DTCC (UK) Limited
Annual report and financial statements for the year ended 31 December 2018

Registered number: 06573615

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DIRECTORS:	Valerie Jane Harahush Karl Gordon Spielmann
SECRETARY:	Karl Gordon Spielmann
REGISTERED OFFICE:	1 Snowden Street Broadgate Quarter London EC2A 2DQ
REGISTERED NUMBER:	06573615 (England and Wales)
AUDITOR:	Deloitte LLP Statutory Auditor London, United Kingdom

The Directors, in preparing the strategic report, have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for DTCC (UK) Limited ("DTCC (UK)" or the "Company") as a whole and therefore gives greater emphasis to those matters which are significant to the Company when viewed as a whole.

Review of the business

DTCC (UK) is a wholly-owned subsidiary of DTCC Global Holdings B.V., whose ultimate parent undertaking is the Depository Trust and Clearing Corporation ("DTCC"). DTCC (UK) is a company organised under the laws of England and Wales.

The Company's principal activity is that of a holding company. The strategy of the business remains unchanged from prior years and it will continue with its present business activities next year.

During the year, the Company received investment income of $160,695k from its subsidiaries and paid dividends of $160,000k to its immediate parent DTCC Global Holdings B.V.

- On 9 January 2018, Allustra Ltd, an investment in subsidiary, was officially struck off at Companies House.
- On 17 January 2018, the Company subscribed to 45,122 additional shares in DTCC Derivatives Repository Plc with a nominal value of €0.8564 each to meet future Societas Europaea ("SE") share capital requirements.
- On 15 March 2018, a new company was incorporated in England and Wales, DTCC Data Repository (UK) Limited which is 100% owned by DTCC (UK). The Company subscribed to one ordinary share with a nominal value of £1.
- On 8 May 2019, the Company received a dividend of $35,000k from its subsidiary DTCC Derivatives Repository Plc.

Key performance indicators

Given the straightforward nature of the business as a holding company, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

Due to the nature of the Company's operations, the exposure to price, credit, currency, liquidity and interest cash flow risk is considered minimal. As a holding company, the primary risk faced by the Company is loss arising from impairment to the carrying value of investments in subsidiaries. Subsidiaries of the Company may be exposed to a variety of risks that may impact the carrying value of the investments. These risks include market risk (including foreign currency risk, fair value interest rate risk and cash flow interest rate risk), counterparty risk and liquidity risk. DTCC's overall risk management programme focuses on minimising potential adverse effects on the Company's financial performance and that of its subsidiaries.

During the year, the Company defined its capital as share capital and profit and loss account. On that basis, the total capital of the Company as at 31 December 2018 and 2017 was $33,509k and $32,838k, respectively. The Company was initially capitalised with £1 of called up capital.

Sensitivity analysis

The Directors do not consider sensitivity to changes in interest rates and exchange rates to be material in the context of these financial statements.

Future developments

The Company will continue with its present business activity as a holding company next year.

The United Kingdom's (UK) planned departure from the European Union (EU) ("Brexit")

There remains considerable uncertainty regarding the final outcome of the Brexit negotiations. The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Whilst the Company continues to evaluate the potential effect of the departure, currently, it does not anticipate that there will be a material impact on the operations or financial results.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least for the next twelve months from approval of these financial statements. Thus, the Directors continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in Note 2 to the financial statements.

Approved on behalf of the Board:

Valerie Jane Harahush, Director
Date: 1 August 2019

General information

The Directors present their report and audited financial statements (which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the notes to the financial statements) for DTCC (UK) as of and for the year ended 31 December 2018.

DTCC (UK) is a wholly-owned subsidiary of DTCC Global Holdings B.V., whose ultimate parent undertaking is the DTCC.

Results and dividends

The profit for the year after taxation amounted to \$160,671k (2017: \$18,649k). During the year, the Company paid interim dividends of \$160,000k (2017:\$41,064k) to its immediate parent.

Principal activities

The Company's principal activity is that of a holding company. The strategy of the business remains unchanged from prior years and it will continue with its present business activities next year.

Future developments and principal risks and uncertainties are disclosed in the Strategic report.

Directors

The following Directors held office throughout the year and to the date of approval of this report (except where otherwise shown):

Paula Sausville Arthus (resigned 4 March 2019)

Valerie Jane Harahush

Karl Gordon Spielmann (appointed 12 January 2018)

Directors' indemnities

DTCC, of which DTCC (UK) is a member, has made indemnity provisions for the benefit of the Directors of DTCC (UK) against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. These provisions were in force at the date of this report.

Staff

It is the policy of both DTCC (UK) and DTCC to ensure that no staff members or job applicants face discrimination on the grounds of ethnic origin, race, religion, gender, sexual orientation, age or disability.

Statement as to disclosure of information to auditor

The Directors of the Company at the date when this report is approved confirms that:

- so far as each of the Directors is aware, there is no relevant audit information (being information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Independent auditor

Deloitte LLP has expressed their willingness to continue in office as auditor of the Company and, under s485 to s488 of the Companies Act 2006, will be deemed to be re-appointed.

Approved on behalf of the Board:

Valerie Jane Harahush, Director
Date: 1 August 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 FRS 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 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:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 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.

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of DTCC (UK) Limited (the "Company"):
- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council (the "FRC") 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
We are required by ISAs (UK) to report in respect of the following matters where:
- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of Directors
As explained more fully in the statement of Directors' responsibilities, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the Directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

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.

We have nothing to report in respect of these matters.

Fiona Walker (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
1 August 2019

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Notes	2018 $000s	2017 $000s
Administrative (expenses) / income		(29)	128
Operating (loss) / profit		**(29)**	**128**
Gain on sale of investment in subsidiary	8	—	7,495
Investment income		160,695	11,152
Interest expense		—	(16)
Profit before taxation		**160,666**	**18,759**
Tax credit / (charge)	7	5	(110)
Profit for the financial year attributable to the owner of the Company	4	**160,671**	**18,649**
Other comprehensive result for the year net of tax		—	—
Total comprehensive income for the year attributable to the owner of the Company		**160,671**	**18,649**

Revenue and operating (loss) / profit are all derived from continuing operations.

The accompanying notes on pages 12 to 20 are an integral part of these financial statements.

DTCC (UK) LIMITED
BALANCE SHEET
As at 31 December 2018

	Notes	2018 $000s	2017 $000s
Non-current assets			
Investments in subsidiaries	8	29,197	29,152
Total non-current assets		29,197	29,152
Current assets			
Other receivables	9	671	3,338
Cash at bank and in hand		3,673	696
Total current assets		4,344	4,034
Total assets		33,541	33,186
Current liabilities			
Other payables	10	(32)	(348)
Total current liabilities		(32)	(348)
Total liabilities		(32)	(348)
Net current assets		4,312	3,686
Total net assets		**33,509**	**32,838**
Equity			
Called up share capital	11	—	—
Profit and (loss) account		33,509	32,838
Equity attributable to owner of the Company		**33,509**	**32,838**

The accompanying notes on pages 12 to 20 are an integral part of these financial statements.

The financial statements of DTCC (UK) Limited (registered number 6573615) were approved by the Board of Directors and authorised for issue on 1 August 2019. They were signed on its behalf by:

Valerie Jane Harahush
Director

	Called up share capital $000s	Profit and (loss) account $000s	Total equity $000s
Balance at 1 January 2017	—	**55,253**	**55,253**
Profit and comprehensive income for the year	—	18,649	18,649
Dividend (Note 12)	—	(41,064)	(41,064)
Balance at 31 December 2017	—	**32,838**	**32,838**
Profit and comprehensive income for the year	—	160,671	160,671
Dividend (Note 12)	—	(160,000)	(160,000)
Balance at 31 December 2018	—	**33,509**	**33,509**

The accompanying notes on pages 12 to 20 are an integral part of these financial statements.

1. GENERAL INFORMATION

DTCC (UK) Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The Company is a wholly-owned subsidiary of DTCC Global Holdings B.V., whose ultimate parent undertaking is DTCC.

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 4 and 5.

These financial statements are presented in U.S. dollars as the operations of the majority of investment in subsidiaries of the Company are U.S. dollar (functional currency).

These financial statements are standalone financial statements. The Company is exempt from the obligation to prepare group consolidated accounts per section 401 of the Companies Act 2006. These accounts are not consolidated because the Company itself is an ultimate subsidiary of DTCC (incorporated in the USA), which draws up group consolidated accounts. DTCC's consolidated group accounts are available to the public and can be obtained as set out in Note 14.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard ("FRS") 100, Application of Financial Reporting Requirements, issued by the Financial Reporting Council ("FRC"). Accordingly, these financial statements were prepared in accordance with FRS 101, Reduced Disclosure Framework.

As permitted by FRS 101, the Company took advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets, certain disclosures in respect of revenue from contracts with customers, certain revenue requirements of IFRS 15 and related party transactions.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. There were no items accounted for by revaluing of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised Standards

Standard	Description	Impact on the financial statements or other significant matters
International Accounting Standards Board Standard Issued, Recently Adopted		
IFRS 15 Revenue from Contracts with Customers *Issued May 2014*	• Requires revenue from contracts with customers to be recognised upon transfer of control of a good or service in the amount of consideration expected to be received. • Changes the accounting for certain contract costs, including whether they may be offset against revenue in the accompanying Statement of Comprehensive Income, and requires additional disclosures about revenue and contract costs. • The transition guidance allows entities an option to either apply in full to prior periods or retain prior period figures as reported under the previous standards.	• Adopted January 1, 2018. • The Company adopted the standard under the full retrospective transition method of adoption. • The Company's implementation efforts included the identification of revenue within the scope of the standard and the evaluation of revenue contracts using the practical expedient portfolio approach. • The adoption of the standard did not have a material impact on the Financial Statements.
IFRS 9 Financial Instruments *Issued July 2014 and consequential amendments to IFRS 7 Financial Instruments*	• Introduces new requirements for: 1) The classification and measurement of financial assets and financial liabilities. 2) Impairment of financial assets, and 3) General hedge accounting. • Replaces the current incurred loss approach for credit losses with an "expected loss" model for instruments measured at amortized cost. • Allows entities to use a provision matrix to measure expected credit losses for trade receivables. The provision matrix is based on historical observed default rates over the expected life of the trade receivables and adjusted for forward-looking estimates.	• Adopted January 1, 2018. • The Company elected the policy choice to apply the simplified approach and record expected credit losses on receivables using a provision matrix. • The adoption of the standard did not have a material impact on the Financial Statements.
IFRIC 22 Foreign Currency Transactions and Advance Consideration Issued December 2016	• Addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue). • Specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. • Requires an entity to determine the date of transaction for each payment or receipt of advance consideration if there are multiple payments or receipts in advance.	• Adopted January 1, 2018. • The adoption of the standard did not have a material impact on the Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on pages 2 and 3.

The Directors have a reasonable expectation that the Company and the ultimate parent company have adequate resources to continue in operational existence for the foreseeable future being at least for the next twelve months from the approval of these financial statements.

Taking all of these factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The principal accounting policies adopted are set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Investment income

Investment income is derived from dividends received from its investments. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (when the dividend has been declared), provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are remeasured at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not remeasured.

Operating profit / (loss)

Operating profit / (loss) is stated before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or 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.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)
Deferred tax (continued)

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis and are initially measured at fair value plus transaction costs. All recognised financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. Classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition. Financial assets of the Company are classified as Cash and cash equivalents, and Trade and other receivables.

<u>Cash and cash equivalents</u>. All highly liquid investments purchased with an original maturity of three months or less at the date of acquisition are classified as Cash and cash equivalents. Cash and cash equivalents consist primarily of deposits held in banks. Cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

<u>Trade and other receivables</u>. Trade and other receivables are stated at cost, net of a provision for doubtful accounts.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. The Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Financial liabilities

Financial liabilities. Amounts due to related parties and other payables are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

The application of the effective interest method has the effect of recognizing interest income on the instrument in proportion to the amount outstanding such that the yield earned is constant over the period to maturity.

Derecognition of financial liabilities. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There are no critical judgements that the Directors have made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries, each of which is considered to be a cash generating unit (CGU), have been impaired requires estimations of the investments' recoverable amount, which is the higher of the investments' value in use (VIU) and its fair value less costs of sale (FVLCS). Management have determined that the subsidiaries are the CGUs because they are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Estimating VIU includes determining the future cash flows expected to arise from the investments at suitable discount rates in order to calculate the present values. FVLCS is the price obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. An impairment loss is recognised to the extent the carrying amount of the asset exceeds its recoverable amount. Given the nature of the investments, the sale price would either be determined through a binding sale agreement or will be based on a discounted cash flow analysis where possible. The carrying amount of the investments in subsidiaries at the balance sheet date was $29,197k (2017: $29,152k) with a total impairment loss recognised in 2018 of $nil (2017: $nil).

There are no critical judgements apart from those involving estimations.

4. PROFIT FOR THE FINANCIAL YEAR

Profit for the year has been arrived at after charging / (crediting):

	Year ended 2018	Year ended 2017
	$000s	$000s
Net foreign exchange losses / (gains)	32	(185)
	32	(185)

In addition to the above, the profit for the year includes administrative expenses which primarily relate to professional services for the administration of the legal entity.

5. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were $15k (2017: $15k). During the year, there were no fees payable to Deloitte LLP and their associates for non-audit services to the Company.

6. STAFF COSTS

There were no full time employees (2017: none) during the year and the aggregate payroll costs were $nil (2017: $nil). No Directors were directly remunerated by the Company (see Note 13).

7. TAX

	Year ended 2018	Year ended 2017
	$000s	$000s
Corporation tax:		
Current year	(5)	—
Adjustments in respect of prior years	—	110
	(5)	110
Deferred tax:		
Current year	—	22
Adjustments in respect of prior years	—	(22)
	—	—
Tax (credit) / charge	(5)	110

Corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated taxable profit for the year. The reduction in the main rate of corporation tax in 2018 results in a weighted average rate of 19.00% (2017: 19.25%)

The (credit) / charge for the year can be reconciled to the profit in the profit and loss account as follows:

	Year ended 2018	Year ended 2017
	$000s	$000s
Profit before taxation	160,666	18,759
Tax at the UK corporation tax rate of 19.00% (2017: 19.25%)	30,527	3,611
Non-taxable investment income	(30,532)	(3,589)
Adjustments in respect of prior years	—	88
Tax (credit) / charge for the year	(5)	110

Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior reporting period.

As at 1 January	—	—
Deferred tax credit from prior year in the profit and loss account	—	22
Deferred tax (charge) on losses	—	(22)
As at 31 December	—	—

7. TAX

Deferred tax (continued)

At 31 December 2018 the Company had \$429k (2017: \$401k) of tax losses in respect of which deferred tax has not been recognised due to uncertainty as to the availability of future profits against which they can be offset.

Deferred tax are calculated using rates of UK corporation tax expected to be in effect at the time assets are realised as follows: Before 31 March 2017 20%, between 1 April 2017 and 31 March 2020 19%, and after 1 April 2020 17%. The enacted rate applicable for the year ended 31 December 2018 was 19%.

8. INVESTMENT IN SUBSIDARIES

	2018 \$000s	2017 \$000s
At beginning of year:	29,152	42,175
Additional capital investment	45	30
Disposal	—	(13,053)
At end of year	29,197	29,152

Investment in subsidiaries and investments:	Registered place of business	% share in ordinary capital	Company business activity
Company Name			
Allustra Ltd	London, UK	100.00%	Officially struck off at companies house on 9 January 2018
DTCC Derivatives Repository PLC	London, UK	100.00%	Data repository that provides a suite of post -trade record -keeping and reporting services
DTCC ITP (UK) Ltd	London, UK	100.00%	Develops and deploys post-trade and pre-settlement solutions
DTCC Europe Ltd	London, UK	100.00%	Other business support
DTCC Enterprise Services India Private Ltd	Chennai, India	0.01%	Other business support
DTCC Data Repository (UK) Ltd	London, UK	100.00%	Other business support
DTCC Data Repository (Ireland) PLC	Dublin, Ireland	100.00%	Non-trading data repository that provides a suite of post -trade record -keeping and reporting services

The 0.01% holding of DTCC Enterprise Services India Private Ltd is classified as an investment.

On 6 February 2017, the Company announced it reached an agreement to sell Avox Limited to Thomson Reuters Corporation. The sale closed on 14 March 2017. As a result of the transaction, the Company disposed of Avox Limited, effective 14 March 2017. The Company's gain on the sale, totalled \$7,495k and was included in gain on sale of investment in subsidiary in the Company's 2017 Statement of Comprehensive Income. The consideration for the sale included an amount of \$2,500k held in escrow. These funds were released in September 2018.

On 23 November 2017, the Company subscribed to 2,500 shares in DTCC Data Repository (Ireland) Plc with a nominal value of €10 each, totaling €25k (\$30k).

On 9 January 2018, Allustra Ltd, an investment in subsidiary, was officially struck off at Companies House.

On 17 January 2018, the Company subscribed for 45,122 additional shares in DTCC Derivatives Repository Plc with a nominal value of €0.8564 each to meet Societas Europaea share capital requirements.

On 15 March 2018, a new company was incorporated in England and Wales, DTCC Data Repository (UK) Limited which is 100% owned by DTCC (UK). The Company subscribed to one ordinary share with a nominal value of £1.

Management assessed all investments and it was concluded that no impairments were required.

9. OTHER RECEIVABLES

	2018	2017
	$000s	$000s
Amounts falling due within one year:		
Other receivables (Note 8)	-	2,500
Amounts owed from group undertakings	671	838
	671	3,338

10. OTHER PAYABLES

	2018	2017
	$000s	$000s
Amounts falling due within one year:		
Amounts owed to group undertakings	10	336
Other creditors	22	12
	32	348

11. SHARE CAPITAL

	2018	2017
	$	$
Authorised, issued and fully paid:		
1 (2017: 1) ordinary share of £1	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

12. DIVIDEND

	Year Ended 2018	Year Ended 2017
	$000s	$000s
Amounts recognised as distributions to equity holders:		
Dividend on 2 February 2018 ($90,000k per share)	90,000	—
Dividend on 21 September 2018 ($70,000k per share)	70,000	
Dividend on 29 November 2017 ($9,2000k per share)	—	9,200
Dividend on 30 March 2017 ($31,864k per share)	—	31,864
	160,000	41,064

13. RELATED PARTY TRANSACTIONS

Directors' Remuneration

The Directors' remuneration analysed under the headings required by company law is set out below.

	Year ended 2018 $000s	Year ended 2017 $000s
Directors' remuneration		
Emoluments	28	23
Amounts receivable (other than shares and share options) under long-term incentive schemes	6	4
	34	27

No Directors were remunerated by the Company. For the purpose of this disclosure only, the key Directors who are employed within the DTCC group have been allocated a percentage of their total costs to the Company based on their estimated services provided to the Company. The Directors disclosed in this note are the only key management personnel of the Company..

14. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking and controlling entity and the parent of the largest and smallest company of which the Company is a member and for which Company financial statements are prepared is DTCC which is incorporated in the United States of America. Copies of its financial statements can be obtained from www.dtcc.com. The registered address of DTCC Global Holdings B.V. is Prins Bernhardplein 200, Amsterdam, The Netherlands. The registered address of DTCC is 55 Water Street, New York. NY, 10041, United States.

15. EVENTS AFTER THE BALANCE SHEET DATE

In June 2019, the Company received a dividend of $35,000k from its subsidiary DTCC Derivatives Repository Plc. In addition, in July 2019, the Company received a dividend of £8,000k from its subsidiary DTCC ITP (UK) Limited.

There were no other significant events after the balance sheet date that would require recognition or disclosure in the financial statements.