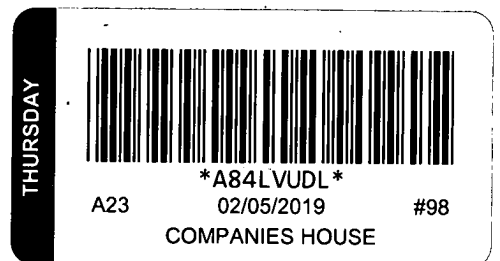


# JPMorgan Asset Management Marketing Limited

Registered number: 00288553

Annual report for the year ended 31 December 2018



# JPMorgan Asset Management Marketing Limited

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## **JPMorgan Asset Management Marketing Limited**

### **Company information**

#### **Directors**

N J C Bloxham

A M Lewis (appointed 22 March 2018)

D J Watkins (resigned 17 December 2018)

J L Berens (resigned 12 April 2018)

M J O'Brien (resigned 22 March 2018)

#### **Company Secretary**

J.P. Morgan Secretaries (UK) Limited

#### **Registered office**

25 Bank Street  
Canary Wharf  
London  
E14 5JP

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

# **JPMorgan Asset Management Marketing Limited**

## **Strategic report for the year ended 31 December 2018**

### **Principal activities**

JPMorgan Asset Management Marketing Limited ("the Company") acts as a holding company which provides sales, marketing, distribution and administration services to subsidiary undertakings.

The Company was no longer authorised and regulated in the UK by the Financial Conduct Authority ("FCA") from 6 December 2018.

### **Review of business**

The principal subsidiary undertakings and their activities are set out in note 9 to the financial statements. The financial position of the Company remains satisfactory.

During the year the sales, marketing and distribution activities of the Company were transferred to its subsidiary JPMorgan Funds Limited. The directors have reasonable expectation that the Company has adequate resources to continue in its operational existence for the foreseeable future. However, the directors anticipate the Company will be placed into voluntary liquidation and as such, the directors have adopted a basis of preparation other than that of a going concern in the annual financial statements.

Adjustments were made in these financial statements to reclassify fixed assets to current assets. No adjustments were needed in these financial statements to reduce assets to their realisable values or provide for liabilities arising from this decision.

The directors monitor the financial performance and financial position of the Company which remains satisfactory, in the opinion of the Board:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before taxation	25,941	11,729
Total shareholder's funds	40,573	19,851

### **Principal risks and uncertainties**

Whilst management of the Company's risks and uncertainties is integrated with that of JPMorgan Chase & Co. (the "Firm") and its associated subsidiaries (collectively, the "Group") of which the Company is part, the Company also manages its risks at a legal entity level.

The principal risks and uncertainties relating to the Group as a whole are discussed within the Group's annual report (which does not form part of this report). Those relating specifically to the Company itself are discussed in the financial risk management section of this report.

**JPMorgan Asset Management Marketing Limited**  
**Strategic report for the year ended 31 December 2018**

**Financial risk management**

Risk management is an inherent part of the business activities of the Group, of which the Company is a part. The Company has adopted the same risk management policies and procedures as the Group as a whole. The Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its risks.

The Company exercises oversight through the Board of Directors (the "Board"). The Board delegates responsibility for the general conduct and day-to-day management of the Company's business to the CEO, with power for the CEO to sub-delegate to appropriate senior managers. The CEO has established a number of operating and risk committees to provide an appropriate forum for the discussion and consideration of relevant matters, and to make recommendations and otherwise assist him and his delegates in the discharge of his overall management responsibilities. Matters are escalated from the committees to the Board in order to allow the directors to oversee and review the conduct of the business. The CEO also reports to the Board on any matter considered appropriate or significant to the Company.

As of Q4 2018, the Board also delegates the oversight of certain items to two board committees: the JPMorgan Asset Management International Limited Remuneration Committee; and the JPMorgan Asset Management International Limited Audit, Risk and Compliance Committee. Both board committees are comprised of independent non-executive directors from within the Asset Management EMEA group. Following each quarterly meeting, the Board receive tailored reports from each board committee on any matters considered appropriate or significant to the Company.

**Credit risk**

The Company complies with Group policies which require monthly monitoring and reporting of exposures to all financial institutions. These exposures are subject to a Group concentration limit and are reviewed annually by the relevant Group risk committees.

**Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operational risk, the Group and the Company maintain a system of comprehensive policies and a control framework designed to provide a well-controlled operational environment and to monitor and record any control failures.

Approved by the Board on 23 April 2019 and signed on its behalf by:



N J C Bloxham

Director

24 April 19

## **JPMorgan Asset Management Marketing Limited**

### **Directors' report for the year ended 31 December 2018**

The directors present their report and the audited financial statements of JPMorgan Asset Management Marketing Limited for the year ended 31 December 2018.

#### **Results and dividends**

The profit before taxation for the year was £25,941,000 (2017: £11,729,000) and profit for the year £25,722,000 (2017: £11,718,000 ). The increase was driven by a £25,000,000 dividend received from a subsidiary.

Interim dividends of £5,000,000 were paid during the year (2017: £22,000,000). The directors do not recommend the payment of a final dividend (2017: £nil).

#### **Directors of the Company**

The names of the directors who were in office during the year and up to the date of signing the financial statements are listed on page 1.

#### **Going Concern**

During the year the sales, marketing and distribution activities of the Company were transferred to its subsidiary JPMorgan Funds Limited. The directors have reasonable expectation that the Company has adequate resources to continue in its operational existence for the foreseeable future. However, the directors anticipate the Company will be placed into voluntary liquidation and as such, the directors have adopted a basis of preparation other than that of a going concern in the annual financial statements.

Adjustments were made in these financial statements to reclassify fixed assets to current assets. No adjustments were needed in these financial statements to reduce assets to their realisable values or provide for liabilities arising from this decision.

#### **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 prepared financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 United Kingdom Accounting Standards, including FRS 101 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 the business.

**JPMorgan Asset Management Marketing Limited**  
**Directors' report for the year ended 31 December 2018**

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.

**Disclosure of information to the auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**Liability insurance for directors**

As permitted by Section 233 of the Companies Act 2006, the directors of the Company are covered for insurance purposes by the Group's insurance maintained at a consolidated level.

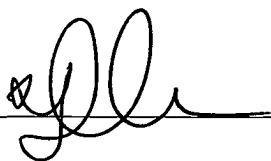
**Third party indemnities**

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the by-laws of JPMorgan Chase & Co. is kept at the registered office of the Company.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Approved by the Board on 23 April 2019 and signed on its behalf by:

  
\_\_\_\_\_  
N J C Bloxham  
Director

24/4/19  
\_\_\_\_\_  
Date

# **Independent auditors' report to the members of JPMorgan Asset Management Marketing Limited**

## **Report on the financial statements**

### **Our opinion**

In our opinion, JPMorgan Asset Management Marketing Limited's financial statements (the "financial statements"):

- 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report (the "Annual report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Emphasis of matter - financial statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.



## **Independent auditors' report to the members of JPMorgan Asset Management Marketing Limited**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

## **Independent auditors' report to the members of JPMorgan Asset Management Marketing Limited**

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

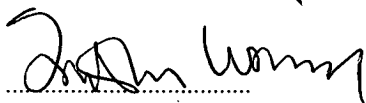
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Wiseman (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

25 April 2019

## JPMorgan Asset Management Marketing Limited

### Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	2	1,896	4,838
Administrative expenses	3	<u>(955)</u>	<u>(3,122)</u>
<b>Operating profit</b>		941	1,716
Income from shares in group undertakings	4	25,000	10,000
Interest receivable and similar income	5	<u>-</u>	<u>13</u>
<b>Profit before taxation</b>		25,941	11,729
Tax on profit	8	<u>(219)</u>	<u>(11)</u>
<b>Profit for the financial year and total comprehensive income for the year</b>	14	<u><u>25,722</u></u>	<u><u>11,718</u></u>

All amounts relate to discontinued operations.

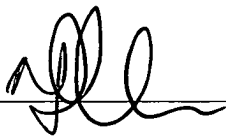
The notes on pages 12 to 23 form an integral part of these financial statements.

## JPMorgan Asset Management Marketing Limited

### Balance sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	9	-	459
<b>Current assets</b>			
Debtors		-	108
Investments in subsidiary undertakings	9	459	-
Cash at bank and in hand		56,286	20,656
		56,745	20,764
<b>Creditors: amounts falling due within one year</b>	12	(16,172)	(1,372)
<b>Net current assets</b>		40,573	19,392
<b>Net assets</b>		40,573	19,851
<b>Capital and reserves</b>			
Called up share capital	13	3,200	3,200
Share premium account	14	8,000	8,000
Capital contribution reserve	14	5,000	5,000
Profit and loss account	14	24,373	3,651
<b>Total shareholder's funds</b>	15	40,573	19,851

The financial statements on pages 9 to 23 were approved by the board of directors on 23 April 2019 and signed on its behalf by:

  
N Bloxham  
Director

24 April 19

Company registered number: 00288553

## JPMorgan Asset Management Marketing Limited

### Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total shareholder's funds
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2017	3,200	8,000	5,000	13,933	30,133
Profit for the financial year and total comprehensive income for the year	-	-	-	11,718	11,718
Dividends	-	-	-	(22,000)	(22,000)
31 December 2017	3,200	8,000	5,000	3,651	19,851
Profit for the financial year and total comprehensive income for the year	-	-	-	25,722	25,722
Dividends	-	-	-	(5,000)	(5,000)
At 31 December 2018	<u>3,200</u>	<u>8,000</u>	<u>5,000</u>	<u>24,373</u>	<u>40,573</u>

The following describes the nature and purpose of each reserve within equity:

- Called up share capital - nominal value of share capital subscribed for.
- Share premium account - the amount paid above nominal value for share capital.
- Capital contribution reserve - additional capital provided by the immediate parent entity.
- Profit and loss account - all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

## **JPMorgan Asset Management Marketing Limited**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared in accordance with UK Financial Reporting Standard 100 "Application of Financial Reporting Requirements" and Financial Reporting Standard 101 "Reduced Disclosure Framework".

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments, and in accordance with the Companies Act 2006. The functional and presentational currency used is sterling and amounts have been presented in round thousands ("£ 000s").

Disclosure exemptions adopted:

In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by JPMorgan Chase & Co.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of JPMorgan Chase & Co. These financial statements do not include certain disclosures in respect of:

- financial instruments; and
- fair value measurement.

The financial statements of JPMorgan Chase & Co. can be obtained as described in note 16.

##### **Going concern**

During the year the sales, marketing and distribution activities of the Company were transferred to its subsidiary JPMorgan Funds Limited. The directors have reasonable expectation that the Company has adequate resources to continue in its operational existence for the foreseeable future. However, the directors anticipate the Company will be placed into voluntary liquidation and as such, the directors have adopted a basis of preparation other than that of a going concern in the annual financial statements.

Adjustments were made in these financial statements to reclassify fixed assets to current assets. No adjustments were needed in these financial statements to reduce assets to their realisable values or provide for liabilities arising from this decision.

## **JPMorgan Asset Management Marketing Limited**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **Group financial statements**

The financial statements contain information about JPMorgan Asset Management Marketing Limited as an individual company. The Company has taken advantage of the exemption conferred by Section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated financial statements of a larger non-EEA group.

#### **Changes in accounting policy**

During the period the Company has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. There were no reclassifications or adjustments arising from their adoption.

#### **Adoption of IFRS 9**

Effective 1 January 2018, the Company adopted IFRS 9 Financial instruments, which superseded IAS 39 Financial Instruments Recognition and Measurement. The adoption of IFRS 9 did not result to in any changes to the classification and measurement of financial assets. Refer to note 'Financial Instruments' for more information about the Company's accounting policies.

#### **Adoption of IFRS 15**

Effective 1 January 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers (IFRS 15). IFRS 15 requires that revenue from contracts with customers be recognised upon transfer of control of a good or service in the amount of consideration expected to be received. IFRS 15 also changes the accounting for certain contract costs, including whether they may be offset against revenue in the income statement, and requires additional disclosures about revenue and contract costs.

IFRS 15 permits adoption using a full retrospective approach or a modified, cumulative effect approach wherein the guidance is applied only to existing contracts as of the date of adoption, and to new contracts transacted after that date. The Company adopted IFRS 15 using the full retrospective method.

The adoption of IFRS 15 did not result in any material changes in the timing of recognition or in the presentation of the Company's revenue.

Refer to note 'Revenue recognition' for more information about the Company's accounting policy.

Adjustments were made in the prior period financials statements and updated as necessary in these financial statements to reclassify fixed assets to current assets. No adjustments were needed in these financial statements to reduce assets to their realisable values or provide for liabilities arising from this decision.

#### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are included at cost less any impairment in value that may have occurred. Realised gains and losses arising on disposal of subsidiaries are calculated as the difference between net sales proceeds and the carrying value.

## **JPMorgan Asset Management Marketing Limited**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **Revenue recognition**

##### **Recognition**

Revenue is earned in respect of sales, marketing, distribution and administration services, which are provided in the UK. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model;

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

##### **Fee arrangements**

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

##### *Performance obligations*

Fees arise from sales, marketing, distribution and administration services, which are provided in the UK. These services are satisfied over time as the services are provided and are typically based upon a percentage of the annual management charge.

##### *Transaction price*

Transaction price is determined based on the transaction price negotiated with the customer.

##### *Fees and commissions*

Fees and commissions are accounted for on an accruals basis.

#### **Judgements and key areas of estimation uncertainty**

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the Company's accounting policies. Due to the nature of the business undertaken by the Company, no significant accounting estimates on judgements were required in preparation of these financial statements.

#### **Dividend recognition**

Dividend distributions are recognised in the period in which they are approved.

#### **Cash and cash equivalents**

This includes deposits held on demand with banks with a maturity of less than 30 days and cash in hand.



## **JPMorgan Asset Management Marketing Limited**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **Financial instruments**

##### **(i) Financial assets and liabilities**

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Investments are classified as financial assets at fair value through profit or loss. Investments are designated under this category upon initial recognition and this is consistent with the Group's risk management framework.

Realised and recognised gains or losses arising from changes in fair value are included in the profit and loss account of the period in which they arise.

##### **(ii) Impairment of financial assets**

The Company's approach to measuring expected credit losses ("ECLs") depends on the type of instrument.

##### **Fee receivables**

For fee receivables arising from contracts with customers (e.g. investment management fee receivables), the Company applies a provision matrix as a practical expedient for calculating expected credit losses. The matrix provides that in the case of institutional customers, a receivable is considered to have had a significant increase in credit risk ("SICR") if it is 90 days past due and credit-impaired, if it is 180 days past due at which point an ECL for 100% of the amount owned is recognised. In the case of non-institutional customers, a receivable is considered to have had a SICR if it is 30 days past due and credit-impaired and if it is 90 days past due at which point an ECL for 100% of the amount owned is recognised.

##### **Other financial instruments**

The Company has determined that ECLs on other financial instruments are immaterial due to: the existence of credit risk mitigants such as the credit quality (e.g. investment-grade); and/or the short-term nature of the instrument. Similarly the Company has determined that these other financial instruments are without SICR due to the credit quality and/or the short-term nature of the instrument.

For inter-company loans and receivables, the Company evaluates the counterparty based on the Firm's resolution and recovery plan, tenor of the loan/receivable, and any collateral received. The Company has not experienced any losses on inter-company loans and receivables.

The Company continues to monitor its financial instruments to ensure the described framework is appropriate and its exposure to credit risk and ECLs on these instruments are adequately reflected in the allowance for credit losses.

## **JPMorgan Asset Management Marketing Limited**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

## JPMorgan Asset Management Marketing Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2 Turnover

Turnover represents fees receivable in respect of sales, marketing, distribution and administration services, which are provided in the United Kingdom.

#### 3 Administrative expenses

Amounts receivable by the Company's auditors in respect of the audit of the Company's financial statements for the years ended 31 December 2018 and 2017 are £20,000 and £48,000 respectively, and for related assurance services for the year ended 31 December 2018 is £11,000 (2017: £11,000). The audit remuneration costs are borne by a fellow subsidiary.

#### 4 Income from shares in group undertakings

In 2018 the Company received dividends of £25,000,000 (2017: £10,000,000) from its holdings in group undertakings.

#### 5 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Other interest receivable	-	13

#### 6 Employee information

The employment contracts for all staff are with fellow Group undertakings. Some costs continue to be recharged to the Company as in previous years. The costs are recharged to the Company from JPMorgan Asset Management (UK) Limited on a monthly basis as part of a management charge.

The Company had no employees during the year (2017: nil).

**JPMorgan Asset Management Marketing Limited**

**Notes to the financial statements for the year ended 31 December 2018**

**7 Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Aggregate emoluments*	872	2,406
Total defined contribution pension payments for all directors	14	18
Aggregate amounts receivable (excluding shares) under long-term incentive plan (LTIPs)	32	1
	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Number of directors to whom defined contribution pension rights accrued	4	4
Number of directors with shares received or receivable under LTIPs	4	2
Number of directors	5	5
	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Emoluments of highest paid director (excluding pension contributions)	498	1,533
The total amount contributed to the defined contribution scheme for the highest paid director	4	-
The highest paid director did (Yes) or did not (No) exercise any share options during the year	No	No
The highest paid director did (Yes) or did not (No) have shares received or receivable under LTIPs	No	No

\*The amounts shown above in respect of emoluments paid to directors exclude amounts paid or due to directors under long-term incentive plans, the value of share options granted or exercised and benefits to which directors are entitled under any pension schemes.

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services only. Directors also receive emoluments for non-qualifying services, which are not required to be disclosed.

**JPMorgan Asset Management Marketing Limited**

**Notes to the financial statements for the year ended 31 December 2018**

**8 Tax on profit**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>(a) Analysis of tax charge in the year</b>		
<b>Current tax:</b>		
UK corporation tax on current year profits	170	-
Adjustments in respect of prior periods	2	-
<b>Total current tax charge</b>	<u>172</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	47	11
Effect of change in tax rate	-	-
<b>Total deferred tax charge</b>	<u>47</u>	<u>11</u>
<b>Tax on profit</b>	<u>219</u>	<u>11</u>

**(b) Factors affecting tax charge for the year**

The tax expense for the year is lower (2017: lower) from the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%) as the tax charge for the year is £219,000. The differences are explained below:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	25,941	11,729
Profit multiplied by the effective rate of corporation tax in the UK of 19.00% (2017: 19.25%)	4,929	2,257
<b>Effects of:</b>		
Losses claimed for nil consideration	-	(322)
Adjustments in respect of prior periods	2	-
Income not taxable	(4,750)	(1,924)
Deferred tax	47	-
Other	(9)	-
<b>Total tax charge for year</b>	<u>219</u>	<u>11</u>

## JPMorgan Asset Management Marketing Limited

### Notes to the financial statements for the year ended 31 December 2018

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

#### 9 Investments in subsidiary undertakings

	2018 £ 000	2017 £ 000
Cost at 1 January	459	460
Disposals	-	(1)
Cost at 31 December	<u>459</u>	<u>459</u>

The £1,000 reduction in 2017 was due to the dissolution of Perth Investments Limited.

The Company holds investments in the following companies:

	Activity	Country of incorporation and registration	Class	%
<b>Subsidiary undertakings</b>				
JPMorgan Funds Limited	Investment management	Scotland	ordinary	100
J.P.Morgan Trustee & Administration Services Limited	Investment management	England & Wales	ordinary	100
JPMorgan ISA Nominees Limited	Dormant	England & Wales	ordinary	100

The directors are of the opinion that the value of the investments in subsidiaries at the year end is not less than the value at which they are stated in the balance sheet.

The address of the registered office of those subsidiary undertakings incorporated in England and Wales is 25 Bank Street, Canary Wharf, London, United Kingdom, E14 5JP.

The address of the registered office of those subsidiary undertakings incorporated in Scotland is 3 Lochside View, Edinburgh Park, Edinburgh, United Kingdom, EH12 9DH.

## JPMorgan Asset Management Marketing Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 10 Investments

	2018 £ 000	2017 £ 000
At 1 January	-	6,314
Additions	-	14
Disposals	-	(6,328)
At 31 December	<u>-</u>	<u>-</u>

Investments represented holdings in J.P. Morgan Liquidity Funds which were fully redeemed in 2017.

#### 11 Deferred tax asset

	2018 £ 000	2017 £ 000
Deferred tax asset brought forward	47	58
Charge to the profit and loss account (note 8)	(47)	(11)
Deferred tax asset carried forward	<u>-</u>	<u>47</u>

**JPMorgan Asset Management Marketing Limited**

**Notes to the financial statements for the year ended 31 December 2018**

**12 Creditors: amounts falling due within one year**

	<b>2018</b> <b>£ 000</b>	<b>2017</b> <b>£ 000</b>
Amounts owed to Group undertakings	16,001	1,372
Corporation tax payable	<u>171</u>	<u>-</u>
	<u><u>16,172</u></u>	<u><u>1,372</u></u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

**13 Called up share capital**

	<b>2018</b> <b>£ 000</b>	<b>2017</b> <b>£ 000</b>
<b>Authorised</b>		
40,000,000 (2017: 40,000,000) ordinary shares of 10 pence each	<u>4,000</u>	<u>4,000</u>
<b>Allotted and fully paid</b>		
32,002,175 (2017: 32,002,175) ordinary shares of 10 pence each	<u>3,200</u>	<u>3,200</u>

**14 Reconciliation of movement in reserves**

	<b>Share premium account £'000</b>	<b>Capital contribution reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
Balance at 1 January 2018	8,000	5,000	3,651	16,651
Profit for the financial year	-	-	25,722	25,722
Dividends	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Balance at 31 December 2018	<u><u>8,000</u></u>	<u><u>5,000</u></u>	<u><u>24,373</u></u>	<u><u>37,373</u></u>



## JPMorgan Asset Management Marketing Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 15 Reconciliation of movement in shareholder's funds

	2018 £'000	2017 £'000
Shareholder's funds brought forward	19,851	30,133
Profit for the financial year	25,722	11,718
Dividends paid	<u>(5,000)</u>	<u>(22,000)</u>
Shareholder's funds carried forward	<u>40,573</u>	<u>19,851</u>

#### 16 Ultimate parent undertaking

The immediate parent undertaking is JPMorgan Asset Management Holdings (UK) Limited.

The parent company of the largest group for which consolidated financial statements are prepared, and whom the directors regard as the ultimate holding company, is JPMorgan Chase & Co. which is incorporated in the United States of America.

The consolidated financial statements of JPMorgan Chase & Co. are available to the public and may be obtained from the Company's registered office at:

The Company Secretary  
25 Bank Street  
London  
E14 5JP