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NORTHERN TRUST

Northern Trust Global Investments Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2019

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COMPANIES HOUSE

Registered number: 03929218

Company Information

Directors	A. Clayton J. Davie Y. Dermaux (appointed 13 March 2020) M. Dzanis M. Fee J. Rippey (appointed 7 February 2020) B. Shah J. Vessey (appointed 9 December 2019)
Company secretaries	H. Flanagan M. Wright
Registered number	03929218
Registered office	50 Bank Street Canary Wharf London E14 5NT
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

Contents

Strategic Report
For the Year Ended 31 December 2019

In accordance with Section 414A(1) of the Companies Act 2006, we have prepared the Strategic report which includes a review of Northern Trust Global Investments Limited's ("the Company" or "NTGIL") business and future developments, and a description of the principal risks and uncertainties facing the Company and key performance indicators.

Business review and strategy

The Company's core activities comprise the provision of investment management solutions for global investors.

The Company's vision is to be recognised as the world's most respected asset manager. The strategy remains the achievement of "profitable growth" through delivering investment management products and solutions which satisfy investor needs. Growth has arisen from environmental, social and governance ("ESG") investing, factor investing, short duration and passive management. All activities adhere to the group's guiding principles of service, expertise and integrity.

Financial key performance indicators

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

	2019 $000	2018 $000	Change $000	Change %
Turnover	**68,142**	**67,807**	335	-
Administrative Expenses	**39,351**	**36,696**	2,655	7
Profit before tax	**30,605**	**33,446**	(2,841)	(8)
Net Assets	**131,273**	**106,281**	24,992	23

Turnover is in line with 2018. Money market fund revenue decreased 2% year on year, offset by an increase in Index Management revenue of 2%. The level of Assets Under Management ("AUM") saw an increase in the annual average level for the Company of 1% year on year. The key AUM increases came from the Pooled Products including Index Equity.

Administration expenses increased $2.6m to $39.3m with the majority relating to the Company's participation in the Northern Trust Corporation group transfer pricing methodology. Staff related expenses within the Company's branches decreased by $0.8m, due to the closure of the branches on 1 June 2019 and transfer of employees to Northern Trust Fund Managers (Ireland) Limited ("NTFMIL"). The average employee numbers from January to June 2019 was 9 (2018: 7).

Net assets have increased by $25m year on year, reflecting the increase in reserves from 2019 net income.

Brexit

There remains much uncertainty regarding the state of the future relationship between the United Kingdom ("UK") and the European Union ("EU") and therefore the potential impact of the UK's withdrawal from the EU on the financial regulatory framework in the UK. Following the UK's withdrawal from the EU on 31 January 2020 and pursuant to the withdrawal agreement negotiated between the UK and the EU in October 2019, the Company is able to continue to provide services to clients in the EU for the duration of the transition period set out in the agreement.

Following the expiry of that transitional period in December 2020, the ability of the Company to access the EU market may depend upon whether any future trade deal between the UK and the EU provides for access rights for financial services or whether the EU grants the UK equivalence as a third country regime under existing EU financial services legislation. If there is no deal or arrangement covering financial services in place by the expiry of the transitional period in December 2020, the Company may no longer be able to access EU markets as it does today.

As a result of the adoption of EU legislation in the UK, the Company should initially remain subject to substantially the same rules and regulations as before Brexit. The UK may however seek to make changes to these rules going forward, particularly in the event that no arrangement is reached in respect of financial services.

As part of its Brexit strategy, the Northern Trust Group made a decision to provide Individual Portfolio Management ("IPM") services to new European Economic Area ("EEA") clients through another group company, Northern Trust Fund Managers (Ireland) Limited ("NTFMIL") which is domiciled in Ireland.

The existing staff and processes in NTGIL moved to the new NTFMIL branches on 1 June 2019. The NTGIL branches ceased operations on 31 August 2019 and were subsequently dissolved.

Strategic Report (continued)
For the Year Ended 31 December 2019

Principal risks and uncertainties

The principal risks and uncertainties are as follows:

COVID-19 (Coronavirus) Pandemic

The COVID-19 (Coronavirus) pandemic that arose in the first quarter of 2020 has caused major disruption to the global economy and social fabric of many countries. The Company and the Northern Trust Group are closely monitoring our business practices, taking into account guidance from the Centers for the Disease Control and Prevention ("CDC") and World Health Organization ("W HO"), regulators, governments and local public health departments. The Company has participated in Group to measures to implement risk mitigation strategies including alternate work schedules and work-from- home ("WFH") arrangements. A number of internal programs have been implemented to ensure that the Company can continue to provide the level of service expected while also providing the necessary support for employees during this pandemic. In addition, operations and client service teams are working hand in hand with Information Technology, Legal, and Risk and Control teams to adapt to the evolving local developments.

The Northern Trust Group formally activated the Enterprise Pandemic Phase of our Business Resiliency Plan on 11 March 2020, ahead of the WHO announcement. The Group has implemented best practices including stress testing of BCP plans to include extended WFH, implementing social distancing arrangements, adapting and refining our established and tested transfer-of-work protocols, and cancelling in-person meetings and events.

The Company maintains robust business resiliency plans to manage its operations in support its clients. Its service has been designed to be fault tolerant, minimising the potential for any single points of failure. To achieve this, the Group is utilising its dedicated Business Resiliency Centers, optimising work-from-home arrangements and will invoke transfer- of-work capabilities as required to complete processes across multiple offices, countries and regions.

Brexit

The political and economic uncertainties of Britain exiting the European Union remain. The Company will continue to monitor the political landscape in order to track the risk of a no-deal Brexit at the end of 2020. Extensive contingency plans have been developed will continue to be reviewed for newly identified risks associated with Brexit scenarios. In the event of a no deal Brexit scenario, the Company may lose its right to passport services in the EEA. In this scenario, the Company would expect to be subject to the UK's Temporary Permissions Regime ("TPR"), where it may operate for up to three years.

The Company has applied for the Financial Conduct Authority's ("FCA") TPR to allow its EU fund ranges to be marketed in the UK. In addition the company intends to apply for the Dutch TPR. A similar approach will be taken for Sweden and Ireland when it becomes available.

Other risks that have been reviewed are those in respect of market volatility and fund liquidity. The Company continues to work closely with its counterparties to ensure a clear understanding of what entities it will be facing off to in the market post Brexit. Where new processes have needed to be put in place those have been addressed or plans put in place to implement.

Regulatory Change

The Company's client reach extends across Europe, the Middle-East and Africa ("EMEA") where we continue to see a roadmap of regulatory change. Reflecting on 2019 and FCA specific regulation, the Company invested in ensuring regulatory compliance with the Senior Managers Accountability regime by the December 2019 deadline as an enhanced firm and work is well underway on LIBOR transition in accordance with regulatory deadlines. Regulatory changes driven from the EU with implementation dates into 2020 and beyond are also actively being worked on by the Company.

Identifying, analysing and implementing regulatory change is core to our business. This below is a summary of key regulatory changes impacting NTGIL:

Extension of the individual accountability regime - Senior Manager and Certification Regime (SMCR)

Introduced under the Bank of England and Financial Services Bill the extension aims to enhance personal responsibility for senior managers, raise standards of conduct of key staff, supported by robust enforcement measures for all FCA firms. The regulation has been in force since 9 December 2019. NTGIL as an enhanced firm has additional requirements to apply, which the Company has implemented appropriate governance arrangements to support the implementation.

EU Shareholder rights directive - Shareholders Rights Directive (SRD II)

SRDII imposes new disclosure obligations on asset managers and institutional investors, providing increased transparency for shareholders. The Company has published revised investment policy in line with this requirement and is committed to meeting obligations under new annual reporting and enhanced shareholder information requirements.

Strategic Report (continued)
For the Year Ended 31 December 2019

Central Securities Depositary Regulation ("CSDR")

The settlements discipline regime is intended to increase settlement efficiency by introducing penalty fees for failing transactions and forced mandatory buy-ins. Settlement discipline regime will impact the Company as investment manager to client portfolios settling via a Central Securities Depositary; primarily reverse repurchase agreements and bond trades for fixed income accounts. A delay to CSDR has been proposed until 1 Feb 2021 to allow market participants more time to resolve issues.

Operational Risk

The Company is exposed to operational risk that may arise from, but is not limited to, errors related to transaction processing, breaches of controls and compliance requirements, fraud or business interruption due to system failures. Operational risk can also include breaches of our technology and information systems resulting from unauthorized access to confidential information such as cyberattacks, as well as potential legal or regulatory actions that could arise as a result of noncompliance with applicable laws and/or regulatory requirements. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness, which is in line with the Company's risk appetite.

Conduct

The Company is conscious that the behaviours and actions of its employees have the potential to cause harm to clients or financial markets, and has implemented a programme of training for all employees to ensure understanding of its standards. It has established a risk appetite and regularly monitors performance against a suite of relevant metrics, with regular reporting to management bodies including the Board of Directors.

Business and future developments

The Company's Brexit and Covid-19 Pandemic responses and the impact of regulatory changes are detailed in the Strategic Report. The Company will continue to develop its comprehensive asset management capabilities and expertise.

This report was approved by the board and signed on its behalf:

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Mr J. Davie
Director

21 April 2020

Directors' Report
For the Year Ended 31 December 2019

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

Principal activity

The principal activities of the Company comprise the provision of investment management services.

Results and dividends

The profit for the year, after taxation, amounted to $25.0m (2018: $26.5m).

No dividend was paid during the year (2018: $47m).

Directors

The Directors who served during the year were:

A. Clayton
J. Davie
M. Dzanis
M. Fee
B. Shah
J. Vessey (appointed 9 December 2019)

Political contributions

The Company made no charitable or political donations during the year (2018: Nil).

Financial risk management

The Company operates a Business Risk Committee that is responsible for assisting the Board in its oversight of risk. A detailed description of the Company's financial risk management is provided in note 24 to the Financial Statements.

The Internal Audit function of the Northern Trust Corporation is responsible for the independent review of both risk management and the control environment of the Company.

Employee involvement

As a result of a Brexit re-organisation, the Company no longer has employees (Note 22). The average Full Time Equivalent (FTE) for the period January to June 2019 was 9 (2018: 7). This comprised: Netherlands 8 (Year to 31 December 2018: 6), Sweden 1 (Year to 31 December 2018:1).

Pillar 3 disclosures

The Company publishes a set of Pillar 3 disclosures on an annual basis. The Company's most recent set of disclosures are published on the Northern Trust Corporation website and may be found at the following address:

http://www.northerntrust.com/about-us/investor-relations/financial-information/sec-regulatory-filings

Financial resources and going concern

The Company's business activities are set out in the Principal Activity section above and other factors likely to affect its future development and position are outlined within the Strategic Report. The Company has made a profit for 2019 and is projected to continue to generate profits in the medium term. The Company participates in the group's centralised treasury arrangements and has banking arrangements with its parent. Consideration has been given to the financial position of the Company's ultimate parent Northern Trust Corporation, as reported in quarterly earnings releases, and the annual ICAAP presented to the Directors.

The Directors have considered the disruption and uncertainty caused by the COVID-19 pandemic as outlined in the Strategic Report. The Directors have also considered the uncertainty of "Brexit" as outlined in the Strategic Report.

On the basis of their assessment of the Company's financial position and assurance from the Northern Trust Corporation that it expects to support the Company's liquidity and funding needs, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Directors' have therefore agreed to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report (continued)
For the Year Ended 31 December 2019

Post balance sheet events

The COVID-19 (Coronavirus) pandemic that arose in the first quarter of 2020 has caused major disruption to the global economy and social fabric of many countries. The Company and the Northern Trust Group are closely monitoring our business practices, taking into account guidance from the Centers for the Disease Control and Prevention ("CDC") and World Health Organization ("WHO"), regulators, governments and local public health departments. The Company has participated in Group to measures to implement risk mitigation strategies including alternate work schedules and work-from- home ("W FH") arrangements. A number of internal programs have been implemented to ensure that the Company can continue to provide the level of service expected while also providing the necessary support for employees during this pandemic. In addition, operations and client service teams are working hand in hand with Information Technology, Legal, and Risk and Control teams to adapt to the evolving local developments.

The Northern Trust Group formally activated the Enterprise Pandemic Phase of our Business Resiliency Plan on 11 March 2020, ahead of the WHO announcement. The Group has stress tested its BCP plans to include extended WFH, implemented social distancing arrangements, adapted and refined our established and tested transfer-of-work protocols, and cancelled in-person meetings and events.

The Company maintains business resiliency plans to manage its operations in support its clients. Its service has been designed to be fault tolerant, aiming to minimise the potential for any single points of failure. To achieve this, the Group is utilising its dedicated Business Resiliency Centers, applying work-from-home arrangements and will invoke transfer- of-work capabilities as required to complete processes across multiple offices, countries and regions.

The financial position has been assessed as at 31 December 2019 with no significant consequential change found in any carrying value and no material change in the outlook. Therefore the Directors' have agreed to adopt the going concern basis of accounting in preparing the annual financial statements.

There have been no other significant events affecting the Company since the year end.

Auditor

Pursuant to an elective resolution passed by the sole shareholder, of the Company, the Company has elected pursuant to section 487 of the Companies Act 2006 to dispense with the annual obligation to appoint KPMG LLP as auditors of the Company.

This report was approved by the board on and signed on its behalf.

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Mr J. Davie
Director

21 April 2020

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements
For the Year Ended 31 December 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), 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:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Shareholders of Northern Trust Global Investments Limited

Opinion

We have audited the financial statements of Northern Trust Global Investments Limited ("the Company") for the year ended 31 December 2019, which comprise the balance sheet, profit and loss account, statement of changes in equity and related notes, including the summary of accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

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

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.
Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Shareholders of Northern Trust Global Investments Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies 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:

Mike Peck

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Michael Peck (Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

21 April 2020

Profit and Loss Account
For the Year Ended 31 December 2019

	Note	2019 $000	2018 $000
Turnover	3	**68,142**	67,807
Administrative expenses	4	**(39,351)**	(36,696)
Other operating (expense)/income	8	**(81)**	362
Operating profit		**28,710**	31,473
Interest receivable and similar income	9	**1,895**	1,973
Profit on ordinary activities before taxation		**30,605**	33,446
Taxation on profit on ordinary activities	11	**(5,613)**	(6,910)
Profit for the year		**24,992**	26,536

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

Statement of Comprehensive Income
For the Year Ended 31 December 2019

	2019 $000	2018 $000
Profit for the financial year	**24,992**	26,536
Total comprehensive income for the year	**24,992**	26,536

The notes on pages 12 to 31 form part of these financial statements.

Balance Sheet
As at 31 December 2019

	Note	2019 $000	2018 $000
Current assets			
Loans and advances to banks	14	**113,000**	68,000
Debtors	15	**28,712**	48,786
		141,712	116,786
Creditors: amounts falling due within one year	16	**(10,439)**	(10,505)
Net current assets		**131,273**	106,281
Total assets less current liabilities		**131,273**	106,281
Net assets		**131,273**	106,281
Capital and reserves			
Called up share capital	18	**21,275**	21,275
Share premium account	19	**5,325**	5,325
Profit and loss account	20	**104,673**	79,681
		131,273	106,281

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 April 2020.

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Mr. J. Davie
Director

Company Registered number: 03929218

The notes on pages 12 to 31 form part of these financial statements.

Statement of Changes in Equity
As at 31 December 2019

	Share capital	Share premium	Retained earnings	Total equity
	$000	$000	$000	$000
At 1 January 2019	21,275	5,325	79,681	106,281
Profit for the year	-	-	24,992	24,992
At 31 December 2019	21,275	5,325	104,673	131,273

The notes on pages 12 to 31 form part of these financial statements.

The authorised number of shares is 21,275,000, issued and fully paid.

As at 31 December 2018

	Share capital	Share premium	Retained earnings	Total equity
	$000	$000	$000	$000
At 1 January 2018	21,275	5,325	100,145	126,745
Profit for the year	-	-	26,536	26,536
Dividends paid	-	-	(47,000)	(47,000)
At 31 December 2018	21,275	5,325	79,681	106,281

The notes on pages 12 to 31 form part of these financial statements.

The authorised number of shares is 21,275,000, issued and fully paid.

Notes to the Financial Statements
For the Year Ended 31 December 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Northern Trust Global Investments Limited is a company incorporated and domiciled in the United Kingdom.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Directors believe is reasonable to adopt the going concern basis. Projections of future financial performance have been prepared, including stress tests of its capital and liquidity positions. The stress tests have considered a period of at least 12 months from the signing of these financial statements and incorporated scenarios specific to the Group's business model and financial resources. The impacts of Brexit and of COVID-19 were amongst the risks to the Group's and Company's business model that were assessed.

The Company maintains business resiliency plans to manage its operations in support of its clients and employees. Its service has been designed to be fault tolerant, aiming to minimise the potential for any single points of failure. To achieve this, the Group is utilising its dedicated Business Resiliency Centers, applying work-from-home arrangements and will invoke transfer- of-work capabilities as required to complete processes across multiple offices, countries and regions.

After making the necessary enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently, the Company's financial statements have been prepared on a going concern basis.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share Based Payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement, including in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of paragraph 38 of IAS 1'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 113(a), 114, 115, 118, 119 (a), 119(b), 119(c), 120(a), 120(b), 121, 122, 123, 124, 125, 126 (a), 126(b), 126(c), 126(d), 127 and 129 of IFRS15 Revenue from Contracts with Customers.
- the requirements of paragraph 52 of IFRS16 Leases.

Notes to the Financial Statements
For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.3 Changes in accounting policies

On 1 January 2019, the Company adopted IFRS 16 Leases ("IFRS 16"). The standard applies a single lessee accounting model which requires lessees to recognise almost all leases on the balance sheet in the form of a "right-of-use" ("ROU") asset, representing its right to use the underlying leased asset, and a corresponding lease liability, representing its obligation to make lease payments. Prior to 1 January 2019, the Company classified all leases as operating. NTFMIL opened new branches under this entity within Netherlands and Sweden during the year. The existing staff and processes, including the leases, in NTGIL moved to the new NTFMIL branches on 1 June 2019. The NTGIL branches ceased business on 31 August 2019 and were subsequently dissolved.

The Company elected the practical expedients to apply IFRS 16 to contracts that were previously identified as leases upon transition, to rely on its assessment of whether leases are onerous under IAS 37 immediately before the date of initial application.

The Company adopted IFRS 16 on a modified retrospective basis and accordingly, comparative information has not been restated. As a result of adopting IFRS 16, the Company recognised lease liabilities at 1 January 2019 of $63,856 with corresponding ROU assets of $48,255 calculated based on the present value of the remaining lease payments, and adjustments to the ROU assets by the amount of any prepaid or accrued lease payments and by the amount of the IAS 37 onerous lease provision recognised in the Balance Sheet immediately before the date of initial application. There was no significant impact to the Company's statement of profit or loss or retained earnings.

The Company discounted the remaining lease payments using its incremental borrowing rate at 1 January 2019 when measuring lease liabilities. The weighted average rate applied is 3.01%.

The following table presents a reconciliation of operating lease commitments under IAS 17 as of 31 December 2018, discounted using the Company's incremental borrowing rate at the date of initial application, and lease liabilities recognised as of 1 January 2019.

	01 January 2019 $000
Operating lease commitments at 31 December 2018	65
Discounted at incremental borrow ing rate at 1 January 2019	(1)
Lease liabilities recognised at 1 January 2019	64

The Company has no leases at the end of the year (note 17).

Notes to the Financial Statements
For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.4 Financial Instruments

Classification

On initial recognition, a financial asset is classified and measured at amortised cost, FVOCI, or FVTPL. It is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held in a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held in a business model whose objective is both to hold assets to collect contractual cash flows and sell financial assets; and
- the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

For equity instruments not held for trading, the Company has the option to elect to measure the instrument at FVOCI at the time of initial recognition. The Company made no such elections. All other financial assets are measured at FVTPL. The Company may also designate a financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch. The Company made no such designations.

Financial liabilities are measured at amortised cost except for financial liabilities at fair value through profit or loss.

Business model assessment

The Company assesses its business model at the portfolio level in the same manner that performance is reported to management. Information considered in this assessment includes stated policies and objectives for the portfolio and management's strategy; how performance is evaluated and reported to management; risks that impact the business model and how those risks are managed; and the frequency, volume, timing, and reasons for sales in prior periods. Instruments are not reclassified unless a business model for managing the assets has changed.

The Northern Trust Corporation's Asset and Liability Management Policy ("ALMP") governs the management of different portfolios of financial assets. Per the ALMP, investments are made primarily for the purpose of maintaining high quality securities, managing interest rate risk, providing a temporary investment of excess funds, or providing interest income. The ALMP states that the assets considered as held to collect contractual cash flows can only consist of those investments purchased with the intent and ability to hold to maturity in order to meet one or more of the previously listed portfolio objectives. The Company determined the business model's objective is satisfied by holding investments to collect contractual cash flows. All financial instruments fall within this business model.

Solely payments of principal and interest ("SPPI") assessment

Principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money, credit risk, other basic lending risks and costs, and a reasonable profit margin. The evaluation of whether cash flows are solely payments of principal and interest is based on the contractual terms of the instrument. The Company considers whether contractual terms could change the timing or amount of cash flows so they are not solely payments of principal and interest. These features may include leverage features, prepayment or extension features, non-recourse arrangements, and periodic resets of interest rates.

All of the Company's financial instruments have contractual terms that produce cash flows that are solely payments of principal and interest. The Company considered interest rates, call options, redemption prices, seniority rankings, etc. in this evaluation before concluding instruments pass the SPPI test.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Loan and advances

Loans and advances to banks and customers include loans and advances originated by the Company which are not intended to be sold in the short term and have not been classified as held for trading or designated at fair value. Loans and advances are recognised when cash is advanced to borrowers and are derecognised when either borrower repay their obligations, or the loans are written off. They are initially recorded at fair value and are subsequently measured at amortised cost using the effective interest rate method after receipt of any proceeds.

Notes to the Financial Statements
For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.4 Financial Instruments (continued)

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when, and only when, the Company has a legal right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.5 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advance to banks;
- Trust fees receivable which relates to Investment Management Fees.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured using 12-month ECLs:

- Loans and advances that have low credit risk at the reporting date;

12 month ECLs refer to the portion of ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECLs result from all possible default events over the expected life of a financial instrument.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The Company has granted to the borrower a concession that it would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event and the combined effect of several events may have caused financial assets to become credit-impaired.

Determining significant increases in credit risk

In determining whether an instrument has experienced a significant increase in credit risk, the Company considers reasonable and supportable information available without undue cost or effect. This includes historical experience and forward-looking information.

The Company assigns an internal borrower rating ("BR") to each of its counterparties which reflects the creditworthiness of the counterparty. BR drives the calculation of ECLs as the probability of default ("PD") on each exposure starts with the counterparty's BR. BRs are assigned according to the Credit Policy and account for quantitative and qualitative aspects of the counterparty's financial health. A BR of one is the strongest and of nine is the weakest.

Borrower ratings are assigned at the time an obligor or obligation is approved and are reviewed and updated (if necessary) no less than annually for each counterparty and sooner if material information on a counterparty becomes available. The Company determines a significant increase in credit risk ("SICR") has occurred if a BR that previously fell inside a generally understood definition of high credit quality is updated to fall outside that range.

Debt securities with BR between one and three (inclusive) are mapped to external agencies investment grade and are determined to have low credit risk (Moody's rating of Baa3 or higher or S&P rating of BBB- or higher).

Notes to the Financial Statements
For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.5 Impairment excluding deferred tax assets (continued)

For non-investment grade exposures that do not meet the investment grade low credit risk simplifications, indicators of a significant increase in credit risk may include an increase in a counterparty's BR, whether the exposure is over 30 days past due, or if the counterparty is on the Company's watch list. Quantitative and qualitative criteria include a significant increase in the credit spread; significant adverse changes in the business, financial, or economic conditions in which the obligor operates; actual or expected forbearance or restructuring; significant change in the collateral value which is expected to increase the risk of default; or early signs of cash flow or liquidity issues.

There is a rebuttable presumption that exposures that are more than 30 days past due have experienced a significant increase in credit risk. For trust fee receivables, the Company does not believe that this would be an indicator of a significant increase in credit risk. For trust fee receivables, the Company has never experienced a material credit loss and routinely receives payment on exposures that are 90 days or less past due. These aged items typically relate to customer questions regarding the invoice or intentional delay in payment to strategise cash flows. Therefore, trust fee receivables aged 150 days or less are not deemed to have experienced a significant increase in credit risk. The simplified approach to recognising impairment is applied. Due to the simplistic nature of trust fees receivable, the Company uses a provision matrix approach through a high level calculation with flat reserve percentages and separate forward looking adjustments for individual client circumstances.

The Company considers a financial asset to be in default when one or more of the following events occur:

- The borrower is unlikely to pay any of its obligations to the Company in full;
- Any of the borrower's obligations are impaired or placed on non-accrual status;
- A credit loss event associated with any obligation occurs (e.g. charge-off, distressed restructuring involving forgiveness or postponement of principal, interest or fees);
- The obligor has filed for bankruptcy or similar protection;
- The obligor is more than 90 days past due on any exposure greater than USD$1,000 (except trust fee receivables as noted above);
- The obligor's BR is downgraded to eight or nine;
- A debt obligation or portion thereof is sold for a material discount to carrying value due to credit deterioration (5% or more of the amortised carrying value).

Measuring ECLs

Borrower ratings are a primary input into determining probability of default. PD is based off Moody's historical loss rates segmented by borrower rating, industry segment, and exposure at default ("EAD"). PD is adjusted for the maturity of an instrument if it has low credit risk and a maturity of less than a year. Each financial instrument's ECL is calculated individually (assets are not grouped).

The key inputs into the measurement of the ECLs are the PD, loss given default ("LGD"), and EAD. PDs are calculated based on statistical models (which incorporate forward-looking information, discussed below). If a counterparty's BR changes, the PD and subsequent calculation of the ECL will also change. LGD is the size of the likely loss in the case of default. LGD is estimated based on historical data from external sources and internal subject matter expertise. LGD varies by the type of exposure, asset class, and geography of a financial instrument. EAD represents the current exposure amount in the case of a default (for financial assets, this is the carrying value of the asset). For off-balance sheet liability exposures, this is the estimated future amounts that may be drawn under the contract.

Subject to using a maximum 12-month PD for financial assets where credit risk has not significantly increased, the Company calculates ECLs considering the risk of default over the maximum contractual period it is exposed to credit risk.

The Company determines an asset is credit impaired when factors described above lead to a lowering of the counterparty's BR to 9 (default levels). These assets are considered credit-impaired and are measured at lifetime ECLs.

The International Credit Reserve Committee ("ICRC"), made up of Credit Risk and Finance, uses data provided quarterly from the Office of the Chief Economist ("OCE") to incorporate forward-looking information in the ECL calculation. The OCE provides a 12-month most likely scenario that incorporates GDP growth, unemployment rates, and housing prices across global regions into the ECL. Also provided is a downturn scenario for the same data points and a profitability assessment for each scenario over the next 12 months. The ICRC adjusts the ECL calculation to incorporate this forward-looking information. There were no changes to estimation techniques or significant assumptions made during the reporting period.

Write-off of loans and advances

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds.

Notes to the Financial Statements
For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.6 Foreign currency translation

Functional and presentation currency
The company's functional and presentational currency is the United States Dollar.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in the profit and loss account.

1.7 Going concern

On the basis of their assessment of the Company's financial position and assurance of liquidity support from the Northern Trust Corporation, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.8 Pensions

Defined contribution pension plan
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

1.10 Consolidation of investment funds

The Company consolidates the financial statements of an underlying entity in cases where it meets the definition of having control over the underlying entity.

The Company has control over another entity when the company has all of the following:

- power over the relevant activities of the investee, for example through voting or other rights
- exposure to, or rights to, variable returns from its involvement with the investee, and
- the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Company has not had control over any underlying entities during the year (note 27).

Notes to the Financial Statements
For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.11 Client Money

The Company holds money on behalf of some clients in accordance with the Client Money Rules of the UK Financial Conduct Authority. Such monies and the corresponding amounts due to clients are not shown on the face of the balance sheet as the Company is not beneficially entitled thereto.

1.12 Measurement convention

The financial statements are prepared on a historical cost basis except that liabilities for cash-settled share-based payments are stated at their fair value.

1.13 Turnover

Fee income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer. Such revenue is recognised over time as the services are provided.

Once the Company determines that a performance obligation is satisfied over time, it measures its progress toward completion to determine the timing of revenue recognition. Revenue from each identified performance obligation is recognised over time using the output method. The output method recognises revenue on the basis of direct measurements of the value to the customer of the services transferred to date, relative to the remaining services promised under the contract.

1.14 Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised in 'Interest receivable' and 'Interest payable' in the profit and loss account using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments earned or paid on a financial asset or liability through its expected life or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate includes all estimated cash flows considering the contractual terms of the financial instrument, but excludes the risk of future credit losses.

1.15 Share based payments

Where the Company grants rights to its parent's equity instruments to employees of its own subsidiaries, the Company accounts for these share-based payments as cash-settled. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account.

1.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the Financial Statements
For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.17 Leases

The Company recognises a "right-of-use" ("ROU") asset and a lease liability at lease commencement date for all leases. The lease liability is measured at the present value of the lease payments that are not paid at lease commencement and discounted using the Company's incremental borrowing rate. The ROU asset is initially measured at an amount equal to the lease liability, adjusted for any initial direct costs incurred and any lease payments made or incentives received before the commencement date.

Unless immaterial, the Company will present the interest expense on the lease liability and depreciation charge for the ROU asset separately in the statement of profit or loss. The ROU asset is depreciated using the straight-line method from the commencement date. During the year the leases were terminated.

1.18 Comparatives

To the extent necessary the comparatives have been adjusted to facilitate changes in the presentation of the current year amounts.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised:

Transfer pricing
The determination of transfer pricing is made using an "arm's-length" standard that tests what would have occurred in comparable circumstances between comparable, unrelated taxpayers. Judgement is required with regards to the appropriate methodology and verification of reasonableness. Further details are contained in note 10.

Determination of control over investment funds for which the Company acts as the investment manager
Management uses judgement in applying policy 1.10 *Consolidation of investment funds* to determine whether it has control over the investment funds it manages. This judgement will determine whether the Company prepares consolidated financial statements, including the investment funds over which it deems to have control. Although the Company, acting as investment adviser, has decision-making authority, the low level of aggregate exposure to the variable returns and downside risk indicates that the Company is deemed to be an agent. Therefore, it is concluded that Northern Trust Global Investments Limited does not require consolidation of the funds.

3. Turnover

The Company generates Turnover from the following categories:

	2019 $000	2018 $000
Index Management and Quantitative Strategies	**43,517**	42,788
Cash Management	**24,625**	25,019
	68,142	67,807

Notes to the Financial Statements
For the Year Ended 31 December 2019

4. Administrative expenses

Included in the profit and loss account are the following expenses. Other administrative expenses includes a provision for account servicing losses. :

	2019 $000	2018 $000
Staff costs (Note 6)	**1,097**	1,915
Transfer Pricing (Note 10)	**37,254**	31,761
Other administrative expenses	**1,000**	3,020
	39,351	36,696

5. Auditor's remuneration

Auditor's remuneration is borne by a fellow group undertaking, Northern Trust Management Services Limited. The following amounts were paid, on behalf of the Company, to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	2019 $000	2018 $000
Statutory audit	**128**	125
Audit related assurance services	**140**	121
Total auditor's remuneration	**268**	246

Notes to the Financial Statements
For the Year Ended 31 December 2019

6. Staff numbers and costs

There were no staff employed by the Company at the end of the year as branch operations were transferred to another Group entity (note 22). The average number of persons employed by the Company for the period from January to June 2019 was 9 (Year to 31 December 2018: 7).

	2019 $000	2018 $000
Wages and salaries	**761**	1,209
Social security costs	**64**	147
Share based payments (Note 21)	**140**	296
Cost of defined contribution scheme (Note 23)	**68**	135
Other staff costs	**64**	128
Total staff costs	**1,097**	1,915

7. Directors' remuneration

Directors' emoluments are allocated based on the apportionment of time incurred by Directors in respect of qualifying services to the Company. Directors are employed by another Northern Trust group entity and the Company does not incur any direct charge for these costs other than through transfer pricing.

The remuneration of the Directors' was as follows:

	2019 $000	2018 $000
Directors' emoluments	**1,034**	1,006
Amount of money receivable by Directors under short-term incentive schemes	**263**	119
Amount of money receivable by Directors under long-term incentive schemes	**363**	325
Company contributions paid to defined contribution pension schemes	**33**	47
	1,693	1,497

Short term and long term incentives awarded are delivered in the form non-cash instruments and these restricted stock units are recognised over the period that the restricted stock vests. Certain restricted stock units vested during the current year.

The number of Directors who were members of the Company's defined contribution pension plan during the year was 3 (2018: 5)

One Director (2018: 1) has retirement benefits accruing under a defined benefit plan that is administered from the United States of America, for which there are no related assets and liabilities held by the Company.

The Directors did not exercise share options during the year (2018: nil).

The number of Directors in respect of whose services shares were received or repayable under long term incentive schemes during the year was 5 (2018: 7).

The aggregate of remunerations and amounts receivable under short term and long term incentive schemes of the highest paid Director was $929,083 (2018: $387,025). Company contributions to a defined contribution plan of $9,125 (2018: $3,653) were made on behalf of the highest paid director. The highest paid Director did not exercise share options during the year and did receive shares under a long term incentive scheme.

No compensation was paid during the year to past or present Directors pertaining to compensation for loss of office.

During the year, a Non-Executive Director was appointed to the Company and remuneration fees amounting to $3,079 (2018: nil) were paid for services provided.

Notes to the Financial Statements
For the Year Ended 31 December 2019

8. Other operating (expense)/income

	2019 $000	2018 $000
Other income	-	360
Foreign exchange difference - (loss)/gain	(81)	2
	(81)	362

9. Interest receivable and similar income

	2019 $000	2018 $000
Interest receivable from group companies	1,232	1,393
Other interest receivable	663	580
Interest receivable from banks	1,895	1,973

10. Transfer Pricing

Transfer pricing generally refers to the determination of compensation for transactions conducted between commonly controlled taxpayers. The determination of an appropriate level of compensation is relevant for all transactions between affiliates for the provision of services, the utilisation of intellectual property and / or intercompany financing. This determination is made using an "arm's-length" standard that tests what would have occurred in comparable circumstances between comparable, unrelated taxpayers.

The Northern Trust Corporation group ("the Group") global transfer pricing methodology uses a residual profit split approach that allocates profit by providing appropriate recognition of each entity's contribution, revenues and expenses, its function in the Group, and its assets and risk profile. The framework also accounts for the fact that each Group service line may engage multiple affiliates to perform functions of varying complexity and value.

The residual profit split methodology framework starts with Group global revenue which is first used to reimburse most direct costs of affiliates with a routine margin. The remaining profit is then split into product related profit pools which are in turn allocated to affiliates, such as the Company, using product specific allocation keys. The allocation keys are reflective of the economics of the Group's lines of business. The determination of the allocation keys begins with an evaluation of the metrics that represent contributions made by the various entities with respect to each product line. Allocation keys will be reassessed periodically to ensure that these continue to be representative.

	2019 $000	2018 $000
Profit and loss account		
Amounts transferred to the global transfer pricing pool	(69,956)	(69,782)
Re-imbursement of expenses, plus mark-up	2,068	4,029
Profit pool allocation	30,634	33,992
Transfer pricing allocation for the Company	(37,254)	(31,761)

Notes to the Financial Statements
For the Year Ended 31 December 2019

11. Taxation

	2019 $000	2018 $000
UK		
Current tax on profits for the year	**5,559**	6,794
Adjustment in respect of previous periods	**(14)**	6
	5,545	6,800
Overseas		
Current tax on profits for the year	**61**	121
Discount on tax	**-**	(1)
Adjustment in respect of prior periods	**7**	(10)
	68	110
Total tax charge	**5,613**	6,910

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 $000	2018 $000
Profit on ordinary activities before tax	**30,605**	33,446
Current tax at 19% (2018: 19%)	**5,815**	6,355
Effects of:		
Permanent differences	**(28)**	562
Adjustments to tax charge in respect of prior periods	**(6)**	6
Foreign profits not taxed	**(62)**	(44)
Overseas tax suffered	**60**	109
Differences in exchange rates	**(166)**	(78)
Total tax charge for the year	**5,613**	6,910

12. Dividends

	2019 $000	2018 $000
Dividends paid	**-**	47,000

No dividend was approved or paid during the year (2018: $47,000,000 ($2.21 per share)).

Notes to the Financial Statements
For the Year Ended 31 December 2019

13. Country by country

All of the information disclosed below is in respect of Northern Trust Global Investments Limited and its branches

For the year ended 31 December 2019

	UK	Netherlands branch	Sweden branch	Total
Number of employees	-	-	-	-
US$				
Turnover ($000)	68,055	-	2	68,057
Profit before tax ($000)	30,424	151	30	30,605
Corporation tax provision b/f	-	46	(39)	7
Accruals	5,813	64	(43)	5,834
Payments*	(5,813)	(134)	48	(5,898)
Corporation tax provision c/f	-	(23)	(34)	(57)

For the year ended 31 December 2018

	UK	Netherlands branch	Sweden branch	Total
Number of employees	-	6	1	7
US$				
Turnover ($000)	67,807	-	-	67,807
Profit before tax ($000)	33,212	193	41	33,446
Corporation tax provision b/f	-	82	(16)	66
Accruals	6,521	102	1	6,624
Payments*	(6,521)	(138)	(24)	(6,683)
Corporation tax provision c/f	-	46	(39)	7

* UK tax is settled by The Northern Trust Company, London branch as the representative of the Group Payment Arrangement.

Nature of Services:
The company undertakes asset management in the UK. The branches in the Netherlands and Sweden undertook marketing and other client facing support activities before their termination. The NTGIL branches ceased business on 31 August 2019 and were subsequently dissolved.

By setting out the schedule above in accordance with the Capital Requirement (Country-By-Country Reporting), UK Regulation 2013, Section 2(8), Northern Trust Global Investments Limited has complied with the requirements including the audit.

Notes to the Financial Statements
For the Year Ended 31 December 2019

14. Loans and advances to banks

	2019 $000	2018 $000
Deposits with fellow group companies	**84,000**	39,000
Deposits with other banks	**29,000**	29,000
	113,000	68,000

15. Debtors

	2019 $000	2018 $000
Trade debtors	**814**	6,237
Amounts owed by group companies	**16,301**	31,432
Prepayments	**4**	4
Accrued fee income	**11,429**	11,003
Accrued interest receivable	**107**	110
Accrued foreign taxes receivable	**57**	-
	28,712	48,786

16. Creditors: Amounts falling due within one year

	2019 $000	2018 $000
Amounts owed to group undertakings	**10,306**	9,594
Accrued foreign taxes payable	**-**	7
Accruals	**133**	904
	10,439	10,505

Notes to the Financial Statements
For the Year Ended 31 December 2019

17. Leases

The Company was obligated under two leases through its branches. The Netherlands branch entered into a sub-lease agreement for use of office space from an affiliate, Northern Trust Global Services SE ("NTGS SE") at Claude Debussylaan 16, Amsterdam. The Swedish branch entered into a sub-lease agreement for use of office space from an affiliate, Northern Trust Global Services SE (Sweden branch) at Ingmar Bergmans gata 4, 114 34 Stockholm. The Company entered into the lease agreements on 1 July 2018 and 1 August 2015 respectively. There was no associated charge made by NTGS SE for the use of office space. The lease agreements were terminated when the existing staff and processes in NTGIL moved to NTFMIL on 1 June 2019. The NTGIL branches ceased business on 31 August 2019 and were subsequently dissolved.

	2019 $000
Right-of-Use ("ROU") assets	
Balance as at 1 January	48
Disposals during the year	(35)
Depreciation charge for the year	(13)
Carrying amount of ROU asset as at 31 December	-

There were no lease liabilities as at 31 December 2019 and therefore no maturity analysis of lease liabilities is disclosed.

	2019 $000
Amounts recognised in profit and loss	
Interest on lease liabilities	1
Depreciation charge for ROU assets	12
Total amounts recognised in profit and loss at 31 December	**13**

The Company had total cash outflows for leases of $21,448 in 2019 ($37,680 in 2018). The Company has no leases at the end of the year (note 22).

18. Share capital

	2019 $000	2018 $000
Authorised, allotted, called up and fully paid		
21,275,000 (2018 -21,275,000) ordinary shares of $1 each	**21,275**	21,275

19. Share premium

	2019 $000	2018 $000
Share Premium	**5,325**	5,325

The share premium is the additional proceeds received above the nominal value of $1 per ordinary share issued.

Notes to the Financial Statements
For the Year Ended 31 December 2019

20. Reserves

	2019 $000	2018 $000
Profit and loss account at the beginning of the year	**79,681**	100,145
Profit for the financial year	**24,992**	26,536
Dividends paid during the year (note 12)	**-**	(47,000)
	104,673	79,681

21. Share based payments

The Company participates in the Northern Trust Corporation 2017 Long-Term Incentive Plan (2017 Plan) which is administered by the Compensation and Benefits Committee of the Board of Directors of the Group. All employees of the Northern Trust Corporation and its subsidiaries and all directors of the Northern Trust Corporation are eligible to receive awards under the 2017 Plan. The 2017 Plan provides for the grant of nonqualified and incentive stock options; tandem and free-standing stock appreciation rights; stock awards in the form of restricted stock, restricted stock units and other stock awards; and performance awards.

Beginning with grants made on February 21, 2017 under the Northern Trust Corporation 2012 Stock Plan (2012 Plan), restricted stock unit and performance stock unit grants continue to vest in accordance with the original terms of the award if the applicable employee retires after satisfying applicable age and service requirements. For all applicable periods, stock option grants continue to vest in accordance with the original terms of the award if the employee meets applicable age and service requirements upon separation from service.

Restricted Stock Units granted during the year totaled 3,430 units (2018: 3,085 units). The market price at award was $86.12 (2018: $104.72).

As a result of a Brexit re-organisation, the Company no longer has employees (Note 22).

22. Significant events during the year

In response to Brexit and its impact on the Company, Northern Trust Group took a decision to seek to provide Individual Portfolio Management ("IPM") services to new European Economic Area ("EEA") clients through another group company, Northern Trust Fund Managers (Ireland) Limited ("NTFMIL") which is domiciled in Ireland. NTFMIL sought and has since been granted permission by the Central Bank of Ireland ("CBI") to provide IPM.

In addition to those permissions, NTFMIL opened new branches under this entity within Netherlands and Sweden during the year. The existing staff and processes in NTGIL moved to the new NTFMIL branches on 1 June 2019. The NTGIL branches ceased business on 31 August 2019 and were subsequently dissolved.

23. Pension commitments

The Company operates a defined contribution pension scheme solely for the benefit of employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to $68,268 (2018: $134,996). There were no outstanding contributions payable to the fund at the balance sheet date.

Notes to the Financial Statements
For the Year Ended 31 December 2019

24. Risk management

The Company's Board is responsible for monitoring compliance with the Company and group's risk management framework in relation to risks faced by the Company, with the assistance of the Internal Audit Committee of Northern Trust Corporation ("NTC" or "Northern Trust". This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company uses the framework of its ultimate parent, Northern Trust, which has a global structure and process for risk management. Northern Trust has established a Risk Management Framework to define, measure, monitor and control risk. It provides a comprehensive overvierw of how risk is managed across Northern Trust and the risk expectations for all partners. The Framework addresses three inter-related expectations:

- ensure Northern Trust operates in a safe and sound manner by identifying and manageing risks;
- enable prudent risk-taking behaviour and appropriate partner conduct through discussion forums and governance bodies; and
- facilitate effective definition and communication of acceptable risk appetite and reporting of results against appetite.

The Corporation's Risk Management Framework (RMF) is anchored by Northern Trust's culture, values and standards of ethical conduct, it defines risk appetite and the approach for taking informed risks. Underpinning the RMF are governance bodies, policies, processes, systems and controls embedded across the lines of defence to support strategy; understand risks, inform decisions, and manage risks within risk appetite and in compliance with applicable law and regulations.

Local risk management, by the Company's Board and local risk oversight committees, uses this global corporate risk structure. Policies are validated and approved locally and the local risk organisation is structured to provide the Board with the necessary risk reporting and oversight to satisfy their responsibilities. The Company's Board has executive members who report to the Board on their activities.

Risk management is overseen by the following Northern Trust governance bodies; Global Enterprise Risk Committee, Market and Liquidity Risk Committee, Credit Risk Committee, Fiduciary Risk Committee, Operational Risk Committee, Compliance and Ethics Oversight Committees and the Capital Committee. These bodies provide risk appetite principles and detailed policies which are reviewed regularly to reflect changes in market conditions, products and services offered. The committees and Board, through training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Company operates a separate Business Risk Committee ("AM EMEA BRC") that has the primary responsibility of reporting to the Company board on risk matters.

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the business, and the operational risks are an inevitable consequence of being in business. The Company aims to achieve an appropriate balance between risk and return and to minimise potential adverse effects on the Company's financial performance.

Operational risk (unaudited):

Operational risk is the risk of loss from inadequate or failed internal processes, people and systems or from external events. Operational risk is the potential that inadequate information systems, operating problems, product design and delivery difficulties, potential legal actions or catastrophes will result in losses. Operational risk includes compliance and fiduciary risks, which under the corporations risk structure are governed and managed explicitly.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

Operational risks within the business are identified and assessed using various risk management programmes, including a standard Risk and Control Self-Assessment ("RCSA") process, to analyse the risks that are inherent in the business environment and processing activities and their respective internal control adequacy. The outcome of the RCSA process is a risk weighed control score. Where necessary, these will drive a risk mitigation action plan. RCSA data and action plans are monitored and tracked by the Operational Risk Committee.

The Company uses a proprietary Benchmark Capital Model ("BCM") to assess its operational risk capital. BCM employs actual loss history from the relevant business activities of Northern Trust as a whole, supplemented by key risk scenarios built for the Company by business management and risk management teams.

Credit risk:

Credit risk is the risk of loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation and it arises principally from the Company's money market placements and debtors arising from the investment management business. The Company has an objective to maintain a low appetite for credit risk and sets prudent limits on its counterparty selection. Credit risk management and monitoring is conducted by specialised groups with oversight by the above governance bodies.

NTC's Capital Markets Credit Committee ("CMCC") is responsible for approving wholesale market counterparties and limits for money market placements. Under the global limits approved by CMCC, sub-limits have been established for use by the Company, subject always to local regulatory limits applicable to the Company. The Counterparty Credit Risk Analyst team is responsible for monitoring exposures and recommending changes to the CMCC. The Company aims to mitigate risk by the selection of top tier counterparts, who are usually systemically important banks.

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24. Risk management (continued)

Liquidity risk is the risk of not being able to raise sufficient funds or collateral to meet balance sheet and contingent liability cash flow obligations when due, because of firm-specific or market wide events. Liquidity risk is believed to be low for the Company as it is primarily limited to expense management, operational and income-related risks: There are no customer deposits or borrowings that could lead to liquidity demands, only the management of day to day expenses of the Company's business.

Under Northern Trust's risk framework, liquidity risk is governed by the Asset and Liability Management Policy Committee ("ALCO") from a first line of defence perspective, and the Market and Liquidity Risk Committee (MLRC) from a second line of defence perspective. The Chief Financial Officer (EMEA), who is a Director of the Company, is a member of ALCO. On an operating basis, the Company's activities are managed by the EMEA Treasury function with independent oversight from the Market and Liquidity Risk group within Corporate Risk Management. A letter of liquidity support has been provided from the ultimate parent company.

Market risk

Trading market risk is the potential for movements in market variables such as foreign exchange and interest rates to cause changes in the value of trading positions. Interest rate risk in the banking book is the potential for movements in interest rates to causes changes in net interest income and the market value of equity. NTGIL trades for its clients on an agency basis and does not trade proprietary funds or hold trading inventory. The exception is NTGIL's capital and reserves, which are invested in short term money market placements. Market risk is therefore not material.

25. Capital Management

The Company is regulated by the Financial Conduct Authority ("FCA") as an IFPRU 125k limited license firm. The Company and its parent company Northern Trust Management Services Limited form a group which is subject to FCA supervision on a consolidated basis. The FCA requires the Company to maintain overall financial resources and internal capital, including own funds and liquidity resources, which are adequate both as to amount and quality to ensure there is no significant risk that the Company's liabilities cannot be met as they fall due.

The Company's regulatory capital consists of Tier 1 capital, comprising ordinary share capital and retained earnings. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company continues to remain well capitalized and has complied with all regulatory capital requirements throughout 2019.

26. Post balance sheet events

The COVID-19 (Coronavirus) pandemic that arose in the first quarter of 2020 has caused major disruption to the global economy and social fabric of many countries. The Company and the Northern Trust Group are closely monitoring our business practices, taking into account guidance from the Centers for the Disease Control and Prevention ("CDC") and World Health Organization ("WHO"), regulators, governments and local public health departments. The Company has participated in Group to measures to implement risk mitigation strategies including alternate work schedules and work-from- home ("WFH") arrangements. A number of internal programs have been implemented to ensure that the Company can continue to provide the level of service expected while also providing the necessary support for employees during this pandemic. In addition, operations and client service teams are working hand in hand with Information Technology, Legal, and Risk and Control teams to adapt to the evolving local developments.

The Northern Trust Group formally activated the Enterprise Pandemic Phase of our Business Resiliency Plan on 11 March 2020, ahead of the WHO announcement. The Group has stress tested its BCP plans to include extended WFH, implemented social distancing arrangements, adapted and refined our established and tested transfer-of-work protocols, and cancelled in-person meetings and events. The Company maintains business resiliency plans to manage its operations in support its clients. Its service has been designed to be fault tolerant, aiming to minimise the potential for any single points of failure. To achieve this, the Group is utilising its dedicated Business Resiliency Centers, applying work-from-home arrangements and will invoke transfer- of-work capabilities as required to complete processes across multiple offices, countries and regions.

The financial position has been assessed as at 31 December 2019 with no significant consequential change found in any carrying value and no material change in the outlook. Therefore the Directors have agreed to adopt the going concern basis of accounting in preparing the annual financial statements.

There have been no other significant events affecting the Company since the year end other those disclosed above and in the strategic report.

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27. Interests in other entities

The Company manages several investment funds, which are unconsolidated structured entities. This note provides additional information on these funds. The Company holds interests in these funds through the receipt of management and other fees. These investment funds are open-ended investment companies or funds which invest in a range of assets that are detailed below, together with the assets under management in each category.

The Company has a sponsorship interest in the following funds:

- The US Dollar Fund – Short Term LVNAV MMF;
- The Sterling Fund – Short Term LVNAV MMF;
- The Euro Liquidity Fund – Short Term VNAV MMF;
- Northern Trust Global Funds Plc;
- Northern Trust Investment Funds Plc;
- Northern Trust UCITS Common Contractual Fund;
- Northern Trust UCITS FGR fund; and
- Northern Trust Diversified Strategy Fund.

The investment funds have various investment objectives and policies but all funds invest capital received from investors in a portfolio of assets in order to provide returns to those investors from capital appreciation of those assets, income from those assets or both. These vehicles are financed through the issuance of fund units to investors. The table below shows, by type of structured entity, the asset size of the entity as at 31 December 2019 for which the Company does not consolidate but in which it holds an interest and acts as a sponsor.

	2019 **$'000,000**	2018 $'000,000
Structured entity type		
Money market funds	**25,059**	23,895
Equity and fixed income funds	**43,517**	28,802
Total Net Assets	**68,576**	52,697

The maximum exposure would be to future fee revenues.

	2019 **$000**	2018 $000
Structured entity type		
Money market funds	**24,625**	25,019
Equity and fixed income funds	**23,740**	18,830
Total Management Fees	**48,365**	43,849

The Company is relying on the relief from related disclosures of IFRS 12 to disclose interests in other entities prospectively from the date of initial application, being the 1 January 2015.

As a sponsor, the Company is involved in the legal set up and marketing of the entities and may support them in different ways, namely:

- Providing seed capital
- Providing operational support to ensure their continued operation

The Company is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with the company. The use of the Northern Trust name for the structured entity indicates that Northern Trust acted as a sponsor.

During the year, the Company did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

Notes to the Financial Statements
For the Year Ended 31 December 2019

28. Holding Company

The Company is a subsidiary undertaking of Northern Trust Management Services Limited, incorporated in the United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by The Northern Trust Corporation, incorporated in the United States of America. The consolidated accounts of the Northern Trust Corporation are available to the public and may be obtained from Northern Trust Corporation, 50 South LaSalle Street, Chicago, Illinois.

The ultimate holding company in which the results of the Company are consolidated is that headed by Northern Trust Corporation, incorporated in the United States of America. The consolidated accounts of this group are available to the public and may be obtained from Northern Trust Corporation, 50 South LaSalle Street, Chicago, Illinois.