, no impairment loss has been noted post year end as a result of the pandemic.
- Going concern consideration: Management has performed an assessment to determine whether there are any material uncertainties arising due to the pandemic that could cast significant doubt on the ability of the Company to continue as a going concern. This assessment is disclosed in note 1.5 'Going concern' and focuses on the Company's financial and operational resilience to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company and its subsidiaries continue to carefully monitor and mitigate the risk on an ongoing basis in order to minimise exposure while maintaining a robust balance sheet and sufficient headroom above regulatory capital requirements with respect to its regulated subsidiaries.

#### **Pillar 3 risk disclosures**

CRR Pillar 3 disclosures about the Company (capital and risk management) are covered by the BNY Mellon Investment Management Europe Holdings Limited Group disclosures which can be found on the group website (<http://www.bnymellon.com/investorrelations/filings/index.html>).

## **BNY Mellon International Asset Management (Holdings) Limited**

### **Directors' report - continued**

#### **Directors**

The directors who served during the year and up to the date of the report were as follows:

	<b>Appointed</b>	<b>Resigned</b>
G A Brisk	-	-
S S Sumal	-	-
D J Peace	-	-

#### **Directors' indemnity provision**

The articles of association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the directors (2018: £nil).

#### **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 he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Post balance sheet events**

Subsequent to 31 December 2019, the COVID-19 virus spread into the UK and other countries outside of China. Accordingly, management has considered this to be a non-adjusting post balance sheet event and an analysis of its impact on the Company has been considered within the 'Risk Management' section.

#### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

DocuSigned by:

*David Peace*

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D J Peace  
Director

BNY Mellon International Asset Management (Holdings) Limited  
BNY Mellon Centre,  
160 Queen Victoria Street,  
London  
EC4V 4LA

1 September 2020

Registered number: 8260807



## **BNY Mellon International Asset Management (Holdings) Limited**

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

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 and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 101, subject to any material departures disclosed and explained in the financial statements;
- 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 BNY Mellon International Asset Management (Holdings) Limited**

### **Opinion**

We have audited the financial statements of BNY Mellon International Asset Management (Holdings) Limited for the year ended 31 December 2019 which comprise of the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity 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 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101: *Reduced Disclosure Framework*; 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.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

### **Other information**

The directors are responsible for the other information, which comprises of the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of BNY Mellon International Asset Management (Holdings) Limited**

### **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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, 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 Acts 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.

*Alison Allen*

**Alison Allen (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

11 September 2020

## BNY Mellon International Asset Management (Holdings) Limited

### Statement of profit and loss and other comprehensive income for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Administrative expenses	2	(10)	(8)
<b>Operating loss</b>		(10)	(8)
Income from shares in Group undertakings	4	70,000	327,000
Interest receivable and similar income	5	3	8
<b>Profit before taxation</b>		69,993	327,000
Taxation on profit	6	10	-
<b>Total comprehensive income for the financial year</b>		<u>70,003</u>	<u>327,000</u>

Notes 1 to 14 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year and prior year relate to continuing operations.

The Company had no items going through other comprehensive income during the year (2018: £nil).

# BNY Mellon International Asset Management (Holdings) Limited

## Balance sheet at 31 December 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Fixed asset investments	7	725,002	725,002
<b>Current assets</b>			
Debtors	8	120	-
Cash at bank and in hand	9	409	528
		529	528
Creditors: amounts falling due within one year	10	(10)	(12)
Net current assets		519	516
 Total assets less current liabilities		<u>725,521</u>	<u>725,518</u>
<b>Net assets</b>		<u>725,521</u>	<u>725,518</u>
 <b>Capital and reserves</b>			
Called up share capital	11	725,000	725,000
Profit and loss account		521	518
<b>Shareholders' funds</b>		<u>725,521</u>	<u>725,518</u>

Notes 1 to 14 are integral to these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

DocuSigned by:

*David Peace*

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D J Peace  
Director

1 September 2020

Company registered number: 8260807

## BNY Mellon International Asset Management (Holdings) Limited

### Statement of changes in equity

31 December 2019

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2018	725,000	5,518	730,518
Total comprehensive income for the financial year	-	327,000	327,000
Dividends	-	(332,000)	(332,000)
<b>Balance at 31 December 2018</b>	<b>725,000</b>	<b>518</b>	<b>725,518</b>

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2019	725,000	518	725,518
Total comprehensive income for the financial year	-	70,003	70,003
Dividends	-	(70,000)	(70,000)
<b>Balance at 31 December 2019</b>	<b>725,000</b>	<b>521</b>	<b>725,521</b>

Notes 1 to 14 are integral to these financial statements.

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2019

### 1 Accounting policies

#### 1.1 Basis of preparation and statement of compliance with FRS 101

The Company is a private company limited by shares incorporated and domiciled in the UK and registered in England and Wales. The registered address is given on page 1.

These financial statements were prepared in accordance with FRS 101.

The Company's ultimate parent undertaking, The Bank of New York Mellon Corporation includes the Company and all its subsidiary undertakings in its consolidated financial statements. The consolidated financial statements of The Bank of New York Mellon Corporation are prepared in accordance with U.S. Generally Accepted Accounting Principles, which are *equivalent* to International Financial Reporting Standards as adopted by the EU ("adopted IFRSs"). The Bank of New York Mellon Corporation's consolidated financial statements are available at [https://www.bnymellon.com/us/en/investor\\_relations/](https://www.bnymellon.com/us/en/investor_relations/). Accordingly the Company is a *qualifying entity* for the purpose of FRS 101 disclosure exemptions.

Therefore, in preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of adopted IFRSs, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Statement of cash flows and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries; and
- Disclosures in respect of capital management.

As the consolidated financial statements of The Bank of New York Mellon Corporation include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets*;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.15.

#### 1.2 Change in accounting policy

IFRS 16 *Leases* is a new accounting standard that was effective for the year ended 31 December 2019 and has had no impact on the company as there are no operating or finance leases. No further disclosures have been made in the financial statements as a result.

## **BNY Mellon International Asset Management (Holdings) Limited**

### **Notes to the financial statements - continued** **for the year ended 31 December 2019**

#### **1 Accounting policies - continued**

##### **1.3 Exemption from preparation of group financial statements**

As noted in section 1.1 above, the Company's ultimate parent company includes the Company in its consolidated financial statements, which are prepared under a basis equivalent to Adopted IFRS. Accordingly, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare Group financial statements. Therefore, these financial statements present information about the Company as an individual undertaking and not about its Group.

##### **1.4 Measurement convention**

These financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

##### **1.5 Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2. In addition, the Directors' report on pages includes the Company's objectives, policies and processes for managing its capital; its financial risk management objective and its exposures to credit and liquidity risk.

The Company has adequate liquidity and capital. The directors perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Due to COVID-19, management has performed an assessment to determine whether there are any material uncertainties arising due to the pandemic that could cast significant doubt on the ability of the Company to continue as a going concern. No significant issues have been noted. In reaching this conclusion, management considered:

- The financial impact of the uncertainty on the Company's balance sheet;
- Liquidity stress tests on reasonably plausible scenarios. In addition, an extreme revenue scenario assuming zero revenue for a period of 12 months from the date of signing the financial statements was considered by management;
- Liquidity position based on current and projected cash resources. The Company's current cash/liquidity position is able to sustain its current operational costs for at least a year even with a significantly reduced revenue scenario, and;
- The Company's operational resilience with respect to the impact of the pandemic on existing processes and key stakeholders, existing IT systems and infrastructure.

Based on the above assessment of the Company's financial position, COVID-19 impact, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



## **BNY Mellon International Asset Management (Holdings) Limited**

### **Notes to the financial statements - continued** **for the year ended 31 December 2019**

#### **1 Accounting policies - continued**

##### **1.6 Related party transactions**

As the Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, it has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances within entities which form part of the Group. Balances with other members of the Group are disclosed within notes 4, 5, 7 and 8.

##### **1.7 Foreign currency**

The Company's functional and presentational currency is GBP. Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are reported net in the statement of profit and loss and other comprehensive income within interest receivable or payable as appropriate.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Any resulting exchange differences are reported net in the statement of profit and loss and other comprehensive income within interest receivable or payable as appropriate.

##### **1.8 Interest receivable and interest payable**

Interest receivable and payable is recognised in the Statement of profit and loss and other comprehensive income, using the effective interest rate method.

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable and net foreign exchange gains or losses that are recognised in the Statement of profit and loss and other comprehensive income (see note 1.7).

##### **1.9 Dividends**

Dividend income is recognised in the statement of profit and loss and other comprehensive income on the date the entity's right to receive dividend is established.

Dividends are recognised as a liability at the date that they are declared, to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

##### **1.10 Taxation**

Taxation on profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in the same statement as the related item appears.

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

## **BNY Mellon International Asset Management (Holdings) Limited**

### **Notes to the financial statements - continued** **for the year ended 31 December 2019**

#### **1 Accounting policies - continued**

##### **1.11 Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

Financial assets are measured at amortised cost if meeting both of the following conditions and are not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets include trade and other debtors.

Financial assets are measured at FVOCI only if meeting both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A Financial asset is classified into one of these categories on initial recognition. However, for financial assets held at initial application, the business model assessment is based on facts and circumstances at that date. Also, IFRS 9 permits new elective designations at FVTPL or FVOCI to be made on the date of initial application depending on the facts and circumstances at that date.

A Financial liability is initially recognised at fair value and in the case of trade and other creditors, net of directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost or FVTPL. Trade and other creditors are measured at amortised cost using the effective interest rate method.

#### **Business model assessment**

Certain financial assets, for example, deposits with central banks and financial institutions, always will be held for collection of contractual cash flows as the nature of the asset means that it cannot be sold. For other financial assets, the Company makes an assessment of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. Information that is considered includes:

- the stated policies and objectives for the portfolio;
- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated; and
- the frequency and volume of historical and expected sales.

The Company generally does not hold assets for trading.

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements - continued for the year ended 31 December 2019

### 1 Accounting policies - continued

#### Assessment of whether cash flows are solely payments of principal and interest

‘Principal’ for these purposes is defined as the fair value of the financial asset at initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that would change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company’s claim to cash flows from specified assets; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

#### 1.12 Impairment of financial assets (including trade and other debtors)

Under IFRS 9, the Company generally recognises loss allowances at an amount equal to 12-month expected credit loss (“ECL”) (Stage 1, the portion of ECL that results from default events that are possible within 12 months after the reporting date) unless there has been significant increase in credit risk since origination of the instrument, in which case ECLs are recognised on a lifetime loss basis (Stage 2). Exposures that are in default are regarded as credit impaired (Stage 3) and are also measured on a lifetime ECL basis.

#### Measurement of ECL

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date – the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Financial guarantee contracts – the expected payments to reimburse the holder less any amounts that the Company expects to recover.

#### 1.13 Fixed Asset Investments

Investments in subsidiaries are carried at cost less impairment.

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements - continued for the year ended 31 December 2019

### 1 Accounting policies - continued

#### 1.14 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods on assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.15 Accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions about future conditions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Management believes that the Company's critical accounting policies for which judgement is necessarily applied are those which relate to impairment of investment in subsidiaries. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in note 7 of the financial statements.

### 2 Administrative expenses and auditor's remuneration

Profit before taxation is stated after charging:

	2019	2018
	£000	£000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements pursuant to legislation	<u>10</u>	<u>8</u>

## BNY Mellon International Asset Management (Holdings) Limited

### Notes to the financial statements - continued for the year ended 31 December 2019

#### 3 Directors' emoluments

The aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services is disclosed below. Qualifying services include services as a director of the Company, as a director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the Company or any of its subsidiary undertakings. The amounts are disclosed irrespective of which Group company actually makes the payment to the directors.

	2019	2018
	£000	£000
Directors' emoluments	9	8
Amounts receivable under long term incentive schemes	3	4
	<u>12</u>	<u>12</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid directors was £8,627 (2018: £10,098), and Company pension contributions of £77 (2018: £111) were made to a money purchase scheme on their behalf. During the year, the highest paid director received shares under a long term incentive scheme.

	Number of Directors	
	2019	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	2
Defined benefit schemes	-	1
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	3	3

#### 4 Income from shares in Group undertakings

	2019	2018
	£000	£000
Income from shares in Group undertakings	<u>70,000</u>	<u>327,000</u>

#### 5 Interest receivable and similar income

	2019	2018
	£000	£000
Receivable from Group undertaking	<u>3</u>	<u>8</u>
Total interest receivable and similar income	<u>3</u>	<u>8</u>

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements - continued for the year ended 31 December 2019

### 6 Taxation

#### *Factors affecting total tax charge for the current period*

	2019 £000	2018 £000
Profit for the year	70,003	327,000
Total tax (credit)/expense	(10)	-
Profit excluding taxation	69,993	327,000
Tax using the UK corporation tax rate of 19.00% (2018: 19.00%)	13,299	62,130
Dividend income in the year not taxable	(13,300)	(62,130)
Effects of group relief/other reliefs	1	-
Under/(over) provided in prior years	(10)	-
Tax on profit	(10)	-

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

### 7 Fixed asset investment

	Subsidiaries £000
<b>Cost</b>	
At 1 January 2019	725,002
At 31 December 2019	725,002
<b>Net book value</b>	
At 31 December 2019	725,002
At 31 December 2018	725,002

Management have conducted an impairment assessment of the carrying value of the investment based on the net asset value and present value of future profitability of the subsidiaries and have concluded that no impairment exists as at the balance sheet date.

## BNY Mellon International Asset Management (Holdings) Limited

### Notes to the financial statements - continued for the year ended 31 December 2019

#### 7 Fixed asset investment - continued

##### *Subsidiaries*

The Company has 1 direct subsidiary (2018: 1) and 2 indirect subsidiaries (2018: 2).

The Company has the following investments in subsidiaries:

	Registered office	Principal activity	Class of shares held	Ownership 2019	Ownership 2018
<b>Direct subsidiary:</b>					
BNY Mellon International Asset Management (Holdings) No.1 Limited	BNY Mellon Centre 160 Queen Victoria Street London EC4V4LA	Holding company	Ordinary £1,000 shares	100%	100%
			Preference £1,000 shares	100%	100%
<b>Indirect subsidiaries:</b>					
Walter Scott & Partners Limited	One Charlotte Square, Edinburgh, EH2 4DR	Investment management	Ordinary £1 shares	100%	100%
Shelfco Limited	4 George Street, Mareva House, Nassau	Dormant non trading company	Ordinary £1 shares	100%	100%

#### 8 Debtors

	2019 £000
Amounts owed by group companies	113
Other debtors	7
	<u>120</u>
Due within one year	<u>120</u>

#### 9 Cash at bank and in hand

	2019 £000	2018 £000
Cash at bank and in hand	<u>409</u>	<u>528</u>

Cash at bank includes funds on deposit with a UK regulated banking entity within the Group.

## BNY Mellon International Asset Management (Holdings) Limited

### Notes to the financial statements - continued for the year ended 31 December 2019

#### 10 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Accruals and deferred income	10	10
Taxation	-	2
	<u>10</u>	<u>12</u>

#### 11 Capital and reserves

##### *Share capital*

	2019	2018
	£000	£000
<b>Allotted, called up and fully paid</b>		
725,000,002 (2018: 725,000,002) ordinary shares of £1 each	<u>725,000</u>	<u>725,000</u>

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

#### 12 Subsequent event

Subsequent to 31 December 2019, the COVID-19 virus spread into the UK and other countries outside of China. Accordingly, management has considered this to be a non-adjusting post balance sheet event and do not believe there is any material financial impact to the financial statements as at 31 December 2019 as a result of this subsequent event.

#### 13 Transactions involving Directors, officers and others

At 31 December 2019 there were no loans and other transactions made to directors, officers or other related parties of the Company (2018: £nil).



## **BNY Mellon International Asset Management (Holdings) Limited**

### **Notes to the financial statements - continued for the year ended 31 December 2019**

#### **14 Ultimate parent company and parent company of larger group**

The immediate parent undertaking of the Company is BNY Mellon International Asset Management Group Limited, a company registered in England and Wales. BNY Mellon International Asset Management Group Limited's registered address is 160 Queen Victoria Street, London, EC4V 4LA.

The largest and smallest Group in which the results of the Company are consolidated is that headed by The Bank of New York Mellon Corporation, incorporated in the United States of America.

The ultimate parent company as at 31 December 2019 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from its registered address:

The Secretary  
The Bank of New York Mellon Corporation  
240 Greenwich Street  
New York, NY  
10286  
USA