DTCC (UK) Limited
Annual report and financial statements for the year ended 31 December 2019

Registered number: 06573615

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DIRECTORS:	Valerie Jane Harahush Elizabeth Maria Dwyer Reese
SECRETARY:	Martin David Richardson
REGISTERED OFFICE:	1 Snowden Street Broadgate Quarter London EC2A 2DQ
REGISTERED NUMBER:	06573615 (England and Wales)
AUDITOR:	Deloitte LLP Statutory Auditor London, United Kingdom

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

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

Review of the business

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

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

During the year, the Company received investment income of $54,734k from its subsidiaries and paid dividends of $28,000k to its immediate parent BV.

On 30 November 2019, as part of the process of simplifying the DTCC group legal entity structure, BV contributed 100% of its share capital holding in 10 subsidiaries to DTCC UK at the book value at that date, plus an additional 99.8% of the share capital of DTCC Enterprise Services India Private Ltd taking the DTCC UKs total % ownership of this entity to 99.9%. In consideration, DTCC UK issued and BV subscribed to 11 ordinary shares with a nominal value of £1 each.

Key performance indicators

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

Principal risks and uncertainties

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

During the year, the Company defined its capital as called up share capital and profit and loss account. On that basis, the total capital of the Company as at 31 December 2019 and 2018 was $78,001k and $33,509k, respectively. The Company was initially capitalised with £1 of called up capital.

Sensitivity analysis

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

Future developments

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

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

As a result of the European Union (Withdrawal Agreement) Act 2020 gaining royal assent on the 23 January 2020 and the ratification of the agreement by the European Council on 29 January 2020, the UK has left the EU on 31 January 2020 and entered into a transition period that will last until 23:00 GMT on 31 December 2020. During transition, the UK will be required to adhere to existing EU legislation / regulation as well as implement any new EU27 legislation / regulation that goes live during transition.

The Company continues to believe there will not be a material impact on the operations or financial results as the business is not directly subject to European regulation or cross border tariffs.

Novel strain of Coronavirus (COVID-19)

The recent outbreak of the novel coronavirus ("COVID-19") in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organization has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Factors described herein that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company's business include, without limitation, economic slowdown in the U.K. and internationally, changes in interest rates and/or a lack of availability of credit in the U.K. and internationally, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business.

Section 172(1) Statement

The Directors are aware of their duty to act in the way each Director considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
a) the likely consequences of any decision in the long term;
b) the interests of the Company's employees (where applicable);
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly between members of the Company.

Key Stakeholders
The Company considers its sole shareholder and the community in which it serves as key stakeholders. The Company is a holding company and therefore does not have any employees or clients and is not regulated. The Company's most significant supplier is the ultimate parent and other members of the ultimate parent's group of companies.

Stakeholder Engagement
As part of our stakeholder engagement, the Directors are committed to effective engagement with all stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of its engagement with stakeholders, the Directors seek to understand the relative interests and priorities of each stakeholder and to have regard to these, as appropriate, in its decision-making. As Directors of a company that is a member of the DTCC group of companies (the Group), the Directors have significant resources available to them in order fulfill their duties under Section 172(1).

Decision-Making
The Directors are also senior management of the Group and are engaged with the strategic direction of not only the Group but also the Company's role in that strategy. The Directors have the ability to influence Group capital decisions such as capital infusions and dividends that impact the Company's ability to carry out its business. In making decisions, the Directors engages with stakeholders and consider relevant information from across the Group and the Company to help it understand the impact of its operations and the interests and views of our key stakeholders. It also reviews financial and operational performance, as well as information covering areas such as key risks and legal and regulatory compliance as appropriate. Key decisions the Directors make include the acquisition and disposal of investments, the review of investments for impairment and the approval of dividend payments to the parent company. The Directors abide by and apply the Group's code of conduct in its decision-making responsibilities. The Group is viewed as a high-reputable, trusted partner of clients, regulators, employees, and communities. The Directors believe the Group's code of conduct and tone at the top provide the Company with the proper culture to maintain a reputation for high standards of business conduct.

Shareholder

Delivering for our sole shareholder ensures the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders. In 2019, the Board approved the Company's annual report and financial statements for the year-ended 31 December 2018, reviewed, approved and recommended for approval by the sole shareholder, as appropriate, the Company's dividends declared and paid in 2019. On 30 November 2019, as part of the process of simplifying the DTCC group legal entity structure, the DTCC UK Board approved that BV should contribute *100% of its share capital holding in 10 subsidiaries to DTCC UK at the book value at that date, plus an additional 99.8%* of the share capital of DTCC Enterprise Services India Private Ltd taking the DTCC UKs total % ownership of this entity to 99.9%. In consideration, DTCC UK issued and BV subscribed to 11 ordinary shares with a nominal value of £1 each.

Building Communities

Supporting communities in which we operate is a core value of the Group and is reflected in the Group's strategic sponsorship and partnerships, its thought leadership activities and its corporate social responsibility efforts around the globe.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least for the next twelve months from approval of these financial statements. With the recent outbreak of the novel coronavirus ("COVID-19") and its potential impact on the global markets, the Directors have assessed the impact to the Company's business model and concluded the going concern basis is still appropriate. Thus, the Directors continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in Note 2 to the financial statements.

Approved on behalf of the Board:

Valerie Jane Harahush, Director
Date: 2 October 2020

General information

The Directors present their annual report and audited financial statements (which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the notes to the financial statements) for DTCC (UK) as of and for the year ended 31 December 2019.

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

Results and dividends

The profit for the year after taxation amounted to $54,720k (2018: $160,671k). During the year, the Company paid dividends of $28,000k (2018: $160,000k) to its immediate parent. On 4 August 2020, the Company paid dividends of $56,000k to its immediate parent.

Principal activities

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

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

Directors

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

Valerie Jane Harahush

Karl Gordon Spielmann (resigned 6 March 2020)

Elizabeth Maria Dwyer Reese (appointed 6 March 2020)

Directors' indemnities

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

Staff

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

Events after Balance Sheet Date

Events after the balance sheet date are disclosed in Note 16.

Statement as to disclosure of information to auditor

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

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

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

Independent auditor

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

Approved on behalf of the Board:

Valerie Jane Harahush, Director
Date: 2 October 2020

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of DTCC (UK) Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity and
- the related notes 1 to 16.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council ("FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Fiona Walker FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
2 October 2020

DTCC (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019 $000s	2018 $000s
Administrative (expenses)		(17)	(29)
Operating (loss)		**(17)**	**(29)**
Investment income		54,734	160,695
Profit before taxation		**54,717**	**160,666**
Tax credit	7	3	5
Profit for the financial year attributable to the owner of the Company	4	**54,720**	**160,671**
Other comprehensive result for the year net of tax		—	—
Total comprehensive income for the year attributable to the owner of the Company		**54,720**	**160,671**

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

There was no other comprehensive income in the current and prior year.

The accompanying notes on pages 13 to 21 are an integral part of these financial statements.

DTCC (UK) LIMITED
BALANCE SHEET
As at 31 December 2019

	Notes	2019 $000s	2018 $000s
Non-current assets			
Investments in subsidiaries	8	48,969	29,197
Total non-current assets		48,969	29,197
Current assets			
Other receivables	9	3	671
Cash at bank and in hand		29,062	3,673
Total current assets		29,065	4,344
Total assets		78,034	33,541
Current liabilities			
Other payables	10	(33)	(32)
Total current liabilities		(33)	(32)
Total liabilities		(33)	(32)
Net current assets		29,032	4,312
Total net assets		**78,001**	**33,509**
Equity			
Called up share capital	11	—	—
Share Premium	12	17,772	—
Profit and (loss) account		60,229	33,509
Equity attributable to owner of the Company		**78,001**	**33,509**

The accompanying notes on pages 13 to 21 are an integral part of these financial statements.

The financial statements of DTCC (UK) Limited (registered number 06573615) were approved by the Board of Directors and authorised for issue on 2 October 2020. They were signed on its behalf by:

Valerie Jane Harahush
Director

DTCC (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Called up share capital $000s	Share premium $000s	Profit and (loss) account $000s	Total equity $000s
Balance at 1 January 2018	—	—	**32,838**	**32,838**
Profit and comprehensive income for the year	—	—	160,671	160,671
Dividend (Note 13)	—	—	(160,000)	(160,000)
Balance at 31 December 2018	—	—	**33,509**	**33,509**
Issue of share capital (Note 12)	—	17,772	—	17,772
Profit and comprehensive income for the year	—	—	54,720	54,720
Dividend (Note 13)	—	—	(28,000)	(28,000)
Balance at 31 December 2019	—	**17,772**	**60,229**	**78,001**

The accompanying notes on pages 13 to 21 are an integral part of these financial statements.

1. GENERAL INFORMATION

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

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 5 and 6.

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

These financial statements are standalone financial statements. The Company is exempt from the obligation to prepare group consolidated accounts per section 401 of the Companies Act 2006. These accounts are not consolidated because the Company itself is an ultimate subsidiary of DTCC (incorporated in the USA), which draws up group consolidated accounts. DTCC's consolidated group accounts are available to the public and can be obtained as set out in Note 15.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

International Accounting Standards Board Standard Issued, Recently Adopted		
IFRS 16 Leases Issued January 2016	• Requires a lessee to recognise right-of-use assets and lease liabilities on the Balance Sheet, initially measured at the present value of the future lease payments. The amortization of the right-of-use asset and interest expense on the lease liability are presented separately in the Statement of Comprehensive Income. • Specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. • Requires an entity to determine the date of transaction for each payment or receipt of advance consideration if there are multiple payments or receipts in advance.	• Adopted 1 January 2019. • The adoption of the standard did not have a material impact on the Financial Statements.
Annual Improvements to IFRS Standards 2015-2017 Cycle Amendments to IAS 12 Income Taxes and IAS 23 Borrowing Costs Issued December 2017	The *Annual Improvements* include amendments to four Standards: IAS 12 *Income Taxes* • The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. IAS 23 *Borrowing Costs* • The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	• Adopted 1 January 2019. • The adoption of the standard did not have a material impact on the Financial Statements.
IFRIC 23 Uncertainty over Income Tax Treatments Issued June 2017	The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to: • determine whether uncertain tax positions are assessed separately or as a group; and • assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: • If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. • If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.	• Adopted 1 January 2019. • The adoption of the standard did not have a material impact on the Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on pages 2 to 4.

The Directors have a reasonable expectation that the Company and the ultimate parent company have adequate resources to continue in operational existence for the foreseeable future being at least for the next twelve months from the approval of these financial statements. With the recent outbreak of the novel coronavirus ("COVID-19") and its potential impact on the global markets, the Directors have assessed the impact to the Company's business model and concluded the going concern basis is still appropriate.

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

The principal accounting policies adopted are set out below.

Investments in subsidiaries

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

Investment income

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

Foreign currencies

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

Operating profit / (loss)

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

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

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

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

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

Current tax and deferred tax for the year

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

Financial assets

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

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

<u>Other receivables</u>. Trade and other receivables are stated at cost, net of an expected credit loss allowance.

Impairment of financial assets

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

Financial liabilities

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Company's accounting policies

Indicators of impairment of investments in subsidiaries

IAS 36 requires that at the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired. In making their judgement, the directors considered the internal and external indicators set out in IAS 36 and are satisfied that there is no indication of impairment for any of the carrying values of the Company's investments in subsidiaries, apart from DTCC Data Repository (Ireland) Plc ("DDRIE"), for which a value in use ("VIU") calculation has been performed.

Key sources of estimation uncertainty

Impairment of investments in subsidiaries

If an indication of impairment is identified, then the Directors must determine if an impairment of any investment in subsidiary has taken place. This requires estimations of the investments' recoverable amount, which is the higher of the investments' value in use (VIU) and its fair value less costs of sale (FVLCS). Management have determined that the subsidiaries are the cash generating unit (CGUs) because they are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

DDRIE, one of the Company's subsidiaries with a book value as at 31 December 2019 of $2.0m, presented a potential indication of impairment which required a VIU calculation. DDRIE was established as part of the DTCC Global Trade Repository ("GTR") business to provide services that enable clients to meet their regulatory obligations for derivatives transaction reporting within the European Union ("EU") when the UK departs from the EU ("Brexit"). Due to factors such as the duration of the Brexit transition period, operational efficiencies and cost, the Directors of DDRIE decided to voluntarily surrender its registrations as an authorised trade repository ("TR") with ESMA and FINMA on 3 February 2020 and 13 February 2020 respectively. However, subsequently DDRIE has reapplied as a TR and the Company expects to be reauthorised by ESMA and FINMA once again in the later part of 2020, to provide regulatory services, prior to the end of the transition period. DDRIE Directors expect the level of activity to increase significantly when the UK leaves the EU. For DDRIE the VIU calculation used cash flow projections based on financial budgets approved by management. The key assumptions used are that revenue commences in 2021 following the end of the transition period of the departure of the UK from the EU. Following this, a 0% growth rate of has been applied to the forecast earnings and a pre-tax discount rate of 11.55%. Management have determined there is no impairment to the investment in DDRIE.

The carrying amount of the investments in subsidiaries at the balance sheet date was $48,969k (2018: $29,197k) with a total impairment loss recognised in 2019 of $nil (2018: $nil).

4. PROFIT FOR THE FINANCIAL YEAR

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

	Year ended 2019 $000s	Year ended 2018 $000s
Net foreign exchange (gains) / losses	(11)	32
	(11)	32

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

5. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were $22k (2018: $15k). During the year, there were no fees payable to Deloitte LLP and their associates for non-audit services to the Company.

6. STAFF COSTS

There were no full time employees (2018: none) during the year and the aggregate payroll costs were $nil (2018: $nil). No Directors were directly remunerated by the Company (see Note 14).

7. TAX

	Year ended 2019 $000s	Year ended 2018 $000s
Corporation tax:		
Current year	(3)	(5)
Adjustments in respect of prior years	—	—
	(3)	(5)
Tax (credit)	(3)	(5)

Corporation tax is calculated at 19.00% (2018: 19.00%) of the estimated taxable profit for the year.
The (credit) for the year can be reconciled to the profit in the profit and loss account as follows:

	Year ended 2019 $000s	Year ended 2018 $000s
Profit before taxation	54,717	160,666
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	10,397	30,527
Non-taxable investment income	(10,400)	(30,532)
Tax (credit) for the year	(3)	(5)

Deferred tax

At 31 December 2019 the Company had $414k (2018: $400k) of tax losses in respect of which deferred tax has not been recognised due to uncertainty as to the availability of future profits against which they can be offset. Deferred tax balances have been calculated at the effective tax rate ruling at the balance sheet date. Finance (No. 2) Act 2016 reduced the UK corporation tax rate from 19% to 17% from 1 April 2020 and was substantively enacted on 15 September 2016. However, in the Budget on 11 March 2020 the Government has announced that the reduction in the rate will be reversed and the corporation tax rate will remain at 19% from 1 April 2020.

8. INVESTMENT IN SUBSIDARIES

	2019	2018
	$000s	$000s
At beginning of year:	29,197	29,152
Additional capital investment	19,772	45
At end of year	48,969	29,197

Investment in subsidiaries and investments: Company Name	Registered place of business	% share in ordinary capital (prior year)	Company business activity
DTCC Derivatives Repository PLC	London, UK	100% (100%)	Data repository that provides a suite of post -trade record -keeping and reporting services
DTCC ITP (UK) Limited	London, UK	100% (100%)	Develops and deploys post-trade and pre-settlement solutions
DTCC Europe Limited	London, UK	100% (100%)	Other business support
DTCC Enterprise Services India Private Limited	Chennai, India	99.9% (0.1%)	Other business support
DTCC Data Repository (UK) Limited	London, UK	100% (100%)	Non-trading other business support
DTCC Data Repository (Ireland) PLC	Dublin, Ireland	100% (100%)	Non-trading data repository that provides a suite of post -trade record -keeping and reporting services
DTCC Canada Limited	Toronto, Canada	100% (0%)	Trade management services
DTCC ITP Matching (Canada) Limited	Toronto, Canada	100% (0%)	Trade management services
DTCC Australia Pty Limited	New South Wales, Australia	100% (0%)	Trade management services
DTCC Japan K.K.	Tokyo, Japan	100% (0%)	Trade management services
DTCC Singapore Pte Limited	Singapore	100% (0%)	Trade management services
EDC B.V.	The Netherlands	100% (0%)	Secure data storage and hosting services to entities within the group
DTCC Data Repository (Singapore) Pte. Limited	Singapore	100% (0%)	Data repository that provides a suite of post -trade record -keeping and reporting services
DTCC Data Repository (Japan) K.K.	Tokyo, Japan	100% (0%)	Data repository that provides a suite of post -trade record -keeping and reporting services
Business Entity Data B.V.	The Netherlands	100% (0%)	Manage and maintain the Global Markets Entity Identifier (GMEI) utility for the assignment of Legal Entity Identifiers (LEIs)
DTCC Hong Kong Limited	Hong Kong	100% (0%)	Trade management services

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

On 21 November 2019, DTCC Data Repository (UK) Limited made an application to strike the Company off the register, and was dissolved on 18 February 2020.

On 30 November 2019, as part of the process of simplifying the DTCC group legal entity structure, BV contributed 100% of its share capital holding in 10 subsidiaries to DTCC UK at the book value at that date, plus an additional 99.8% of the share capital of DTCC Enterprise Services India Private Ltd taking the DTCC UKs total % ownership of this entity to 99.9%. In consideration, DTCC UK issued and BV subscribed to 11 ordinary shares with a nominal value of £1 each.

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

9. OTHER RECEIVABLES

	2019 $000s	2018 $000s
Amounts falling due within one year:		
Amounts owed from group undertakings	3	671
	3	671

10. OTHER PAYABLES

	2019 $000s	2018 $000s
Amounts falling due within one year:		
Amounts owed to group undertakings	6	10
Other creditors	27	22
	33	32

The amounts owed to group undertakings are payable in cash on demand and there are no related guarantees.

11. SHARE CAPITAL

	2019 $	2018 $
Issued and fully paid:		
12 (2018: 1) ordinary share of £1	16	2

The Company has one class of ordinary shares which carry no right to fixed income. The Company has 100 authorised ordinary shares of £1 each.

12. SHARE PREMIUM

	2019 $000s	2018 $000s
Balance at 1 January	—	—
Issue of share capital	17,772	—
Balance at 31 December	17,772	—

On 30 November 2019, as part of the process of simplifying the DTCC group legal entity structure, BV contributed 100% of its share capital holding in 10 subsidiaries to DTCC UK at the book value at that date, plus an additional 99.8% of the share capital of DTCC Enterprise Services India Private Ltd taking the DTCC UKs total % ownership of this entity to 99.9%. In consideration, DTCC UK issued and BV subscribed to 11 ordinary shares with a nominal value of £1 each, resulting in share premium of $17,772k.

13. DIVIDEND

	Year Ended 2019 $000s	Year Ended 2018 $000s
Amounts recognised as distributions to equity holders:		
Dividend on 19 December 2019 ($2,333k per share)	28,000	—
Dividend on 2 February 2018 ($90,000k per share)	—	90,000
Dividend on 21 September 2018 ($70,000k per share)	—	70,000
	28,000	160,000

14. RELATED PARTY TRANSACTIONS

Directors' Remuneration

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

	Year ended 2019 $000s	Year ended 2018 $000s
Directors' remuneration		
Emoluments	21	28
Amounts receivable (other than shares and share options) under long-term incentive schemes	1	6
	22	34

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

15. *ULTIMATE CONTROLLING PARTY*

The Company's ultimate parent and controlling entity is DTCC, which is incorporated in the United States of America, and heads the largest and smallest group of companies of which the Company is a member. DTCC prepares consolidated financial statements in accordance with US GAAP. Copies of its financial statements can be obtained from www.dtcc.com. The registered address of DTCC Global Holdings B.V. is Prins Bernhardplein 200, Amsterdam, The Netherlands. The registered address of DTCC is 55 Water Street, New York. NY, 10041, United States.

16. EVENTS AFTER THE BALANCE SHEET DATE

The recent outbreak of the novel coronavirus ("COVID-19") in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organization has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Factors described herein that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company's business include, without limitation, economic slowdown in the U.K. and internationally, changes in interest rates and/or a lack of availability of credit in the U.K. and internationally, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business.

On 21 November 2019, DTCC Data Repository (UK) Limited made an application to strike the Company off the register, and was dissolved on 18 February 2020.

In June 2020, the Company received a dividend of SGD15,000k from its subsidiary DTCC Data Repository Singapore Pte. Limited. In July 2020, the Company received a dividend of $45,000k from its subsidiary DTCC Derivatives Repository Plc.

On 9 July 2020, DTCC sold 100% of its share capital holding in DTCC Solutions (UK) Limited to DTCC UK at the book value at that date. In consideration, DTCC UK paid cash of $1,200k.

On 4 August 2020, the Company paid dividends of $56,000k to its immediate parent.

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