

# JPMorgan Asset Management Services Limited

Registered number: 05684075

Annual report for the year ended 31 December 2018



# JPMorgan Asset Management Services Limited

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**JPMorgan Asset Management Services Limited**  
**Company information**

**Directors**

I W Roberts (resigned 12 March 2018)

A M Lewis (appointed 12 March 2018)

S E Pond (appointed 12 March 2018)

**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 Services Limited**

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

#### **Principal activity**

The principal activity of JPMorgan Asset Management Services Limited (the "Company") is to facilitate the sharing of costs between JPMorgan Asset Management trading entities in the United Kingdom and Europe.

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Company has taken advantage of the available exemption to present a Strategic report conferred by this.

#### **Review of business**

The financial position of the Company remains satisfactory. The directors do not anticipate any changes to the Company's activities in the foreseeable future.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Result on ordinary activities before taxation	-	-
Shareholders' funds at year-end	2,942	2,942

#### **Results and dividends**

The result of ordinary activities before taxation for the financial year was £nil (2017: £nil) and after taxation £nil (2017: £nil). The retained result for the financial year was £nil (2017: £nil).

The directors do not recommend the payment of a 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.

#### **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 Services Limited**

### **Directors' 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 major risks. The Company exercises oversight through the board of directors.

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.

The Company's operations expose it to a variety of financial risks, the most significant of which is operational risk.

A more detailed description of the policies and processes adopted by all Group companies may be found within the JPMorgan Chase & Co. annual report.

#### **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.

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practise). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

## JPMorgan Asset Management Services 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, 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;

(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:

  
\_\_\_\_\_  
A M Lewis

25 Apr 19  
\_\_\_\_\_  
Date

## **JPMorgan Asset Management Services Limited**

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

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, JPMorgan Asset Management Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its result 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.

##### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

##### **Reporting on other information**

## **JPMorgan Asset Management Services Limited**

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

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 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.

#### *Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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 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.

#### *Auditors' responsibilities for the audit of the financial statements*



## **JPMorgan Asset Management Services Limited**

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

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

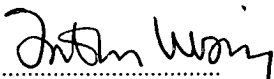
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. 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

Date: 25 April 2019

**JPMorgan Asset Management Services Limited**

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

	Note	2018 £	2017 £
Turnover	2	13,238,773	15,392,797
Administrative expenses	3	<u>(13,238,773)</u>	<u>(15,392,797)</u>
<b>Operating result</b>		<u>-</u>	<u>-</u>
<b>Result before taxation</b>		-	-
Tax on result	5	<u>-</u>	<u>-</u>
<b>Result for the financial year and total comprehensive income for the year</b>		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 10 to 17 form an integral part of these financial statements.

**JPMorgan Asset Management Services Limited**


**Balance sheet and statement of changes in equity as at 31 December 2018**

	Note	2018 £	2017 £
<b>Current assets</b>			
Debtors	7	2,502,271	3,306,983
Cash at bank and in hand		2,942	2,942
		<u>2,505,213</u>	<u>3,309,925</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(2,502,271)</u>	<u>(3,306,983)</u>
<b>Net assets</b>		<u>2,942</u>	<u>2,942</u>
<b>Capital and reserves</b>			
Called-up share capital	9	100	100
Profit and loss account	10	2,842	2,842
<b>Total shareholders' funds</b>	11	<u>2,942</u>	<u>2,942</u>

**Statement of changes in equity for the year end 31 December 2018**

	Called up share capital £ 000	Profit & loss account £ 000	Total shareholder's funds £ 000
<b>Balance as at 1 January 2017</b>	100	2,842	2,942
Result for the financial year and total comprehensive income for the year	-	-	-
<b>Balance as at 31 December 2017</b>	<u>100</u>	<u>2,842</u>	<u>2,942</u>
Result for the financial year and total comprehensive income for the year	-	-	-
<b>Balance as at 31 December 2018</b>	<u>100</u>	<u>2,842</u>	<u>2,942</u>

The financial statements on pages 8 to 17 were approved by the board of directors on 23 April 2019 and signed on its behalf by:

 25 Apr-19

A M Lewis

Company registered number: 05684075

The notes on pages 10 to 17 form an integral part of these financial statements.

## **JPMorgan Asset Management Services Limited**

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

#### **1 Accounting policies**

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP.

#### **Basis of preparation**

The financial statements have been prepared in accordance with 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 presentation currency used is sterling.

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:

- a statement of cash flows;
- disclosure of related party transactions with other wholly owned members of the group headed by JPMorgan Chase & Co.

The financial statements of JPMorgan Chase & Co. can be obtained as described in note 12.

## **JPMorgan Asset Management Services Limited**

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

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

During the year 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.

For more information about the Company's revenue see Note 2.

## **JPMorgan Asset Management Services Limited**

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

#### **Revenue recognition**

##### **Recognition**

The company earns revenue facilitating the sharing of costs between J.P. Morgan Asset Management trading entities in the United Kingdom and Europe. 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*

Revenue from facilitating the sharing of costs between J.P. Morgan Asset Management trading entities. The performance obligation is satisfied over time as the services are provided.

##### *Transaction price*

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

##### *Fees*

Fees are accounted for on an accruals basis.

## JPMorgan Asset Management Services Limited

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

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

#### (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 Services Limited

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

#### Cash and cash equivalents

This includes deposits held at call with banks and cash in hand.

## 2 Turnover

Turnover is stated net of Value Added Tax ("VAT") and represents cost sharing between JP Morgan Asset Management trading entities in the United Kingdom and Europe. The Company has only one class of business and operates in the United Kingdom and Europe.

	2018 £	2017 £
Europe	12,263,632	13,641,046
United Kingdom	<u>975,141</u>	<u>1,751,751</u>
	<u>13,238,773</u>	<u>15,392,797</u>



## JPMorgan Asset Management Services Limited

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

#### 3 Administrative expenses

	2018	2017
	£	£
Amounts recharged to fellow subsidiaries	<u>13,238,773</u>	<u>15,392,797</u>

Auditors' remuneration was £6,365 (2017: £6,180), wholly for audit services. No payments were made to the auditors for non-audit services (2017: £nil). The audit remuneration costs are borne by a fellow subsidiary.

#### 4 Employee information

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

#### 5 Tax on result on ordinary activities

	2018	2017
	£	£
<b>(a) Analysis of tax charge in the year</b>		
<b>Current tax:</b>		
UK corporation tax on current year result	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>

#### (b) Factors affecting tax charge for year

	2018	2017
	£	£
Result on ordinary activities before taxation	-	-
Result on ordinary activities multiplied by effective rate of corporation tax in the UK 19.00% (2017 : 19.25%)	-	-
<b>Current tax charge for year</b>	<u>-</u>	<u>-</u>

**JPMorgan Asset Management Services Limited**

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

**6 Directors' remuneration**

The directors did not receive any remuneration from the Company during the year (2017: £nil). Remuneration for their services is provided elsewhere in the group, and it is not possible to apportion the amount specific to this entity.

**7 Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts owed by Group undertakings	<u>2,502,271</u>	<u>3,306,983</u>

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

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts owed to Group undertakings	<u>2,502,271</u>	<u>3,306,983</u>

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

## JPMorgan Asset Management Services Limited

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

#### 9 Called up share capital

	2018 £	2017 £
<b>Authorised, allotted and fully paid</b>		
100 ordinary shares of £1 each (2017: 100)	<u>100</u>	<u>100</u>

#### 10 Reconciliation of movements in reserves

	Profit and loss account £
At 1 January 2018	<u>2,842</u>
At 31 December 2018	<u>2,842</u>

#### 11 Reconciliation of movements in Shareholders' funds

	2018 £	2017 £
Shareholders' funds brought forward	<u>2,942</u>	<u>2,942</u>
Shareholders' funds carried forward	<u>2,942</u>	<u>2,942</u>

#### 12 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  
Canary Wharf  
London  
E14 5JP