

Charles River International Holdings Ltd

Report and Financial Statements

31 December 2020

Registered No. 11570663



Charles River International Holdings Ltd

Registered No. 11570663

Directors

Christopher Russo
John Plansky
Spiros Giannaros

Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Registered Office

20 Churchill Place
Canary Wharf
London
E14 5HJ

Banker:

Street Bank and Trust Company

Charles River International Holdings LTD

Registered No. 11570663

Table of Contents

| | |
|-----------------------------------|----------|
| Strategic Report | Page 3-4 |
| Directors Report | 5-7 |
| Independent Auditors Report | 8-10 |
| Statement of Comprehensive Income | 11 |
| Statement of Financial Position | 12 |
| Statement of Equity | 13 |
| Notes to the Financial Statements | 14-21 |

Charles River International Holdings LTD

Registered No. 11570663

Strategic report

The Directors of the Company present their strategic report of Charles River International Holdings Ltd, (the "Company") for the year ended 31 December 2020. The Company was incorporated on 14 September 2018.

The purpose of the strategic report is to inform members of the Company and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the Company).

Review of the business

The Company's key financial performance indicator during the year was the Return on Investments from Subsidiaries of 4.2%, which is consistent with prior year.

On 1 October 2018, the Company obtained a capital contribution of \$9.1m from State Street International Holdings and a loan of \$39m from State Street International Holdings Switzerland GmbH. The proceeds were used to fund the acquisition of Charles River Development Limited (Hong Kong), Charles River Development Limited (UK) and Charles River Development Ireland Limited. The acquisition was recorded as \$48.1m investment in subsidiaries. The loan is for 10 years with interest paid annually on 1 October with maturity of 1 October 2028. Charles River Development Limited (Hong Kong) was liquidated on 22 December 2020.

On 29 September 2020 the Company received a dividend of \$2m from one of its subsidiaries, ie. Charles River Development Limited - UK.

Principal risks and uncertainties

The Board regularly monitors the Company's operational and financial performance and key business risks.

The Company's principal risk is the performance of its subsidiaries resulting in its investments being impaired. The Company performs a regular review of any indicators that an impairment review is required. There is a risk that dividends earned on investments are lower than interest payable on loans outstanding, however this risk is managed by the Directors through regular cashflow forecasting of underlying investments. As a result, the Company has strong cash reserves allowing it to meet its next interest obligation due on 1 October 2021.

The directors of the subsidiaries in which investments are held manage risks and uncertainties. For this reason, the Company's directors believe that a full discussion of the company's risks would not be appropriate within this report. The board of the ultimate parent State Street Corporation manage risk factors of the corporation, those risk factors and those of the Company are discussed in Item 1A of State Street Corporation Annual Report.

Brexit

The UK left the EU Single Market and Customs Union on 1 January 2021, and the UK became a third country to the EU. While the Brexit trade agreement was signed on 24 December 2020, there is uncertainty related to the UK financial services sector and its future trading with the EU counterparts. In the absence of clarity, and like many of our peers, we are planning for a Free Trade Agreement (FTA) based on World Trade Organisation (WTO) rules scenario, namely that the UK will give up full access to the EU's single market and Customs Union. For the Financial Services sector, this is expected to result in the loss of some passporting privileges (i.e., the right for the UK to do business in the EU and vice-versa) but some services will still be permitted to be delegated back to the UK.

The EU and the UK reached an agreement on a joint declaration on financial services which sets out the intention to establish structured regulatory cooperation arrangements by spring 2021. A Memorandum of Understanding between the UK and EU on Financial Services to define the future relationship is expected. The Board has considered the risks of the current situation:

Market risk and operational risk of Brexit have abated given the trade deal is in place and the transition period has ended.

Registered No. 11570663

Strategic report (continued)

Legal risk: Whilst at this stage, the UK's regulatory regime is aligned with the EU, it is conceivable that there will be regulatory divergence between the EU and the UK in the future. The nature and impact of such divergence at this stage is uncertain and we monitor all relevant developments to this effect, including as and when the Memorandum of Understanding is published.

Market risk: Potential for continued market volatility (notably FX and interest rates) given political uncertainty which could affect the value of the Company's stream.

Legal risk: Whilst European Union law will remain in force for two years after the UK's exit from EU, assuming the currently envisaged transition period is in place, following such time it is conceivable that there could be divergence in EU and UK regulation, however any such changes are not expected to have a material impact on the Company's contracts or enforceability of legal obligations.

Risk related to the current COVID-19 pandemic

The worldwide COVID-19 outbreak has generated material impact on the global economic environment. Given the nature of the outbreak and the on-going developments, there is a high degree of uncertainty and it is not possible at this time to reliably predict the extent and nature of the overall future impact on the Company.

- a. Assessed the impact of COVID-19 on the subsidiaries business and the capability to receive dividends.
- b. Performance of stress testing and other procedures by the management to assess the impact of COVID-19 and the results thereof, management plan of actions if any for the subsidiaries.
- c. The Company's Business Continuity Plan has been and is continuing to be executed effectively and the Company will continue to evaluate and monitor market

The Company has continued as business as usual during the pandemic. Appropriate steps have been implemented to safeguard the continuity of the operations, ensuring minimal impact to the company. The Company's Business Continuity Plan is in place and will be continually monitored to evaluate for changing market conditions.

On behalf of the Board



Spiros Giannaros
Director.

21 September 2021

Charles River International Holdings LTD

Registered No. 11570663

Directors' report

The directors present their report and the audited financial statements for the Company for the 12 months year ended 31 December 2020. In accordance with section 414C (11) of the Companies Act 2006, the directors have set out the 'Review of the Business' and 'Principal Risks and Uncertainties' within the Company's strategic report.

Principal activities

The principal activity of the company is holding of investments in subsidiaries.

Results and dividends

The net profit for the year, after taxation, amounted to \$458,858, compared to 2019 net loss of \$167,691. The directors did not recommend the proposal of a dividend for the year ended 31 December 2020.

Directors and their interests

The directors of the Company who held office during and subsequent to the year ended 31 December 2020 were as follows:

James R Lowry (resigned 1 September 2021)
John Plansky
Spiros Giannaros (appointed 13 March 2020)
Louis D Maiuri (resigned 13 March 2020)
Christopher Russo (appointed 1 September 2021)

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures various risks (including the impact of COVID-19 pandemic) are described in the Principal Risks and Uncertainties section of the Strategic Report. The Company has considerable financial resources and as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully in the future.

The Board has considered the going concern assessments and concluded that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. They have reviewed income and expense projections and have considered any potential impact of the COVID-19 pandemic on the entity and the subsidiaries and the mitigating measures which the Company and the State Street Group have in place to maintain the Company's operational resilience.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period to 30 September 2022, being a period of at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Continuity of operations:

The broader State Street management has taken appropriate steps in order to maintain the continuity of the operations and client delivery. The Company's business continuity plan has been implemented and is being monitored closely. No significant disruptions in the underlying subsidiaries operations.

Liquidity and capital consideration:

The majority of the Company's assets represent investment in subsidiaries. There is a strong liquidity base in the Company, and it is sufficiently resourced to weather any arising economic crisis created by the COVID-19 pandemic. There have been no implications on the liquidity and cash flows of the Company, impairment to assets and impact to revenue and expenses.

Events after Balance Sheet Date

The Directors have evaluated the period since the year end and, other than the Brexit matter disclosed in the Political risk section of the Strategic Report, have not noted any subsequent events that require disclosure.

Registered No. 11570663

Directors' report (continued)

The Board has concluded that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for twelve months from the date the financial statements are approved. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors Indemnification

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Disclosure of Information to the Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with Section 485 and 487 of the Companies Act 2006, a resolution to re-appoint Ernst & Young LLP as auditors will be propose at the Annual General Meeting.

By order of the board



Spiros Giannaros
Director.

21 September 2021

Registered No. 11570663

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the statement of affairs of the Company and of the profit and loss for that period.

In preparing those 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charles River International Holdings LTD

Registered No. 11570663

Independent Auditor's report

TO THE MEMBERS OF CHARLES RIVER INTERNATIONAL HOLDINGS LTD.

Opinion

We have audited the financial statements of Charles River International Holdings Ltd for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial position, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its profit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30 September 2022, being a period of at least twelve months from the date the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or

Registered No. 11570663

Independent Auditor's report

TO THE MEMBERS OF CHARLES RIVER INTERNATIONAL HOLDINGS LTD. (continued)

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Charles River International Holdings LTD

Registered No. 11570663

Independent Auditor's report

TO THE MEMBERS OF CHARLES RIVER INTERNATIONAL HOLDINGS LTD. (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

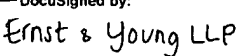
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 101 and the Companies Act 2006.
- We understood how Charles River International Holdings Ltd is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Company, reviewed minutes of meetings of the Board of Directors and the UK Risk and Compliance Committees and gained an understanding of the Company's governance framework.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and considering the controls established to address risks identified to prevent or detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making inquiries of legal counsel, executive management, and internal audit, reviewing reporting to the Directors with respect to the application of the documented policies and procedures and reviewing the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Poppy Proborespati (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 September 2021

Charles River International Holdings LTD

Registered No. 11570663

Statement of Comprehensive Income for the year ended 31 December 2020

| | | Year Ended | Period Ended |
|--|-------|------------------|------------------|
| | Notes | 31 December 2020 | 31 December 2019 |
| | | \$'000 | \$'000 |
| Dividend Income | 4 | 2,000 | 2,000 |
| Other Income | | 3 | 0 |
| Administrative expenses | | (31) | (276) |
| Operating profit | 5 | 1,972 | 1,724 |
| Interest expense | 6 | (1,513) | (1,892) |
| Profit/(Loss) on ordinary activities before taxation | | 459 | (168) |
| Tax on profit ordinary activities | 7 | - | - |
| Profit/(Loss) on ordinary activities after taxation | | 459 | (168) |

All amounts for the year ended 31 December 2020 are in respect of continuing activities.

The Company has no other comprehensive income other than shown above and accordingly no other Comprehensive Income Statement has been prepared.

The accompanying notes are an integral part of the financial statements.

Charles River International Holdings LTD


Registered No. 11570663

Statement of Financial Position At 31 December 2020

| | Note | 2020 \$'000 | 2019 \$'000 |
|--|------|----------------|----------------|
| Fixed assets | | | |
| Investments in subsidiaries | 8 | 48,019 | 48,102 |
| | | <u>48,019</u> | <u>48,102</u> |
| Current assets | | | |
| Cash at bank | | 812 | 241 |
| | | <u>812</u> | <u>241</u> |
| Creditors: amounts falling due within one year | | | |
| Accruals | 9 | (440) | (410) |
| Net current assets | | 372 | (169) |
| Total assets less current liabilities | | 48,391 | 47,933 |
| Creditors: amounts falling due after more than one year | | | |
| Loans and advances due to related parties | 9 | (39,000) | (39,000) |
| Net Assets | | <u>9,391</u> | <u>8,933</u> |
| Capital and reserves | | | |
| Paid Up Share Capital | | 9,100 | 9,100 |
| Profit and loss account | | <u>291</u> | <u>(168)</u> |
| Shareholder's funds | | <u>9,391</u> | <u>8,933</u> |

The accompanying notes form an integral part of the financial statements.

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


Spiros Giannaros
Director.
21 September 2021

Charles River International Holdings LTD

Registered No. 11570663

Statement of Changes in Equity

for the year ended 31 December 2020

| | <i>Share Capital</i> | <i>Retained earnings</i> | Total Equity |
|--|--------------------------|------------------------------|---------------|
| | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> |
| Balance at 14th September 2018 | - | - | - |
| Paid up Share Capital | 9,100 | - | 9,100 |
| Loss for the financial period | - | (168) | (168) |
| Balance at 31 December 2019 | 9,100 | (168) | 8,933 |
| Profit for the financial year | - | 459 | 459 |
| Balance at 31 December 2020 | 9,100 | 291 | 9,391 |

The accompanying notes form an integral part of the financial statements.

Charles River International Holdings LTD

Registered No. 11570663

Notes to the financial statements for year ended 31 December 2020

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Charles River International Holdings Ltd (the “Company”) for the 12 months ended 31 December 2020 were authorised for issue by the board of directors on 20 September 2021 and the balance sheet was signed on the board’s behalf by Spiros Giannaros.

The Company is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company’s financial statements are presented in United States Dollar (USD) which is its functional and presentation currency.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group account as the Company’s ultimate parent undertaking, State Street Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of State Street Corporation are prepared in accordance with US Generally Accepted Accounting Principles (“US GAAP”) and are available to the public and may be obtained from Financial Centre, 1 Lincoln Street, Boston, Massachusetts, 02111, United States of America.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting Policies

2.1 Basis of preparation

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The amendments to FRS 101 (2018/19 Cycle) issued in July 2019 and effective immediately have been applied in these financial statements.

Prior year financial statements have been prepared for a period of 16 months and the current year for 12 months. Hence the Profit & Loss and accompanying notes to P&L are not comparative.

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 Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s financial statements are presented in USD (\$), which is its functional and presentational currency. All amounts in the financial statements have been rounded to the nearest \$ thousand (unless stated otherwise). No cash flow statement is presented for the Company as permitted by Section 408 of the Companies Act 2006.

The Company’s ultimate parent undertaking, State Street Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of State Street Corporation are prepared in accordance with US Generally Accepted Accounting Principles (“US GAAP”) and are available to the public and may be obtained from State Street, Financial Centre, 1 Lincoln Street, Boston Commonwealth of Massachusetts, United States of America.

Registered No. 11570663

Notes to the financial statements (continued)

For year ended 31 December 2020

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

- Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- Disclosures in respect of transactions with wholly owned subsidiaries of a parent company; and
- Disclosures in respect of the compensation of Key Management Personnel

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- 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.

2.2 Judgements and key sources of estimation uncertainty

Judgements made by the directors, in the application of these accounting policies had no significant effect on the financial statements. The estimates of significant risk of material adjustment in the next year have not been observed in the period.

The financial statements are prepared on the historical cost basis. As stated in the directors' report the annual report and accounts are prepared on the going concern basis.

2.3 Significant accounting policies

Going Concern

The Company's business activities, together with the factors likely to affect its future development, credit, interest, liquidity, market, operational and political risks are described in the Principal Risks and Uncertainties section of the Strategic Report.

The full extent to which the COVID-19 pandemic may impact Company's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the Company, the asset management industry and the economies in which the Company operates.

The Company has considered the impact to its operations, liquidity, revenue and expenses. Whilst, it is not possible to precisely quantify the overall impact of COVID-19, management have concluded there has been no consequential and adverse impact to its profitability and solvency. Having performed this analysis management believes they have sufficient liquidity to meet its liabilities for the next 12 months from the date of approval of the financial statements and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Notes to the financial statements (continued)
For year ended 31 December 2020

2.3 Significant accounting policies (continued)

Foreign currencies

Revenues and costs denominated in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and monetary liabilities at the balance sheet date are translated at the year-end rate of exchange. Differences arising on translation are recognised in the income statement.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Intercompany loan interest expense

Interest expense is recognised over the term of the respective loans on an accrual basis.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Interest bearing loans and borrowings

Obligations for loans and borrowing are recognised when the company becomes party to the related contract and are recognised initially at fair value of consideration received less directly attributable transactions costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Current taxation

The tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax relating to items charged or credited directly to equity is also dealt with in equity.

Group relief

Appropriate tax credits are recognised in respect of taxable losses, where sufficient taxable profits are available for offset within other group undertakings in the same tax group.

Dividend Income

Dividend income is recognised when the Company's right to receive payment is established.

Charles River International Holdings LTD

Registered No. 11570663

Notes to the financial statements (continued)

For year ended 31 December 2020

3. Staff costs

There are no employees in this entity.

4. Dividend Income

| | <i>Year Ended 31 December 2020</i> | <i>Period Ended 31 December 2019</i> |
|--|--|--|
| | <i>\$'000</i> | <i>\$'000</i> |
| Dividend income from Charles River Development Limited | 2,000 | 2,000 |

5. Operating Profit

The operating profit is stated after charging:

| | <i>Year Ended 31 December 2020</i> | <i>Period Ended 31 December 2019</i> |
|-------------------------------------|--|--|
| | <i>\$'000</i> | <i>\$'000</i> |
| Auditors remuneration | | |
| - audit of the financial statements | 30 | 32 |

Certain Directors were employed and remunerated as directors or executives of State Street Corporation and its subsidiaries ("the Group") in respect of their services to the Group as a whole and their remuneration has been paid by other Group entities. It is estimated that the remuneration of their services to the Company in the year ended 31 December 2020 totaled \$6,000 which is comparable to the estimated remuneration of \$6,000 for the period ended 31 December 2019.

6. Interest Expense

| | <i>Year Ended 31 December 2020</i> | <i>Period Ended 31 December 2019</i> |
|-------------------------------------|--|--|
| | <i>\$'000</i> | <i>\$'000</i> |
| Interest payable to group companies | 1,513 | 1,892 |

Charles River International Holdings LTD

Registered No. 11570663

Notes to the financial statements (continued) for year ended 31 December 2020

7. Tax on profit on ordinary activities

(a) Analysis of charge in period

| | <i>Year Ended</i> <i>31 December 2020</i> \$'000 | <i>Period Ended</i> <i>31 December 2019</i> \$'000 |
|---|--|--|
| <i>Current tax:</i> | | |
| UK corporation tax on profits of the period | - | - |
| Adjustments in respect of previous periods | - | - |
| Total current tax | - | - |
| Tax on profit on ordinary activities | - | - |

(b) Factors affecting tax charge for period

| | <i>Year Ended</i> <i>31 December 2020</i> \$'000 | <i>Period Ended</i> <i>31 December 2019</i> \$'000 |
|---|--|--|
| Profit(Loss) on ordinary activities before tax | 459 | (168) |
| Profit(Loss) on ordinary activities multiplied by the blended rate of corporation tax in the United Kingdom of 19.00% | 87 | (32) |
| <i>Effect of:</i> | | |
| Dividend | (380) | (380) |
| Losses to be surrendered for nil consideration | 293 | 412 |
| Total tax | - | - |

Charles River International Holdings LTD

Registered No. 11570663

Notes to the financial statements (continued) for year ended 31 December 2020

7. Tax on profit on ordinary activities (continued)

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, deferred tax has been calculated based on the prevailing rate of 19%. The estimated impact of the new 25% rate on the deferred tax asset would not be material.

8. Investments in subsidiaries

| | <i>Year Ended</i> <i>31 December 2020</i> | <i>Period Ended</i> <i>31 December 2019</i> |
|-----------------------------|--|--|
| | <i>\$'000</i> | <i>\$'000</i> |
| Investments in subsidiaries | 48,019 | 48,102 |

In the opinion of the directors, the aggregate value of investments in subsidiaries is not less than the amount at which they are stated in the financial statements. The Company has invested a total of \$48.0m to Charles River Development – UK, Charles River Development Limited- Hong Kong and Charles River Development Ireland Limited.

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital

| Company Name | Incorporated in | Registered office | Nature of business | Proportion of voting rights and shares held 2020 | Proportion of voting rights and shares held 2019 |
|---|-----------------|--|--|--|--|
| Charles River Development Limited | UK | 20 Churchill Place, Canary Wharf, London, England, E14 5HJ, United Kingdom | Data processing, hosting, and related services | 100% | 100% |
| Charles River Development Limited * | Hong Kong | 29 Queen's Road Central, Central, Hong Kong | Data processing, hosting, and related services | 0% | 100% |
| Charles River Development Ireland Limited | Ireland | 1 Grant's Row, Grand Canal Dock, Dublin 2, D02 HX96, Ireland | Data processing, hosting, and related services | 100% | 100% |

*Charles River Development Limited (Hong Kong) has been liquidated as of 22 December 2020.

Charles River International Holdings LTD

Registered No. 11570663

Notes to the financial statements (continued)

For year ended 31 December 2020

9. Creditors

| | <i>Year Ended</i> <i>31 December 2020</i> \$'000 | <i>Period Ended</i> <i>31 December 2019</i> \$'000 |
|--|--|--|
| <u>Amounts falling due within one year:</u> | | |
| Accruals | 440 | 410 |
| | <u>440</u> | <u>410</u> |
| <u>Amounts falling due after more than one year:</u> | | |
| Loans and advances due to related parties | 39,000 | 39,000 |
| | <u>39,000</u> | <u>39,000</u> |

3.88% Interest Bearing Unsecured Loan Note due on 1 October 2028.

Interest only payments related to loans and advances due to related parties are made annually on 1 October, with a maturity of 1 October 2028.

10. Paid Up Share Capital

| | <i>Authorised</i> | |
|--|--|--|
| | <i>Year Ended</i> <i>31 December 2020</i> \$ | <i>Period Ended</i> <i>31 December 2019</i> \$ |
| | <u>9,100</u> | <u>9,100</u> |

| | <i>Allotted called up and fully paid</i> | | <i>Allotted called up and fully paid</i> | |
|-------------------------------|---|--|---|--|
| | <i>Year Ended</i> <i>31 December 2020</i> No. | <i>Year Ended</i> <i>31 December 2020</i> \$ | <i>Period Ended</i> <i>31 December 2019</i> No. | <i>Period Ended</i> <i>31 December 2019</i> \$ |
| Ordinary shares £1.00 each | 7,038,090 | 9,100 | 7,038,090 | 9,100 |

7,087,090 shares issued at 1.00 GBP per share, converted to USD using a rate of 1.293.

Registered No. 11570663

Notes to the financial statements (continued)
For year ended 31 December 2020

11. Related party transactions

In accordance with accounting standards the Company has taken advantage of reduced disclosure requirements under FRS101 in relation to related party transactions, due to the fact that it is wholly owned and its ultimate holding company produces publicly available consolidated financial statements.

12. Ultimate parent company and controlling party

The immediate parent company is State Street International Holdings, a company incorporated at 1 Lincoln Street, Boston, Massachusetts 02111 (USA).

The company's ultimate parent undertaking and controlling party is State Street Corporation, which is incorporated in the United States of America and is the smallest and largest company in which the company's results are consolidated. Copies of its group financial statements, which include the company, are available from State Street Corporation, 1 Lincoln Street, Boston, Massachusetts, 02111 (USA).

13. Subsequent events

The Directors have evaluated the period since the year end and, other than the Brexit matter disclosed in the Political risk section of the Strategic Report, have not noted any subsequent events that require disclosure.