Company Registration Number 02007985

Sumitomo Mitsui Trust International Limited

Annual Report and Financial Statements

31 December 2021

Sumitomo Mitsui Trust International Limited

Annual report and financial statements 2021

Contents

Contents	Page
Officers and statutory auditor	**1**
Strategic report	**2**
Directors' report	**5**
Statement of directors' responsibilities	**7**
Independent auditor's report to the members of Sumitomo Mitsui Trust International Limited	**8**
Statement of comprehensive income	**11**
Statement of financial position	**12**
Statement of changes in equity	**13**
Statement of cash flows	**14**
Notes to the financial statements	**15**
Annexes to the financial statements	**30**

Sumitomo Mitsui Trust International Limited

Report and financial statements 2021

Officers and statutory auditor

Directors

N Kamitsubo
H Hirose
S Oishi
H Moritani
S Mikihara

Registered Office

155 Bishopsgate
London
EC2M 3XU

Statutory Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor
15 Canada Square
London
E14 5GL

Sumitomo Mitsui Trust International Limited

Strategic report

The directors present their reports and the audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of Sumitomo Mitsui Trust International Limited ("the company") is the provision of investment management services undertaken for institutional customers, through individual investment management agreements ("IMA") and as distributor for SuMi Trust collective investment funds, and for affiliated companies by providing sales, marketing and support services outside Japan.

The company concentrates on investment management activities in cooperation with Sumitomo Mitsui Trust Asset Management Co., Ltd. ("SMTAM"), its parent company. SMTAM is one of Asia's largest managers.

The global strategy of the SMTAM group, within the Sumitomo Mitsui Trust Holdings, Inc. ("SMTH") group, envisages steady expansion of assets under management for individual investment management portfolios and collective investment schemes. The company is expected to play a key part as the principal sales and marketing entity of the group outside Japan.

The company is authorised and regulated by the Financial Conduct Authority ("FCA").

Review of the business

The profit for the year before tax was £655,000 (2020: £689,000). As the business of the company is covered by a cost-plus arrangement with SMTAM, movements in profit correspond with movements in relevant expenses.

Fee income, excluding intra-group service fees, of £4,504,000 rose to 128% of the previous year level, attributable to principally increased assets under management and performance fees for IMA business.

Investment management intra-group service fees of £4,422,000 fell to 97% of the previous year level, attributable to a reduction in relevant expenses. Interest income of £22,000 was 26% of the previous year level due to the decline of interest rates. General and administrative expenses of £3,714,000 were 100% of the previous year level.

Working capital, defined as current receivables less payables, was £2,439,000 (2020: £2,347,000). Liquidity is managed by maintaining demand deposits of £926,000 (2020: £926,000) and term deposits of £17,500,000 (2020: £17,000,000). This amount is 3.7 times as large as the investment management intra-group service fees. The directors consider these buffers to be substantial.

Key performance indicators

The directors' key target is to maintain and increase investment management fees. Portfolio management fees for 2021 were £2,773,000 (2020: £1,847,000) and UCITS distribution fees for 2021 were £1,535,000 (2020: £1,514,000).

Principal risks and uncertainties

In the course of conducting business operations, the company is exposed to risks as noted below. The directors seek to identify, assess and monitor each risk in accordance with defined policies and procedures.

General market conditions

After growth stocks including online business and digital technology companies posted stellar returns in 2020, 2021 started with strong reversal of value stocks. While the market kept its positive momentum, there were signs that investors' appetite was changing. Inflation got higher as the economy gradually normalised and remained elevated. Interest rates were gradually increasing and inflation protection, and protection from interest rate increase, became one of top concerns among investors. The Japanese equity market underperformed its global peers as the country was a laggard in economic normalisation.

Company specific risks

The principal risks and uncertainties identified by the directors are capital risk, market risk (comprising price risk, interest rate risk and exchange rate risk), credit risk, liquidity risk, concentration risk and operational risk. These are described in more detail in note 15 to the financial statements.

Future prospects

The company concentrates its resources on its investment management activities. On the basis of the established business model for the company within the strategic plans of the SMTH group, it is anticipated that the company will deliver profits on its continuing investment management activities as the company is supported by a cost plus service fee arrangement with SMTAM.

While there are still uncertainties following Brexit, the company's main sources of income are currently outside the European Union, and the revenue of the company is secured by the service agreement with the parent company, so it is considered that there is no material impact on the company from Brexit. On the other hand, SMTH and SMTAM recognize that global development of the asset management business remains a key focus area. SMTAM and the company are completing establishing a new framework for UCITS business on the assumption that the company as a global distributor will appoint sub-distributors that are affiliates within the group. Therefore, the existing function of the company's investment management business will remain as it is.

The directors have considered the impact of COVID-19 pandemic on the entity, there appears to be no direct threat to the survival of the company or the broader group of companies. The company's business continuity plan was effectively implemented both internationally and at the local level. Although there has been disruption to business activity, it is not anticipated any major changes to business strategy will be necessitated over at least the medium term. The company's activities have operated without interruption and no critical issues have been seen since March 2020, and the business has been grown steadily as mentioned above.

Regarding Russia's invasion of Ukraine, which has been of great international concern since February 2022, it is anticipated that there will be no material impact on the company as currently it has no business exposure to the region, interactions with organisations in the region, nor with organisations which have significant shareholdings in entities from the region.

Engagement with employees, clients, suppliers and others in a business relationship with the company

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the company for the benefit of its shareholder, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, clients and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The directors also have considered the views and interests of a wider set of stakeholders, including the company's regulators, the Government and non-governmental organisations, employees, clients and suppliers. Considering this broad range of interest is an important part of the way the Board makes decisions. The Board must also give consideration to the legitimate interests held by the stakeholders. In that regard, the Board takes a forward looking perspective, anticipating changes in business conditions.

During the year there were limited decisions made which could have a significant impact on the wider set of stakeholders.

The company has set out "SMTIL Core Values" in the company's Quality Policy as detailed below:
1. Integrity - unity of purpose and management style
2. Transparency - honesty and openness in dealing with regulators, clients, counterparties and affiliated group companies
3. Quality ethos - commitment to quality outcomes for all parties internally and externally
4. Expertise - business specialisation in investment management
5. Fairness - fair treatment of customers that is a key imperative to our business operation

In addition, the company has set out SMTAM's Vision and Mission in the company's Quality Policy as detailed below:

Sumitomo Mitsui Trust International Limited

Strategic report

Vision: Realizing opportunities today to ensure sustainable prosperity for tomorrow.
Mission: Your goals are our goals. Your success is our success. We strive to create the new standard of asset management that acknowledges the aspirations of all our investors and stakeholders and work with each of you every step of the way.

The Senior Managers & Certification Regime (SM&CR) aims to reduce harm to consumers and strengthen market integrity by supporting the spirit of regulation by making individuals more accountable for their conduct and competence. The FCA's individual conduct rules (COCON), which are at the heart of the SM&CR, apply to all staff and directors of the company.

Approved by the Board of Directors and signed on behalf of the Board.

森谷浩樹

H Moritani
Director
14 April 2022

155 Bishopsgate
London
EC2M 3XU

Registered number: 02007985
(registered in England and Wales)

Sumitomo Mitsui Trust International Limited

Directors' report

Summary

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on page 2. The financial position of the company, performance and cash flows are shown on pages 11 to 14. In addition, note 15 to the financial statements includes the company's objectives, policies and processes for managing its capital, its financial risk management including its treatment of financial instruments and its exposures to the various types of risk.

Going concern

The directors have considered the financial, operating and other business risks that could individually or collectively impact the going concern assumption on which the financial statements are prepared.

The directors have prepared business plan forecasts and projections for a period of at least twelve months from the date of approval of these financial statements, taking into account reasonably possible downsides in trading performance. The company has considerable financial resources with which to support the development of its business activities, and these forecasts show the company maintaining adequate resources to meet its liabilities as they fall due for the forecast period.

In reaching their conclusion the directors recognise that the company acts as the international sales and marketing arm for the asset management activities of the group through a cost plus service fee business model with Sumitomo Mitsui Trust Asset Management Co., Ltd ("SMTAM"). The company is therefore dependent on the intent and ability of SMTAM to provide continuing support through the established model to allow the company to continue to trade. At the date of approval of these financial statements, the directors have no reason to believe that this support will not continue although there can be no absolute certainty that it will continue as with any company placing reliance on other group entities for financial support. Currently, the company and SMTAM are completing establishing a new framework for UCITS business on the assumption that the company as a global distributor will appoint sub-distributors that are affiliates within the group, which means the existing function of the company's investment management business will remain as it is unless in extreme circumstances.

Dividends

The directors do not recommend payment of a dividend for the year (2020 - £nil).

Directors

The directors of the company during the year and to date were as follows:

N Kamitsubo	(Chairman, Non-executive Director)
K Suzuki	(Non-executive Director, resigned 29 March 2021)
H Hirose	(Non-executive Director)
S Oishi	(Non-executive Director, appointed 23 April 2021)
Y Murota	(Managing Director and Executive Director, resigned 18 March 2022)
H Moritani	(Managing Director and Executive Director, appointed 18 March 2022)
S Mikihara	(Executive Director)

Directors' indemnities

The directors benefited from qualifying third-party indemnity provision in that the company maintained Directors' and Officers' liability insurance cover for itself and its directors throughout the financial year.

Management of liquidity

The company monitors rolling forecasts of liquidity on the basis of expected cash flow. Typical settlement periods for debtors are within one month of issue of invoice and for creditors within one month of receipt of invoice. The company manages liquidity by depositing excess funds available for periods of up to one year.

Statement on directors' relationships with employees, clients, suppliers and others

Information in relation to engagement with employees, clients, suppliers and other stakeholders can be found in the section "Engagement with employees, clients, suppliers and others in a business relationship with the company" in the Strategic Report.

Sumitomo Mitsui Trust International Limited

Directors' report

Political and charitable donations

The company made no political or charitable donations in the year (2020: £nil).

Disclosure of information

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG LLP has expressed willingness to continue in office as statutory auditor and a resolution for re-appointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

森谷浩樹

H Moritani
Director
14 April 2022

155 Bishopsgate
London
EC2M 3XU

Registered number: 02007985

(registered in England and Wales)

Sumitomo Mitsui Trust International Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Annual Report and 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 international accounting standards in conformity with the requirements of Companies Act 2006 and applicable law.

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, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors and signed on behalf of the Board.

森谷浩樹

H Moritani
Director
14 April 2022

155 Bishopsgate
London
EC2M 3XU

Registered number: 02007985
(registered in England and Wales)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUMITOMO MITSUI TRUST INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Sumitomo Mitsui Trust International Limited ("the company") for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of change in equity, the Statement of cash flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the high level policies and procedures to prevent and detect fraud, including the channel for "whistleblowing", as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud;
- Reading the board minutes;
- Considering remuneration and performance targets for management; and

- Using analytical procedures to identify unusual or unexpected relationships.

As required by auditing standards and taking into account possible pressures to meet profit targets and nature and sources of revenue, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as the risk of possible pressures to meet profit targets is remote due to its limited and non-complex operations and revenue arrangements.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the company-wide fraud risk management controls.

We also performed procedures including identifying journals to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted containing specific words and consistent ending numbers and posted on Bank holidays.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), from inspections of regulatory and legal correspondences and discussed with directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: FCA regulations including capital requirements, recognising the regulated nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. If a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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 7, 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.

Auditor's 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 to 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.

MGreen

Matthew Green **(Senior Statutory Auditor)**

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

14 April 2022

Sumitomo Mitsui Trust International Limited

Statement of comprehensive income
Year ended 31 December 2021

	Note	2021 £000	2020 £000
Fees and commissions income	3	8,926	8,068
Interest income		22	86
Total income		**8,948**	**8,154**
Fees and commissions expense	4	(4,529)	(3,677)
Other operating expense		(50)	(74)
General and administrative expenses	5	(3,714)	(3,714)
Total expenses		**(8,293)**	**(7,465)**
Profit on ordinary operations before taxation	8	**655**	**689**
Taxation	9	(116)	(119)
Profit for the year		**539**	**570**

The company made no recognised gains or losses other than the profits for the above two years.

The notes on pages 15 to 29 form an integral part of the Financial Statements.

Sumitomo Mitsui Trust International Limited

Statement of financial position
As at 31 December 2021

	Note	2021 £000	2020 £000
Assets:			
Cash and cash equivalents		872	926
Term deposits with banks		17,500	17,000
Trade debtors and other receivables	10	4,566	3,746
Intangible assets	11	2	5
Current tax assets	9	49	2
Deferred tax assets	12	44	40
Total assets		**23,033**	**21,719**
Liabilities and Equity:			
Liabilities:			
Trade creditors and other payables	13	2,127	1,399
Current tax liabilities	9	47	-
Total liabilities		**2,174**	**1,399**
Equity:			
Called up share capital	14	20,000	20,000
Retained earnings		859	320
Total equity		**20,859**	**20,320**
Total liabilities and equity		**23,033**	**21,719**

The notes on pages 15 to 29 form an integral part of the Financial Statements.

The financial statements were approved by the Board of Directors and authorised for issue on 14 April 2022.

Signed on behalf of the Board of Directors

森谷浩樹

H Moritani
Director
14 April 2022

Registered number: 02007985
(registered in England and Wales)

Sumitomo Mitsui Trust International Limited

Statement of changes in equity

Year ended 31 December 2021

	Share capital	Retained earnings	Total
	£000	**£000**	**£000**
Balance at 1 January 2020	**20,000**	**(250)**	**19,750**
Profit for the year	-	570	570
Balance at 31 December 2020	**20,000**	**320**	**20,320**
Balance at 1 January 2021	**20,000**	**320**	**20,320**
Profit for the year	-	539	539
Balance at 31 December 2021	**20,000**	**859**	**20,859**

The notes on pages 15 to 29 form an integral part of the Financial Statements.

Sumitomo Mitsui Trust International Limited

Statement of cash flows

Year ended 31 December 2021

	2021 £000	2020 £000
Operating activities:		
Profit for the year	539	570
Amortisation of intangible assets	3	4
Tax charge for the accounting period	116	119
Operating cash flows before movements in working capital	658	693
(Increase) in term deposits	(500)	(1,000)
(Increase)/decrease in trade and other receivables	(820)	349
Increase in trade and other payables	728	34
Cash generated by operations	66	76
Corporation tax paid	(120)	(40)
Net cash flows from operating activities	(54)	36
Net (decrease)/increase in cash and cash equivalents	(54)	36
Cash and cash equivalents at beginning of year	926	890
Cash and cash equivalents at end of year	**872**	**926**

The notes on pages 15 to 29 form an integral part of the Financial Statements.

Notes to the financial statements for the year ended 31 December 2021

1. Basis of preparation

Sumitomo Mitsui Trust International Limited ("the company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 02007985 and the registered address is 155 Bishopsgate London EC2M 3XU.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The principal activity of the company is the provision of investment management services undertaken for institutional customers, through individual investment management agreements ("IMA") and as distributor for SuMi Trust collective investment funds, and for affiliated companies by providing sales, marketing and support services outside Japan.

The financial statements are prepared on the historical cost basis.

Going concern

The directors have considered the financial, operating and other business risks that could individually or collectively impact the going concern assumption on which the financial statements are prepared

The directors have prepared business plan forecasts and projections for a period of at least twelve months from the date of approval of these financial statements, taking into account reasonably possible downsides in trading performance. Expansion of business with customers is estimated conservatively in the business plan. The company has considerable financial resources with which to support the development of its business activities, and these forecasts show the company maintaining adequate resources to meet its liabilities as they fall due for the forecast period.

The directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. In reaching their conclusion the directors recognise that the company acts as the international sales and marketing arm for the asset management activities of the group through a cost plus service fee business model with Sumitomo Mitsui Trust Asset Management Co., Ltd ("SMTAM"). The company is therefore dependent on the intent and ability of SMTAM to provide continuing support through the established model to allow the company to continue to trade. At the date of approval of these financial statements, the directors have no reason to believe that this support will not continue although there can be no absolute certainty that it will continue as with any company placing reliance on other group entities for financial support.

Judgements and Estimates

In preparing these financial statements, the directors have made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

2. Accounting policies

New and amended standards

There are no new standards that are effective for the first time for the financial year beginning 1 January 2021 that would be expected to have a significant impact on the Company's financial statements.

As at 31 December 2021, a number of standards and interpretations and amendments thereto, had been issued by the International Accounting Standards Board, which are not effective for the Company's financial statements as at 31 December 2021. None of these are expected to have a significant impact on the Company's financial statements in the future.

Foreign currency

The financial statements of the company are presented in pound sterling which is the reporting currency and the functional currency of the company.

Transactions denominated in foreign currency have been translated at the rate of exchange at the translation date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign currency differences are recognised in the statement of comprehensive income.

Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when the performance obligation is satisfied. Determining the timing of satisfaction of a performance obligation, at a point of time or over time, requires judgement.

Classification of revenue from contracts with customers is set out in note 3, Fees and commission income.

Employee benefits

The company operates a defined contribution personal pension scheme for the locally appointed staff.

Sumitomo Mitsui Trust Bank, Limited, a group company, operates a defined contribution scheme for staff appointed in Japan and assigned to the company and is responsible for employer's pension contributions for the executive directors and other senior managers so assigned.

The amounts charged to the income statement represent the employer's pension contributions payable to the defined contribution scheme for the locally appointed staff in respect of the accounting period.

Finance income and finance cost

Interest income and interest expense is recognised in the statement of comprehensive income using the effective interest rate method.

Taxation

Provision is made for taxation at current enacted rates of corporation tax on taxable profits.

Deferred tax liabilities are 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.

Equipment

Equipment is stated at cost, net of accumulated depreciation and any provisions for impairment. Depreciation is provided by the company to write off the cost of tangible fixed assets on a straight-line basis over their estimated useful economic lives of 3 years.

Intangible assets

Intangible assets are stated at cost, net of amortisation and any provisions for impairment. Amortisation is provided by the company to write off the cost of intangible assets on a straight-line basis over their estimated useful economic lives of 3 years.

Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities and equity

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

(iii) Impairment

The company measures loss allowances at an amount equal to lifetime expected credit losses ("ECL"), except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are measured at an amount equal to 12-months ECL where credit risk has not increased significantly and lifetime ECL where credit risk has increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and considers a financial asset to be in default if it is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each reporting date, the company assesses whether financial assets carried 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 the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Any impairment losses are recognised in the statement of comprehensive income.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Impairment – Non-financial assets

At each reporting date the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment, and if so estimates the asset's recoverable amount, that is the greater of value in use and fair value less cost to sell.

Impairment provisions for non-financial assets are deducted from the gross carrying amount of the assets. Any impairment losses are recognised in the statement of comprehensive income.

3. Fees and commissions income

The company generates revenue from the provision of investment management services undertaken for institutional customers and affiliated companies.

Disaggregation of revenue from contracts with customers

In the following table revenue from contracts with customers is disaggregated by major service categories and geographical location of customers.

	2021 £000	2020 £000
Major service categories		
Foreign exchange fees	196	164
Investment management fees – IMA	2,773	1,847
Investment management fees – UCITS	1,535	1,514
Investment management intra-group service fees	4,422	4,543
	8,926	8,068
Geographical distribution		
Japan	4,422	4,543
Europe (including UK)	2,805	2,022
Asia (excluding Japan)	1,503	1,339
Americas	196	164
	8,926	8,068

Contract balances

All contract balances are included in trade and other receivables.

Performance obligations and revenue recognition policies

Type of service	Nature and timing of performance obligation, including significant payment terms	Revenue recognition under IFRS 15
Foreign exchange fees	The customer obtains the services for administrative services over time. The services are invoiced monthly in arrears and due for settlement within 30 days. The price was negotiated between the parties and the fee is determined based on the NAV of the funds.	Revenue is recognised as arising over time and accrued over time.
Fees arising from IMA portfolio management	The customer obtains the services for portfolio management over time. The services are invoiced quarterly in arrears and due for settlement within 30 days. The fee is determined based on the NAV of the funds.	Revenue is recognised as arising over time and accrued over time.
Fees arising from UCITS distribution	The UCITS fund obtains the services for the introduction of new funds at the time of subscription. The services are invoiced quarterly in arrears and due for settlement within 30 days. The fee is determined based on the NAV of the funds.	Revenue is initially recognised at date of subscription but arises over time for the duration of the subscribers' investment in the UCITS fund.
Investment management intra-group service fees	The parent company obtains the services for sales, marketing and support services outside Japan over time. The services are invoiced half-yearly in arrears and due for settlement within 30 days. The fee is determined on a cost-plus basis calculated on the relevant proportion of the cost-base of the company.	Revenue is recognised as arising over time and accrued over time.

Notes to the financial statements for the year ended 31 December 2021

4. Fees and commissions expense

	2021 £000	2020 £000
Foreign exchange fees	98	82
Investment management fees - IMA	2,773	1,847
Investment management fees - UCITS	1,658	1,748
	4,529	3,677

5. General and administrative expenses

	2021 £000	2020 £000
Staff costs (note 6)	1,935	1,956
Other costs	1,779	1,758
	3,714	3,714

6. Staff costs

The average number of persons employed by the company during the year (including executive directors) was 12 (operational: 7, administrative: 5) (2020 - 12 (operational: 7, administrative: 5)).

The aggregate payroll costs of these persons paid by the company were as follows:

	2021 £000	2020 £000
Wages and salaries	1,834	1,863
Social security costs	43	41
Other pension costs	58	52
	1,935	1,956

7. Remuneration of directors

	2021 £000	2020 £000
Directors' remuneration paid by the company	544	570
Directors' pension contributions paid by another group company	12	14
	556	584

No loans or advances were made to any of the directors.

The remuneration of the highest paid director was £304,632 (2020 - £316,898) including pension contributions paid by another group company £6,370 (2020 - £6,892). Remuneration of £298,262 (2020 - £310,006) was borne by the company and pension contributions were borne by another group company.

The remuneration of the executive directors is shown above. The non-executive directors do not receive remuneration for their duties as directors of the company but as senior managers of the parent company.

There were no other transactions with the directors or other connected persons related to them.

Notes to the financial statements for the year ended 31 December 2021

8. Profit before taxation

The profit before taxation is stated after charging:

	2021 £000	2020 £000
Auditor's remuneration:		
Audit of these financial statements	66	67
Additional fee for audit of prior year financial statements	-	25
Amounts receivable by the company's auditor in respect of:		
Audit-related assurance services	20	20
Other items:		
Amortisation of intangible assets	3	4
Rental of land and buildings	125	128
Foreign exchange losses	2	13

9. Taxation

Tax on profit for the year

	2021 £000	2020 £000
Current tax charge	120	38
Deferred taxation (note 12)	(4)	81
	116	119

Factors affecting the tax charge for the year

The tax charge on the profit for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2021 £000	2020 £000
Profit before tax	655	689
Profit at standard rate of corporation tax in UK of 19% (2020 - 19%)	125	131
Effect of:		
Changes in corporation tax rates (note 12)	(9)	(12)
	116	119

Group relief

Claims for group relief have been or will be submitted relating to the accounting periods ended 31 December 2020 and 31 December 2021. The amounts of £47,000 repayable by HMRC and payable to a group company are shown under current taxation receivable and payable respectively in the Statement of Financial Position.

10. Trade debtors and other receivables

	2021 £000	2020 £000
Trade debtors	4,309	3,409
Accrued income	7	12
Prepaid expenses	196	213
Other debtors	54	112
	4,566	3,746

11. Intangible assets

	Computer software £000
Cost	
At 1 January 2020	64
Additions	-
Disposals	-
At 31 December 2020	64
Additions	-
Disposals	-
At 31 December 2021	64
Amortisation	
At 1 January 2020	55
Charge for the year	4
Disposals	-
At 31 December 2020	59
Charge for the year	3
Disposals	-
At 31 December 2021	62
Net book value	
At 31 December 2021	2
At 31 December 2020	5
At 1 January 2020	9

Notes to the financial statements for the year ended 31 December 2021

12. Deferred taxation

It is anticipated that the company will continue to report taxable profits on the investment management activities under the service agreement with the parent company.

The following are the deferred tax assets recognised by the company and movements thereon during the current and previous reporting periods:

	Trading losses £000	Depreciation and capital allowances £000	Total £000
At 1 January 2020	79	42	121
Charge for the year	(86)	(7)	(93)
Effect of changes in tax rate	7	5	12
At 31 December 2020	-	40	40
Charge for the year	-	(5)	(5)
Effect of changes in tax rate	-	9	9
At 31 December 2021	-	44	44

An increase in the UK corporation tax rate from 19% to 25%, effective 1 April 2023, was substantively enacted on 24 May 2021, and the UK deferred tax asset as at 31 December 2021 has been calculated based on this rate.

13. Trade creditors and other payables

	2021 £000	2020 £000
Trade creditors	1,704	890
Accrued expenses	366	486
Other creditors	57	23
	2,127	1,399

14. Share capital

	2021 £000	2020 £000
Authorised, issued and fully paid:		
20 million ordinary shares of £1 each	20,000	20,000
	20,000	20,000

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

The sole shareholder is Sumitomo Mitsui Trust Asset Management Co., Ltd.

15. Financial risk management

The company's activities expose it to a variety of risks. These are considered to include capital risk, market risk (comprising price risk, interest rate risk and exchange rate risk), credit risk, liquidity risk, concentration risk and operational risk. The directors seek to identify, assess and monitor each class of risk in accordance with defined policies and procedures.

Capital risk

The company manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the company consists of equity attributable to equity holders, comprising issued capital and retained earnings, represented substantially by demand and term deposits.

The company is subject to externally imposed capital requirements as a company authorised and regulated by the Financial Conduct Authority ("FCA"). The directors review the capital structure as part of the annual Internal Capital Adequacy Assessment Process ("ICAAP") and confirm continuing substantial excess of shareholder's funds over the needs of the business for working capital and regulatory capital.

Market risk

Price risk

Although price risk is a secondary risk for the company, income from investment management business is sensitive to market conditions and price movements through portfolio valuations and resulting net fee income is sensitive to exchange rate movements. The risk is mitigated by diversifying the type and range of activities as far as possible.

Interest rate risk

The company's interest rate risk arises from cash and cash equivalents and term deposits. Term deposits with banks are for fixed rates for the period of the deposit, all with a maturity of less than one year.

An increase or decrease of 50bps in interbank deposit interest rates would lead to an increase or decrease in profit before tax for the year of about £91,000 (2020: £89,000).

Exchange rate risk

The company's exposure to exchange rate movements is limited. Fees are invoiced to investment management customers quarterly. The risks arising from net differences in fees and commissions received and paid are managed by converting net currency positions to or from the functional currency as indicated by regularly updated cash flow projections. An 8% movement in year-end closing exchange rates would result in a balance sheet adjustment of £2,000 (2020: £5,000).

	EUR £000	**JPY £000**	**USD £000**	**Total £000**
Net balance sheet position 31December 2021	3	(7)	25	21
Net balance sheet position 31December 2020	38	8	20	66

Credit risk

Credit risk is the risk that counterparties and customers of the company will be unable to meet their obligations to the company either in part or in full. It arises from cash and cash equivalents, term deposits and credit exposures to customers, namely outstanding trade debtors.

Credit risk is managed through established credit policies. Sumitomo Mitsui Trust Holdings, Inc., a group company, assesses the quality of the banks with which deposits are placed and sets credit limits throughout the group. The company has placed all deposits in accordance with approved policies and limits. Funds were placed on deposit for fixed terms of up to one year with financial institutions with a credit rating of at least 'A-' using Standard & Poor's categorisation.

As a backstop, the company considers credit risk has increased if it is more than 30 days past due date. Credit losses are measured as the present value of all expected cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

The table below sets out the credit quality of cash and cash equivalents, term deposits, trade debtors and other receivables at the balance sheet date.

	2021 £000	2020 £000
External credit ratings of at least A- from Standard & Poor's		
Cash and cash equivalents	872	926
Term deposits with banks	17,500	17,000
Trade debtors and other receivables	171	172
Trade debtors - four or more years trading history	1,476	645
Trade debtors - less than four years trading history	2,669	2,604
Other receivables	54	112
	22,742	21,459

The company has assessed the credit quality of financial assets individually and in aggregate and considers that all financial assets to be stage 1, where credit risk has not increased significantly.

Liquidity risk

The company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations as and when they fall due. It monitors rolling forecasts of liquidity on the basis of expected cash flow. It manages liquidity risk by depositing funds available for investment for periods of up to one year.

The table below sets out the contractual cash flows in respect of financial assets and financial liabilities by maturities at the balance sheet date.

	Due within 3 months £000	Due within 3-6 months £000	Due within 6-12 months £000	Due over 1 year £000	Total £000
As at 31 December 2021					
Assets					
Cash and cash equivalents	872	-	-	-	872
Term deposits with banks	7,500	-	10,000	-	17,500
Trade debtors	4,309	-	-	-	4,309
Other receivables	57	-	4	-	61
	12,738	-	10,004	-	22,742
Liabilities					
Trade creditors	1,704	-	-	-	1,704
Other payables	423	-	-	-	423
	2,127	-	-	-	2,127

Notes to the financial statements for the year ended 31 December 2021

	Due within 3 months £000	Due within 3-6 months £000	Due within 6-12 months £000	Due over 1 year £000	Total £000
As at 31 December 2020					
Assets					
Cash and cash equivalents	926	-	-	-	926
Term deposits with banks	8,000	-	9,000	-	17,000
Trade debtors	3,409	-	-	-	3,409
Other receivables	116	-	8	-	124
	12,451	-	9,008	-	21,459
Liabilities					
Trade creditors	890	-	-	-	890
Other payables	509	-	-	-	509
	1,399	-	-	-	1,399

Financial instruments measured at fair value

All financial assets and financial liabilities classified as at amortised cost and as other financial liabilities respectively are shown at carrying amount.

The company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Carrying amount		Fair value		
	Financial assets at amortised cost £000	Other financial liabilities £000	Level 1 £000	Level 2 £000	Level 3 £000
As at 31 December 2021					
Financial assets not measured at fair value					
Cash and cash equivalents	872	-	-	-	-
Term deposits with banks	17,500	-	-	-	-
Trade debtors	4,309	-	-	-	-
Other receivables	61	-	-	-	-
	22,742	-	-	-	-
Financial liabilities not measured at fair value					
Trade creditors	-	1,704	-	-	-
Other payables	-	423	-	-	-
	-	2,127	-	-	-

	Carrying amount		Fair value		
	Financial assets at amortised cost £000	Other financial liabilities £000	Level 1 £000	Level 2 £000	Level 3 £000
As at 31 December 2020					
Financial assets not measured at fair value					
Cash and cash equivalents	926	-	-	-	-
Term deposits with banks	17,000	-	-	-	-
Trade debtors	3,409	-	-	-	-
Other receivables	124	-	-	-	-
	21,459	-	-	-	-
Financial liabilities not measured at fair value					
Trade creditors	-	890	-	-	-
Other payables	-	509	-	-	-
	-	1,399	-	-	-

Fair values of financial assets and liabilities measured at amortised costs are a reasonable approximation of their carrying values.

Concentration risk

The company is exposed to concentration risk. During the year net investment management income was received from two related parties. This concentration is unavoidable to the extent that the company's current business is based on supporting affiliated companies' activities outside Japan.

Operational risk

Operational risk is the risk of a loss resulting from inadequate or failed internal processes, staff and systems or from external events, including legal and regulatory risk. The company seeks to limit its operational risks to acceptable levels by maintaining a strong control environment, ensuring that employees have appropriate skills and training and by establishing an effective management structure.

16. Events after the reporting period

There have been no significant events between the reporting date and the date of the approval of the financial statements which would require changes or additional disclosure in the financial statements.

17. Related party transactions

There are no key management personnel other than the directors listed in the Directors' Report. The non-executive directors hold senior management positions in Sumitomo Mitsui Trust Asset Management Co., Ltd. All transactions relating to the directors are included in note 7.

During the year in the normal course of business the company entered into transactions with related parties who are members of the same group of companies or with customers managed by related parties who are members of the same group of companies. All related party transactions were made on terms equivalent to those that prevail in arms-length transactions.

The principal related parties are Sumitomo Mitsui Trust Asset Management Co., Ltd., and Sumitomo Mitsui Trust Bank, Limited. There were also transactions with SuMi TRUST Investment Funds, group-sponsored collective investment schemes managed by SMT Funds Services (Ireland) Limited, and with G.A.S (Cayman) Limited.

Surrenders of group relief by STB AM Investment (UK) Limited and corresponding claims of group relief by the company relating to the accounting periods ended 31 December 2020 and 31 December 2021 are disclosed in note 9 Taxation.

The descriptions in the financial statements include the following amounts attributable to related parties:

Statement of comprehensive income	**With parent company £000**	**With other related parties £000**	**Total £000**
For the year to 31 December 2021			
Fees and commissions income	4,134	1,713	5,847
Interest income	-	3	3
Fees and commissions expense	(3,111)	(98)	(3,209)
Other operating expenses	-	(3)	(3)
General and administrative expenses	-	(771)	(771)
For the year to 31 December 2020			
Fees and commissions income	4,280	1,676	5,956
Interest income	-	9	9
Fees and commissions expense	(2,181)	(82)	(2,263)
Other operating expenses	-	(3)	(3)
General and administrative expenses	-	(944)	(944)

The descriptions in the financial statements include the following amounts attributable to related parties:

Statement of financial position	**With parent company £000**	**With other related parties £000**	**Total £000**
As at 31 December 2021			
Cash and cash equivalents	-	4	4
Term deposits	-	2,500	2,500
Trade debtors	2,432	438	2,870
Accrued income	-	1	1
Prepaid expenses	-	54	54
Other debtors	-	29	29
Trade creditors	(1,439)	(9)	(1,448)
Accrued expenses	-	(182)	(182)
As at 31 December 2020			
Cash and cash equivalents	-	1	1
Term deposits	-	2,000	2,000
Trade debtors	2,352	520	2,872
Accrued income	-	1	1
Prepaid expenses	-	55	55
Other debtors	-	32	32
Trade creditors	(560)	(8)	(568)
Accrued expenses	-	(342)	(342)

18. Ultimate parent company and parent undertaking of the larger group of which the company is a member

The company is a wholly-owned subsidiary undertaking of Sumitomo Mitsui Trust Asset Management Co., Ltd., a company incorporated in Japan.

The ultimate parent company and controlling party is Sumitomo Mitsui Trust Holdings, Inc., a company incorporated in Japan.

This is both the smallest and the largest group within which the results of the company are consolidated.

Copies of the financial statements of the ultimate parent company can be obtained from the website of the ultimate parent company at ***https://www.smth.jp/en/*** or from:

Sumitomo Mitsui Trust Holdings, Inc.
1-4-1 Marunouchi
Chiyoda-ku
Tokyo 100-8233
Japan

19. Annex required under EU575/2013 – CRR - Capital Management

As an FCA authorised and regulated investment firm the company is subject to the requirements of the Capital Requirements Regulation EU 575/2013 (CRR) and the FCA Handbook.

The company's policy is to manage capital in order to:

- support its business objectives
- allow it to operate as a going concern and to meet its financial obligations as they fall due
- protect it in periods of stress through the absorption of unanticipated losses
- satisfy its regulatory capital requirements
- protect the Sumitomo Mitsui Trust Holdings, Inc. group reputation

The company manages its capital adequacy through a series of limits that consider its regulatory minimums, the three-year strategic plan and the results of its Internal Capital Adequacy Assessment Process (ICAAP).

20. Annex required under CRD IV Article 89 - Country-by-Country Disclosure

Article 89 of the Capital Requirements Directive IV ("CRD IV") requires credit institutions and investment firms in the EU to disclose annually, specifying by Member State and by third country in which it has an establishment, the following information for the year ended 31 December 2021: name, nature of activities, geographical location, number of employees, turnover, profit or loss before tax, tax on profit or loss and public subsidies received.

The company is an IFPRU limited licence investment firm located in the United Kingdom. The principal activities of the company in the year were the provision of investment management services all of which were undertaken from the United Kingdom.

The company received no public subsidies in the year or in the previous year.

The average number of persons employed by the company during the year was 12 (2020 - 12).

	2021 **£000**	**2020** **£000**
Turnover	8,926	8,068
Profit before tax	655	689
Tax charge for the year	116	119
Effect of deferred tax charge	4	(81)
Differences in estimate between tax charge and tax paid	-	2
Tax paid during the year	120	40