

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

**Strategic report, Directors' report and financial statements**

**Registered number 8260807**

**31 December 2017**



# **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.

### Business review

The principal activity of the Company is that of a holding company and its main source of income is through dividend and interest income. There have been no significant changes in the Company's core operations during the year.

Management have 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 at the balance sheet date.

### Financial key performance indicators

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

	2017 £000	2016 £000	Change £000	Change %
Income from fixed asset investments	28,000	25,000	3,000	12%
Total profit for the year	28,000	25,012	2,988	12%

Income from fixed asset investments reflects a £28,000,000 (2016: £25,000,000) dividend received from BNY Mellon International Asset Management Holdings No.1 Limited, a wholly owned subsidiary.

Total profit for the year increased by £2,988,000 (12%) due to increase in dividend income BNY Mellon International Asset Management Holdings No.1 Limited.

### Principal risks and uncertainties

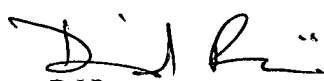
The principal risks and uncertainties affecting the business have been considered and addressed in the Directors' report on pages 3 to 4.

### Business and future developments

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

### Approval

By order of the Board

  
D J Peace  
Director

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

23 July 2018

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 2017.

### **Principal activity**

The principal activity of the Company is that of a holding company.

### **Results and dividends**

The profit for the year after taxation amounted to £28,000,000 (2016: £25,012,000).

Interim dividends paid during the year amounted to £28,000,000 (2016: £25,000,000). The directors do not recommend a final dividend for the year ended 31 December 2017 (2016: £nil).

### **Political donations**

The Company made no political donations or incurred any political expenditure during the year (2016: £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 BNY Mellon Corporation 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 BNY Mellon'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

The Company subsidiaries utilise the BNY Mellon 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.

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

## **Directors' report - continued**

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

The Risk Appetite at Bank of New York Mellon Corporation Group ("the 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.

### **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>).

### **Directors**

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

G A Brisk  
D J Peace  
S S Sumal

### **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 (2016: £ 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**

In February 2018, the Company received a dividend of £327,000,000 from BNY Mellon International Asset Management Holdings No.1 Limited.

In February 2018, the Company paid a dividend of £332,000,000 to BNY Mellon International Asset Management Group Limited.

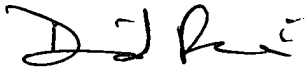
# **BNY Mellon International Asset Management (Holdings) Limited**

## **Directors' report - continued**

### **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



D J Peace  
Director

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

23 July 2018

Registered number: 8260807

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

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

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 2017 which comprise 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101; and
- have been prepared in accordance with the requirements of the Companies Acts 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 Financial Reporting Council's ("FRC") Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for 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 Strategic report and 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 Strategic report and the Directors' report;
- 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 Acts 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 6, 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/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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  
3 August 2018

## BNY Mellon International Asset Management (Holdings) Limited

### Statement of profit or loss and other comprehensive income

for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Administrative expenses	2	(9)	(8)
<b>Operating loss</b>		(9)	(8)
Income from shares in Group undertakings	4	28,000	25,000
Interest receivable and similar income	5	9	23
<b>Profit before taxation</b>		28,000	25,015
Taxation on profit	6	-	(3)
<b>Total profit for the year</b>		<u>28,000</u>	<u>25,012</u>

Notes 1 to 12 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 has not prepared a separate statement of other comprehensive income as all the income and losses are reflected in the statement of profit and loss.

# BNY Mellon International Asset Management (Holdings) Limited


## Balance sheet

at 31 December 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Fixed asset investment	7	725,002	725,002
<b>Current assets</b>			
Cash at bank and in hand	8	<u>5,527</u>	<u>5,527</u>
<b>Total current assets</b>		5,527	5,527
Creditors: amounts falling due within one year	9	<u>(11)</u>	<u>(11)</u>
Net current assets		5,516	5,516
 Total assets less current liabilities		<u>730,518</u>	<u>730,518</u>
<b>Net assets</b>		<u>730,518</u>	<u>730,518</u>
 <b>Capital and reserves</b>			
Called up share capital	10	725,000	725,000
Profit and loss account		<u>5,518</u>	<u>5,518</u>
<b>Shareholders' funds</b>		<u>730,518</u>	<u>730,518</u>

Notes 1 to 12 are integral to these financial statements.

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

  
D J Peace  
Director

23 July 2018

Company registered number: 8260807

# BNY Mellon International Asset Management (Holdings) Limited

## Statement of changes in equity

31 December 2017

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	725,000	5,506	730,506
Total profit for the year	-	25,012	25,012
Dividends	-	(25,000)	(25,000)
<b>Balance at 31 December 2016</b>	<b>725,000</b>	<b>5,518</b>	<b>730,518</b>

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	725,000	5,518	730,518
Total profit for the year	-	28,000	28,000
Dividends	-	(28,000)	(28,000)
<b>Balance at 31 December 2017</b>	<b>725,000</b>	<b>5,518</b>	<b>730,518</b>

Notes 1 to 12 are integral to these financial statements.

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2017

### 1 Accounting policies

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

The Company is a private company incorporated and domiciled in the UK.

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 Adopted IFRS. The Bank of New York Mellon Corporation's consolidated financial statements are available at <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 International Financial Reporting Standards as adopted by the EU ("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, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosure in respect of capital management; and
- Disclosures in respect of compensation of Key Management Personnel.

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*; and
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

The following standards are not yet effective, and are not expected to have a material impact on these financial statements:

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

## **Notes to the financial statements - continued** **for the year ended 31 December 2017**

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

#### **1.1 Basis of preparation and statement of compliance with FRS 101 - continued**

- **IFRS 9 Financial Instruments**

##### **Introduction**

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets and liabilities, and introduces an alternative hedge accounting model to that contained in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and replaces much of IAS 39.

##### **Classification of financial assets**

IFRS 9 contains a revised classification and measurement approach that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, measured at fair value through Other Comprehensive Income ("FVOCI") and measured at fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

For investments in equity instruments that are held for trading, an irrevocable election is available on initial recognition on an instrument-by-instrument basis to recognise all changes in fair value in Other Comprehensive Income ("OCI").

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not bifurcated; instead, the hybrid financial instrument as a whole is assessed for classification.

The Company's involvement with financial assets is limited to placement of its cash resources with financial institutions and therefore, the Company believes that the new classification requirements will not affect its accounting for financial assets.

##### **Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model contained in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. This will require judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Under IFRS 9, the Company generally will recognise loss allowances at an amount equal to 12-month ECL (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. The business of the Company does not involve extension of credit to customers nor investment in financial assets that carry significant credit risk. The Company, therefore expects the impact of the impairment requirements of IFRS 9 to be immaterial.

##### **Transition**

Changes in accounting arising from the adoption of IFRS 9 generally will be applied retrospectively; however, the Company plans to take advantage of the exception allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amount of financial instruments resulting from the adoption of IFRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018.

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

## **Notes to the financial statements - continued** **for the year ended 31 December 2017**

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

#### **1.1 Basis of preparation and statement of compliance with FRS 101 - continued**

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 1.12.

#### **1.2 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.

#### **1.3 Measurement convention**

These financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through Statement of profit or loss. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### **1.4 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 3 to 5 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.

Based on the above assessment of the Company's financial position, 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.

#### **1.5 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 member of the Group are disclosed within notes 4, 5, 7 and 8.



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

## **Notes to the financial statements - continued** **for the year ended 31 December 2017**

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

#### **1.6 Interest receivable and interest payable**

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the Statement of profit and loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange gains or losses that are recognised in the Statement of profit and loss (see foreign currency accounting policy 1.9). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in the Statement of profit and loss as it accrues, using the effective interest method.

#### **1.7 Dividends**

Dividend income is recognised in the statement of profit or 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.

#### **1.8 Taxation**

Income tax comprises current and deferred tax. Income 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 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.

#### **1.9 Foreign currency**

The Company's functional currency is GBP. The Company's presentational currency is also 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 or 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. 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.

#### **1.10 Investments in subsidiaries**

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 2017

### 1 Accounting policies - continued

#### 1.11 Impairment of fixed assets

The carrying amounts of the Company's assets are assessed annually for impairment when events or changes in circumstances indicate that the carrying amounts of the fixed assets may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

#### 1.12 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 the notes to the financial statements.

### 2 Administrative expenses and auditor's remuneration

Profit before taxation is stated after charging:

	2017	2016
	£000	£000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements pursuant to legislation	9	9

### 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 BNY Mellon group company actually makes the payment to the directors.

	2017	2016
	£000	£000
Directors' emoluments	8	17
Amounts receivable under long term incentive schemes	3	12
Company contributions to defined benefit pension plans	-	1
	11	30

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid directors was £8,372 (2016: £21,118), and Company pension contributions of £nil (2016: £35) 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.

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements - continued for the year ended 31 December 2017

### 3 Directors' emoluments - continued

	Number of Directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	2
Defined benefit schemes	1	2
The number of directors who exercised share options was	1	1
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	3	4

### 4 Income from shares in Group undertakings

	2017	2016
	£000	£000
Income from shares in Group undertakings	<u>28,000</u>	<u>25,000</u>

### 5 Interest receivable and similar income

	2017	2016
	£000	£000
Net foreign exchange gain	2	-
Receivable from Group undertaking	<u>7</u>	<u>23</u>
Total interest receivable and similar income	<u>9</u>	<u>23</u>

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements - continued for the year ended 31 December 2017

### 6 Taxation

#### *Recognised in the statement of profit and loss and comprehensive income*

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax on profit for the year	-	3
Tax on profit	-	3

#### *Reconciliation of effective tax rate*

	2017 £000	2016 £000
Total profit for the year	28,000	25,012
Total tax expense	-	3
Profit excluding taxation	28,000	25,015
Tax using the UK corporation tax rate of 19.25% (2016: 20.00%)	5,390	5,003
Tax exempt revenues	(5,390)	(5,000)
Total tax expense	-	3

#### *Factors that may affect current and total tax charge*

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 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 tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

### 7 Fixed asset investment

	Subsidiaries £000	Total £000
<b>Cost</b>		
At 1 January 2017	725,002	725,002
At 31 December 2017	725,002	725,002
<b>Net book value</b>		
At 31 December 2017	725,002	725,002
At 31 December 2016	725,002	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 impairments exist at the balance sheet date.

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements - continued for the year ended 31 December 2017

### 7 Fixed asset investment - continued

#### Subsidiaries

The Company has 1 direct subsidiary (2016: 1) and 2 indirect subsidiaries (2016: 1).

The Company has the following investments in subsidiaries:

	Country of incorporation	Registered office	Principal activity	Class of shares held	Ownership 2017	Ownership 2016
BNY Mellon International Asset Management (Holdings) No.1 Limited	England & Wales	BNY Mellon Centre 160 Queen Victoria Street London EC4V4LA	Holding company	Ordinary £1,000 shares  Preference £1,000 shares	100%  100%	100%  100%
<b>Indirect subsidiaries:</b>						
Walter Scott & Partners Limited	Scotland	One Charlotte Square, Edinburgh, EH2 4DR	Investment management	Ordinary £1 shares	100%	100%
Shelfco Limited	Bahamas	4 George Street, Mareva House, Nassau	Dormant non trading company	Ordinary \$1	100%	-%

### 8 Cash at bank and in hand

	2017	2016
	£000	£000
Cash at bank and in hand	5,527	5,527

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

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

	2017	2016
	£000	£000
Accruals and deferred income	9	10
Taxation and social security	-	1
Other creditors	2	-
	11	11

# BNY Mellon International Asset Management (Holdings) Limited

## Notes to the financial statements - continued for the year ended 31 December 2017

### 10 Capital and reserves

#### Share capital

	2017	2016
	£000	£000
Allotted, called up and fully paid		
725,000,002 (2016: 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.

### 11 Transactions involving Directors, officers and others

At 31 December 2017 there were no loans and other transactions made to directors and officers of the Company (2016: £nil).

### 12 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. Copies of accounts for BNY Mellon International Asset Management Group Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

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 2017 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:

The Secretary  
The Bank of New York Mellon Corporation  
225 Liberty Street  
New York, NY  
10286  
USA