

Registration number: 00308372

Invesco Holding Company Limited

Directors' Report and Audited Financial Statements

for the Year Ended 31 December 2018

Invesco Holding Company Limited

Contents

Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	4
Independent Auditors' Report	5
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Invesco Holding Company Limited

Company Information

Directors	L. Starr A. Lege J. Callahan
Company secretary	A. Gerry
Registered office	Perpetual Park Perpetual Park Drive Henley-on-Thames Oxfordshire RG9 1HH
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

Invesco Holding Company Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements for Invesco Holding Company Limited ("the company") for the year ended 31 December 2018.

The company is a subsidiary of Invesco Ltd. In these financial statements, Invesco Ltd. and its subsidiaries are referred to as "the group".

This report has been prepared in accordance with the special provisions of section 414B of the Companies Act 2006 relating to small companies. The directors have taken exemption under this regime not to disclose the strategic report.

Directors of the company

The directors, who held office during the year, were as follows:

K. M. Carome (resigned 29 April 2019)

R. H. Rigsby - Company secretary and director (resigned 29 April 2019)

L. Starr

The following directors were appointed after the year end:

A. Lege (appointed 29 April 2019)

J. Callahan (appointed 29 April 2019)

Principal activity

The principal activity of the company is that of a holding company for investment in subsidiary undertakings. The company also provides financing facilities to other entities within the group. It is the intention of the directors to continue the current activities of the company for the foreseeable future.

Business review

Fair review of the business

The profit and total comprehensive income for the financial year was \$888.6m (2017: \$243.3m).

Interim dividends of \$550m were paid during the year (2017: \$255m). The directors do not recommend the payment of a final dividend (2017: \$Nil).

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

	2018	2017
	\$ m	\$ m
Income from shares in group undertakings	903.9	263.8
Finance income	49.7	49.8
Finance costs	<u>(70.4)</u>	<u>(55.1)</u>

Invesco Holding Company Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Principal risks and uncertainties

The group, which includes the company, has a robust risk governance structure and framework which is considered to be appropriate to the size, nature and complexity of the business. These arrangements are characterised by a matrix management model across functions and regions. The risk management framework is supported by an established risk and control self-assessment programme, which informs functional and regional senior management and the company's Board on the risks managed by the business. These are reviewed by the appropriate Risk Management Committee that has been established to monitor the risks within the business and report to the company's Board.

Governance and risk management operating within the company structure as follows:

The risk management framework for the company is driven by the group and there are no specific risk management procedures for the company.

Brexit

To monitor and mitigate the Brexit risk, Invesco has established a Brexit Steering Committee that is responsible for taking any decisions on the impact of Brexit on the business operations and legal structure of the group. Due to the nature of the activities of the company it is not anticipated that Brexit will affect the value of assets, liabilities or revenue streams apart from any broader macro-economic impacts.

Going concern

As at 31 December 2018, the company has net assets of \$3,039.8m (2017: \$2,701.2m).

The company's business activities, together with the factors likely to affect its financial position, exposure to principal risks and uncertainties and future development are described above.

The company's existing trading activity relates primarily to transactions with other subsidiaries. Although the company has a positive net asset position, a significant portion of the assets of the company are held in illiquid investments that are not readily realisable to manage existing financial obligations. The company has a surplus of current financial obligations over its existing current financial assets, consisting primarily of loans due to other group companies. However, the company has received confirmation that its immediate parent will provide any necessary support required to allow the company to meet its obligations as they fall due. Accordingly, the directors have continued to adopt the going concern basis in the preparation of the financial statements.

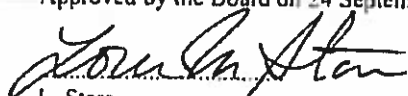
Directors' liabilities

Invesco Ltd., the ultimate parent company, has taken out indemnity insurance for all of the directors of the company in connection with their roles and responsibilities as Director and in accordance with the requirements and limitations of Section 234 of the Companies Act 2006. This indemnity was in force during the financial year and also at the date of approval of these financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 24 September 2019 and signed on its behalf by:



L. Starr
Director

Invesco Holding Company Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in 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.

Invesco Holding Company Limited

Independent Auditors' Report to the members of Invesco Holding Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Invesco Holding Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Our audit approach

Overview

- Overall materiality: \$53.5 million (2017: \$87.8 million), based on 1% of total assets.
- We performed a full scope audit of Invesco Holding Company Limited in accordance with our materiality and risk assessment.
- Impairment of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Invesco Holding Company Limited

Independent Auditors' Report to the members of Invesco Holding Company Limited (continued)

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

Impairment of investments

Refer to page 20 (note 11: Investments) and page 15 (note 2: Accounting policies).

As at 31 December 2018, the entity held \$3,910.4 million investments relating to subsidiary undertakings, as disclosed in Note 11. Investments in subsidiary undertakings are carried in the entity's financial statements at cost less impairment. Impairments are determined by reference to the subsidiary undertaking's value-in-use and fair value. In accordance with IAS 36 Impairment of assets, management have undertaken an annual assessment of indicators for impairment.

How our audit addressed the key audit matter

Our audit procedures included, among others, assessing the carrying value of the subsidiaries for any objective indicators of impairment. We have obtained and reviewed management's impairment assessment which concluded there were no impairments. We have challenged and reviewed the assumptions, recalculated the mathematical accuracy of the assessment and corroborated key inputs to the assessment to supporting documentation. Where we have agreed inputs to the group accounting system, we have obtained suitable controls reliance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality \$53.5 million (2017: \$87.8 million).

How we determined it 1% of total assets.

Rationale for benchmark applied We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity as the entity's principal activity is that of a holding company for entities within the Invesco group. In our prior year audit, we applied a 2% rule of thumb to determine materiality, however given the company issued listed debt during 2019 before the signing of our audit report and the financial statements, we have applied a lower materiality threshold.

Invesco Holding Company Limited

Independent Auditors' Report to the members of Invesco Holding Company Limited (continued)

Materiality (continued)

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$2.6 million (2017: \$4.3 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Directors' Report

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

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

Invesco Holding Company Limited

'Independent Auditors' Report to the members of Invesco Holding Company Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Invesco Holding Company Limited

**Independent Auditors' Report to the members of Invesco Holding Company Limited
(continued)**

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Sarah Chandler

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Sarah Chandler (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors

London

24 September 2019

Invesco Holding Company Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 \$ m	2017 \$ m
Administrative income/(expenses)		<u>5.6</u>	<u>(15.3)</u>
Operating profit/(loss)	4	5.6	(15.3)
Income from shares in group undertakings		903.9	263.8
Income from other fixed asset investments		0.6	0.4
Finance income	5	49.7	49.8
Finance costs	6	<u>(70.4)</u>	<u>(55.1)</u>
Profit before income tax		889.4	243.6
Income tax expense	9	<u>(0.8)</u>	<u>(0.3)</u>
Profit and total comprehensive income for the year		<u><u>888.6</u></u>	<u><u>243.3</u></u>

The above results were derived from continuing operations.

Invesco Holding Company Limited

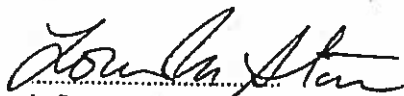
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Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 \$ m	31 December 2017 \$ m
Fixed assets			
Investments	11	3,910.4	3,760.2
Loans to other group undertakings	12	<u>680.1</u>	<u>587.4</u>
		<u>4,590.5</u>	<u>4,347.6</u>
Current assets			
Trade and other receivables	13	761.2	9.0
Cash and cash equivalents	14	<u>1.6</u>	<u>35.0</u>
		<u>762.8</u>	<u>44.0</u>
Creditors: Amounts falling due within one year			
Trade and other payables	15	(31.3)	(15.8)
Loans and borrowings	16	<u>(770.0)</u>	<u>(724.6)</u>
Creditors: Amounts falling due within one year		<u>(801.3)</u>	<u>(740.4)</u>
Net current liabilities		<u>(38.5)</u>	<u>(696.4)</u>
Total assets less current liabilities		4,552.0	3,651.2
Creditors: Amounts falling due after more than one year	16	<u>(1,512.2)</u>	<u>(950.0)</u>
Net assets		<u>3,039.8</u>	<u>2,701.2</u>
Equity			
Share capital	17	84.8	84.8
Share premium		1,523.8	1,523.8
Other reserves	18	489.0	489.0
Retained earnings		<u>942.2</u>	<u>603.6</u>
Total equity		<u>3,039.8</u>	<u>2,701.2</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 24 September 2019 and signed on its behalf by:



L. Starr
Director

Invesco Holding Company Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital \$ m	Share premium \$ m	Other reserves \$ m	Retained earnings \$ m	Total equity \$ m
At 1 January 2018	84.8	1,523.8	489.0	603.6	2,701.2
Profit and total comprehensive income for the year	-	-	-	888.6	888.6
Dividends paid	-	-	-	(550.0)	(550.0)
At 31 December 2018	<u>84.8</u>	<u>1,523.8</u>	<u>489.0</u>	<u>942.2</u>	<u>3,039.8</u>

	Share capital \$ m	Share premium \$ m	Other reserves \$ m	Retained earnings \$ m	Total equity \$ m
At 1 January 2017	84.8	1,523.8	489.0	615.3	2,712.9
Profit and total comprehensive income for the year	-	-	-	243.3	243.3
Dividends paid	-	-	-	(255.0)	(255.0)
At 31 December 2017	<u>84.8</u>	<u>1,523.8</u>	<u>489.0</u>	<u>603.6</u>	<u>2,701.2</u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital incorporated and domiciled in UK.

The address of its registered office is:

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire
RG9 1HH

These financial statements were authorised for issue by the Board on 24 September 2019.

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council.

The financial statements are prepared under the historic cost convention and in accordance with the Companies Act 2006, as applicable to companies applying FRS 101.

The functional currency of the company is US Dollars (\$), reflecting the primary currency in which the underlying transactions are undertaken, which is also the presentation currency.

Summary of disclosure exemptions

The company has availed itself of a number of exemptions from the disclosure requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101. In accordance with FRS 101, paragraph 8, the company has claimed an exemption from the following paragraphs of IFRS:

- Paragraphs 45(b) and 46-52 of IFRS 2 "Share-based Payment" (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined);
- The requirements of IFRS 7 "Financial Instruments: Disclosure";
- Paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities), provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- The requirement of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information requirements in respect of:

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- paragraph 79(a)(iv) of IAS 1 "Presentation of Financial Statements" (number of shares outstanding);
- paragraph 73(e) of IAS 16 "Property, Plant and Equipment";
- paragraph 118(e) of IAS 38 "Intangible Assets" (reconciliation between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, "Presentation of Financial Statements":
 - 10(d) (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- The requirements under IAS 7 "Statement of Cash Flows";
- Paragraph 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24 "Related Party Disclosures" (key management compensation);
- The requirements in IAS 24, "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group.

Going concern

The financial statements have been prepared on a going concern basis.

Exemption from preparing group financial statements

The financial statements contain information about Invesco Holding Company Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400-402 of the Companies Act 2006, UITF Abstract 43 and the Seventh Directive from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Invesco Ltd., a company incorporated in Bermuda, which prepares financial statements in accordance with US Generally Accepted Accounting Practice.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2018 and have had an effect on the financial statements:

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

IFRS 9 - Financial Instruments

On 1 January 2018, the company adopted IFRS 9 "Financial Instruments". This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

IFRS 9 introduced the expected credit loss impairment model which has been applied when assessing the potential impairment of long term intercompany receivables. This has had no material impact on the financial statements.

There were no other significant impacts as a result of adopting IFRS 9.

None of the other new accounting interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

Administrative expenses

The company recognises expenses, on an accruals basis, as goods are received or services are provided by the supplier.

Finance income and costs

Finance income and finance costs are recognised on an accruals basis using the effective interest rate method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the company at the rates prevailing on the reporting period date. All monetary foreign exchange differences resulting from the translation of assets and liabilities denominated in foreign currencies are taken to the statement of comprehensive income.

Tax

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax liability of the company may be reduced wholly or in part by the surrender of losses by fellow group companies.

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less any provision for impairment.

Loans due from other group undertakings

The loans due from other group undertakings are classified as loans and receivables and are held at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Loans and Borrowings

The loans due to other group undertakings are classified as loans and are held at amortised cost.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding Property, Plant and Equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

- financial assets/liabilities at amortised cost; or
- financial assets/liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and liabilities and the contractual cash flow characteristics of the financial assets and liabilities, as detailed below:-

Financial assets/liabilities at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

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

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Financial assets/liabilities at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Measurement of Expected Credit Losses

Financial assets, other than those measured at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events which have occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The company uses the expected credit losses (ECL) model when assessing the impairment of financial assets.

Share capital

Ordinary shares are classified as equity.

Dividends

Dividends receivable are recognised when the company becomes legally entitled to the dividend. Interim dividends payable are recognised when they are paid by the company and final dividends are recognised when approved by shareholders.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates and judgements utilised in preparing its financial statements are reasonable. Actual results could differ from these estimates.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of investments

The company believes that whether the valuation of the investments is subject to impairment is a significant judgement in the preparation of these financial statements. The directors believe that the carrying value of the investments is supported by their underlying net assets.

4 Operating (loss)/profit

Arrived at after charging/(crediting)

	2018 \$ m	2017 \$ m
Foreign exchange (gains)/losses	<u>(6.6)</u>	<u>15.3</u>

5 Finance income

	2018 \$ m	2017 \$ m
Interest income from group undertakings	<u>49.7</u>	<u>49.8</u>

6 Finance costs

	2018 \$ m	2017 \$ m
Interest paid to group undertakings	<u>70.4</u>	<u>55.1</u>

7 Directors' remuneration and staff costs

There were no employees of the company during the year (2017: Nil). Staff costs, including pension contributions, of all group employees who provide services to the company are borne by Invesco Group Services, Inc. and Invesco UK Limited and are not recharged to the company.

The 3 directors (2017: 3) who held office during the year received no remuneration from the company (2017: \$Nil). All directors' remuneration is borne by Invesco Group Services, Inc. and the proportion of directors' remuneration relating to services provided to the company is not able to be separately identified. Therefore, no recharge has been made to the company. No director exercised share options during the current year (2017: Nil). No share options were issued to directors during either the current or prior year in respect of qualifying services.

8 Auditors' remuneration

	2018 \$	2017 \$
Audit of the financial statements	<u>10,621.0</u>	<u>14,366.0</u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

8 Auditors' remuneration (continued)

The auditors' remuneration is borne by Invesco UK Limited, a fellow subsidiary of the group. The portion of the aggregate auditors' remuneration of the group relating to audit and other services provided to the company is shown above.

All fees payable to the company's auditors include amounts in respect of expenses.

9 Income tax expense

Tax charged in the statement of comprehensive income

	2018 \$ m	2017 \$ m
Current taxation		
UK corporation tax	0.5	0.1
UK corporation tax adjustment to prior periods	0.3	0.2
	<u>0.8</u>	<u>0.3</u>

The tax expense for the year is lower than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 \$ m	2017 \$ m
Profit before income tax	<u>889.4</u>	<u>243.6</u>
Profit multiplied by the standard rate of tax in the UK of 19% (2017: 19.25%)	169.0	46.9
Increase (decrease) in current tax from adjustment for prior periods	0.3	0.2
Increase (decrease) from effect of revenues exempt from taxation	(171.8)	(50.9)
Increase (decrease) arising from group relief tax reconciliation	3.3	4.3
Increase (decrease) from transfer pricing adjustments	(0.4)	(0.3)
Other tax effects for reconciliation between accounting profit and tax expense (income)	0.4	0.1
Total tax charge	<u>0.8</u>	<u>0.3</u>

The tax rate for the current period is lower than the prior period due to a change in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017. A further reduction to the UK corporation tax rate was enacted as part of the Finance Act 2016 which will reduce the main rate to 17% from 1 April 2020.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Dividends

	31 December 2018 \$ m	31 December 2017 \$ m
Interim dividend of \$0.52 (2017 - \$0.24) per ordinary share	<u>550</u>	<u>255</u>

11 Investments

Subsidiaries	\$ m
Cost or valuation	
At 1 January 2018	3,827.6
Additions	196.8
Return of capital	<u>(46.6)</u>
At 31 December 2018	<u>3,977.8</u>
Provisions for impairment	
At 1 January 2018	<u>71.3</u>
At 31 December 2018	<u>71.3</u>
Carrying amount	
At 31 December 2018	<u>3,906.5</u>
At 31 December 2017	<u>3,756.3</u>

Details of the subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Invesco Asset Management (Bermuda) Limited*	Holding Company	Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda	100%	100%
Coff Associates (Cayman) Limited	Acts as a General Partner	PO Box 309 GT Uglard House, South Church St., George Town, Grand Cayman, Cayman Islands	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Invesco UK Holdings Limited*	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Perpetual Limited	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Perpetual Portfolio Management Limited	Non-trading	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco (Nominees) Limited	Dormant	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Group Limited	Dormant	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Elliot Associates Limited	Non-trading	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	80%	80%
Invesco GT Asset Management Limited	Property holding company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Holland BV	Holding Company	c/o Zon Trust Management BV, Burgemeester Haspelslaan 67, 1181 NB, Amstelveen, Netherlands	100%	100%
Invesco North American Group Limited*	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Invesco Pacific Group Limited*	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Asset Management Singapore Ltd.	Investment management, advisory and sales and marketing services	9 Raffles Place, #18-01, Republic Plaza, Singapore 048619	100%	100%
Invesco Asset Management Pacific Limited	Investment holding	41/F, Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
Invesco Australia Limited	Investment management	Level 26, 333 Collins Street, Melbourne, Victoria 3000, Australia	100%	100%
Invesco Asset Management Australia (Holdings) Limited	Real estate/investment management	Level 26, 333 Collins Street, Melbourne Victoria 3000 Australia	100%	100%
Invesco Real Estate Investment Asia Pacific Limited	Investment advisory services	41/F, Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
Invesco Asset Management Asia Limited	Sales and marketing services	41/F, Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
Invesco Hong Kong Limited	Investment management, advisory and sales and marketing services	41/F, Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
Invesco (BVI) Nominees Limited	Nominee services	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, Virgin Islands, British Virgin Islands	100%	100%
Invesco Investment Consulting (Beijing) Limited	Foreign investment consulting	12th Floor, Wudinghou Street, Xicheng District, Beijing	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

II Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Invesco Asia Pacific Real Estate Investment Management Consulting (Shenzhen) Limited	Investment consulting	Bay Road, 1st Building A Room China	100%	100%
Invesco Taiwan Limited	Raising securities-investment-trust funds discretionary investment business, securities investment consulting services and other related business approved by the authorities.	22F, No. 1, Songzhi Road, Taipei Taiwan 11047	100%	100%
Invesco Asset Management (India) Private Limited	Investment management	3rd Floor, GYS Infinity, Paranjpe "B" Scheme, Subhash Road, Vile Parle (East), Mumbai Maharashtra, India, 400057	100%	100%
Invesco Trustee Private Ltd.	Trustee for financial institutions	3rd Floor, GYS Infinity, Paranjpe "B" Scheme, Subhash Road, Vile Parle (East), Mumbai Maharashtra, India, 400057	100%	100%
Invesco Holding Company (US), Inc.*	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Group Services, Inc.	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Finance, Inc.	Public debt financing	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
IVZ UK Limited	Active proposal to strike off	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Invesco Korean Real Estate Holdings LLC	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Global Real Estate Asia Pacific, Inc.	Invesco management services	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Real Estate Korea	Marketing and Asset Management	31F, One IFC International Finance Center Building Seoul Yoido-dong Youngdeungpo-gu Seoul Korea 150-876	100%	100%
Invesco Real Estate (Investment) Asia LLC	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Real Estate Advisors (Shanghai) Ltd.	Investment advisor	Room 445, 1376 Nanjing West Road, Jing'an District, Shanghai, China	100%	100%
Invesco Trust Co.	Trust and Investment Management Services Company	CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas Texas 75201-3136	100%	100%
Invesco Advisers, Inc	Investment advisor	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Realty, Inc.	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Private Capital, Inc.	Investment advisory service for mutual funds	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Invesco Senior Secured Management, Inc.	Investment advisory to mutual funds	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Insurance Agency, Inc. (DE)	General agency and brokerage service company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Distributors, Inc.	Broker/dealer	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Gemini Associates LLC	Managing member for new collective investment fund	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco US Senior Loans Associates LLC	Investment advisory	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	0%
Invesco Investment Services, Inc.	Transfer agency services to Invesco's mutual funds	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Investment Advisers LLC	Supervisory activities for the company's unit investment trust	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Capital Markets, Inc.	Registered broker dealer	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Ross Expansion Associates L.P.	Special Limited Partner	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
W L Ross & Co. LLC	Investment management service	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
WL Ross DIP Management LLC	Dormant entity	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
Invesco Private Capital Investments, Inc.	General Partner	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
WLR Euro Wagon Management Ltd	Special Limited Partner	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
W L Ross (India) Private Limited	Dormant entity	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
W L Ross & Co. (India) LLC	Dormant entity	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
Ross CG Management LP	Management services	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
India Asset Recovery Management Limited	Management company	St. Louis Business Centre, Cnr Desroches & St. Louis St. Port Louis, Mauritius	80.1%	80.1%
Jemstep, Inc.	Investment software solutions	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Inc.*	Holding Company	Suite 900, 1969 Upper Water Street, Halifax NS B3J2X2 Canada	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Invesco Far East Limited*	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Asset Management (Japan) Limited	Investment Management	Roppongi Hills Mori Tower 14F, P.O. Box 115,10-1, Roppongi 6-chome, Minato-ku, Tokyo Japan 106-6114	100%	100%
Gatefold Hayes GP Limited*	General partner for Gatefold Hayes Limited partnership	7 Albermarle Street, London W12 4HQ, United Kingdom	100%	100%
Greenspruce GP Limited*	General partner for Greenspruce Limited partnership	7 Albermarle Street, London W12 4HQ, United Kingdom	100%	100%
James Bryant Limited*	Dormant	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Polska Sp z o.o.*	Holding Company	Grzybowska 2/45 Warsaw Poland	100%	100%
Invesco Finance plc*	Financing entity	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
IVZ Finance S.à.r.l.*	Holding Company	37A Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
Invesco Canada Holdings Inc.	Holding Company	5140 Yonge Street, Suite 800, Toronto ON M2N 6X7	100%	100%
Invesco IP Holdings (Canada) Ltd.	Intellectual Property holding company	5140 Yonge Street, Suite 800, Toronto ON M2N 6X7	100%	100%
Invesco Canada Ltd.	Holding Company	5140 Yonge Street, Suite 800, Toronto ON M2N 6X7	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Trimark Investments Ltd.	Holding Company	5140 Yonge Street, Suite 800, Toronto ON M2N 6X7	100%	100%
Invesco Financial Services Ltd.	Holding Company	5140 Yonge Street, Suite 800, Toronto ON M2N 6X7	100%	100%
Invesco Global Direct Real Estate GP Ltd.	5140 Yonge Street, Suite 800, Toronto ON M2N 6X7	5140 Yonge Street, Suite 800, Toronto ON M2N 6X7	100%	100%
Invesco Global Direct Real Estate Feeder GP Ltd.	General Partner for new Ontario limited partnership	5140 Yonge Street, Suite 800, Toronto ON M2N 6X7	100%	100%
Invesco Investment Management (Shanghai) Limited	Investment management	Unit #032, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai 200120, China	100%	100%
Invesco Overseas Investment Fund Management (Shanghai) Ltd	Investment fund management	Unit 32, 5/F, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai 200120, PRC	100%	0%
Invesco Indexing LLC	Self indexing entity	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801, USA	100%	100%
Accretive Asset Management LLC	Asset management	CT Corporation System, 711 Capitol Way, S Ste 204, Olympia, Washington 98501	100%	0%
Invesco Capital Management LLC	Investment management	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	0%
Invesco Specialized Products LLC	Investment management	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	0%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Intelliflo Holdings 2013 Limited	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	0%
Intelliflo Intermediate Holdings Limited	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	0%
Intelliflo Midco Limited	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	0%
Intelliflo Bidco Limited	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	0%
Intelliflo Limited	Technology Service	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	0%

* indicates direct investment of the company

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

The direct investment holdings of the company consist entirely of Ordinary shares, although the company holds additional shares as follows: Invesco UK Holdings Limited (Ordinary and redeemable preference shares), Invesco North American Group Limited (Ordinary and non-voting ordinary shares) and Invesco Asset Management (Bermuda) Ltd (Ordinary and redeemable preference shares).

The company also owns 17.47% of Taiyo Fund Management Co LLC as an indirect holding.

On 13 March 2018 the company invested \$15.6m into Invesco Pacific Group Limited in exchange for 1 new share issued.

On 29 May 2018 the company invested an additional \$0.3m into Invesco Pacific Group Limited in exchange for 1 new share issued.

On 15 June 2018 the company made a further capital injection into Invesco Pacific Group Limited of \$2.8m in exchange for 1 new share issued.

On 4 June 2018, the company acquired 100% of Intelliflo Holdings 2013 Limited for \$178.1m. The Intelliflo group is the leading technology platform for financial advisors in the UK. This acquisition was funded through existing group resources, transferred from the company's wholly owned subsidiary, Invesco Finance PLC.

During the year the company received \$46.6m by way of a return of capital from its wholly owned subsidiary, Invesco Inc..

Associates

	\$ m
Cost or valuation	
At 1 January 2018	<u>11.4</u>
At 31 December 2018	<u>11.4</u>
Provision for impairment	
At 1 January 2018	<u>7.5</u>
At 31 December 2018	<u>7.5</u>
Carrying amount	
At 31 December 2018	<u><u>3.9</u></u>
At 31 December 2017	<u><u>3.9</u></u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Investments (continued)

Details of the associates as at 31 December 2018 are as follows:

Name of associate	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Pocztylion – ARKA *	Acting as pension fund society to manage long - term savings	Pilsudskiego Sqwer 3 00-078 Warsaw Poland	29.3%	29.3%

* indicates direct investment of the company

12 Loans to other group undertakings

	2018 \$ m	2017 \$ m
Loans to other group undertakings	680.1	587.4

The loans are unsecured and bear interest at rates ranging from 0.0% to 8.9% (2017: 8.0% to 9.0%). The loans are repayable in 2020 to 2022 (2017: 2020).

13 Trade and other receivables

	31 December 2018 \$ m	31 December 2017 \$ m
Amounts due from group undertakings	758.8	6.6
Other receivables	0.1	-
Income tax asset	2.3	2.4
Total current trade and other receivables	761.2	9.0

The other amounts due from other group undertakings are unsecured, interest free and repayable on demand. The carrying value of receivables approximates fair value.

14 Cash and cash equivalents

	31 December 2018 \$ m	31 December 2017 \$ m
Cash at bank	0.4	34.8
Short-term deposits	1.2	0.2
	1.6	35.0

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

15 Trade and other payables

	31 December 2018 \$ m	31 December 2017 \$ m
Amounts owed to group undertakings	25.4	10.2
Taxation and social security	4.3	3.9
Other creditors	1.6	1.7
	<u>31.3</u>	<u>15.8</u>

The amounts owed to group undertakings are unsecured, interest free and repayable on demand. The carrying value of creditors approximates to fair value.

16 Loans and borrowings

	31 December 2018 \$ m	31 December 2017 \$ m
Loans: amounts falling due after more than one year		
Loans from group undertakings	<u>1,512.2</u>	<u>950.0</u>

The loans are unsecured and incur interest at rates ranging from 4.0% to 6.0% (2017: 4.0% to 8.0%). The loans are repayable between 2022-2025 (2017: 2019-2025).

	31 December 2018 \$ m	31 December 2017 \$ m
Loans: amounts falling due within one year		
Loans from group undertakings	<u>770.0</u>	<u>724.6</u>

The loans are unsecured and incur interest at rates ranging from 0% to 11.6% (2017: 0% to 4.0%).

17 Share capital

Allotted, called up and fully paid shares

	No. m	2018 \$ m	No. m	2017 \$ m
Ordinary shares of \$0.10 each	<u>848.0</u>	<u>84.8</u>	<u>848.0</u>	<u>84.8</u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

17 Share capital (continued)

Allotted, called up and fully paid shares

	31 December 2018		31 December 2017	
	No. m	\$ m	No. m	\$ m
Issued Deferred Sterling shares of £1 each	0.1	0.1	0.1	0.1
Rights, preferences and restrictions				

Issued Deferred Sterling shares have the following rights, preferences and restrictions:
The Deferred Sterling shares of £1 have no voting rights, no rights to profits and no rights to any assets upon a winding up of the company. All such rights reside with the ordinary shareholders.

18 Other reserves

The company's other reserves shown in the Statement of Financial Position is made up of the following balances:

	2018 \$ m	2017 \$ m
Capital contribution	75.5	75.5
Goodwill reserve	7.1	7.1
Merger reserve	401.3	401.3
Tax reserve	(0.7)	(0.7)
Warrant reserve	5.8	5.8
Total Other Reserves	<u>489.0</u>	<u>489.0</u>

Capital contribution

The capital contribution reserve arises from capital contributions from the parent company that are over and above the nominal value of shares issued by the company to the parent.

Goodwill reserve

The goodwill reserve represents the excess of the consideration paid over the net assets acquired in respect of certain acquisitions completed by the company prior to 1998.

Merger reserve

The merger reserve was created pursuant to company law for the excess value over par value of shares issued as consideration for acquisition by the company of certain other subsidiaries in the group. The reserve is non-distributable.

Tax reserve

The tax reserve relates to current tax benefits for realised foreign exchange losses.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

18 Other reserves (continued)

Warrant reserve

The warrant reserve was created in 1997 in connection with the merger of the company with the AIM Management Group Inc. The reserve is non-distributable.

19 Contingent liabilities

On 25 April 2019 (and then in a revised version on 26 June 2019), the European Commission published its decision in respect of a State Aid enquiry into the UK's group financing exemption under the controlled foreign company ("CFC") rules. The Commission decided that the exemption should only be permitted to the extent that the activities generating the relevant offshore financing income were undertaken outside the UK. The UK Government has applied for an annulment of the decision. Even if the decision is ultimately upheld, the company believes that, due to the predominance of non-UK activities generating the financing income of the company's CFCs, no material tax charge should arise.

20 Risks and uncertainties

The company's primary financial risk factors and the approach to their management is set out below.

Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of the loans and receivables and cash and cash equivalents in the Statement of Financial Position. The company does not hold any collateral as security.

Interest rate risk

The company earns and incurs interest on inter-group loans and external debt finance. The rate of interest is depending on commercial banking interest rates, Sibor and Libor.

The amounts due to and from other group undertakings, as shown in notes 13 and 15, attract interest at a rate which is subject to periodic review. The company is entitled to receive a fixed rate of interest in respect of each of the loans shown in note 12. The company is expected to pay fixed and variable interest charges on the intergroup loans presented in note 16.

If interest rates increased by 100 basis points, based on the combined closing balance of cash and cash equivalents and the intergroup loans subject to variable interest rates as at 31 December 2018, the annualised net interest payable by the company would increase by US\$6.7 million which would translate to profits and net assets.

Foreign exchange risk

The company has exposure to foreign exchange risk due to \$77.8m (2017: \$176.7m) of foreign currency denominated liabilities that are held within the amounts owed to other group undertakings.

The foreign exchange exposure split by currency is as follows:

	2018	2017
	\$ m	\$ m
GBP	70.1	173.3
JPY	0.4	-
SGD	7.3	3.4
	<u>77.8</u>	<u>176.7</u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

20 Risks and uncertainties (continued)

Sensitivity analysis

Assuming a 5% increase in exchange rates against US dollars, the profit and net assets of the company arising from the foreign exchange exposure by currency will increase or decrease by the following:

	2018 \$ m	2017 \$ m
GBP	(3.5)	(8.7)
SGD	(0.4)	(0.2)
	<u>(3.9)</u>	<u>(8.9)</u>

Liquidity risk

The company maintains sufficient cash and liquid investments such that the liquidity and cash flow risks are negligible.

Maturity analysis

	Within 6 months \$ m	Between 6 months and 1 year \$ m	After 1 year \$ m	Total \$ m
2018				
Creditors: amounts falling due within one year	27.0	4.3	-	31.3
Loans: amounts falling due within one year	681.4	104.0	-	785.4
Loans: amounts falling due after more than one year	<u>38.5</u>	<u>38.5</u>	<u>1,795.9</u>	<u>1,872.9</u>
	<u>746.9</u>	<u>146.8</u>	<u>1,795.9</u>	<u>2,689.6</u>
	Within 6 months \$ m	Between 6 months and 1 year \$ m	After 1 year \$ m	Total \$ m
2017				
Creditors: amounts falling due within one year	11.9	3.9	-	15.8
Loans: amounts falling due within one year	725.2	-	-	725.2
Loans: amounts falling due after more than one year	<u>23.5</u>	<u>23.5</u>	<u>1,156.3</u>	<u>1,203.3</u>
	<u>760.6</u>	<u>27.4</u>	<u>1,156.3</u>	<u>1,944.3</u>

Capital risk management

The company considers its capital to be the total equity as shown in the Statement of Financial Position.

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders; and
- to maintain a strong capital base to support the development of the company's business.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 Ultimate controlling party and ultimate and immediate parent company

The company's ultimate controlling party, ultimate parent company and the parent undertaking of the only group of undertakings for which consolidated financial statements are drawn up and of which the company is a member is Invesco Ltd., which is registered in Bermuda. The company's immediate parent company is Invesco Ltd.. Copies of the group consolidated financial statements can be obtained from Two Peachtree Pointe, 1555 Peachtree Street, N.E. Atlanta, Georgia 30309, U.S.A.

22 Commitments

Capital commitments

The company does not have any capital commitments as at 31 December 2018 (2017: \$Nil).

23 Non adjusting events after the financial period

On 29 March 2019, the company received USD18.6m from its wholly owned subsidiary, Invesco Inc. This represents a return of capital from the subsidiary and therefore a reduction in the carrying value of investments.

On 29 March 2019 the Company entered into an agreement to act as Guarantor for a loan from a third party to a subsidiary company, Gatefold Hayes LP Limited, for a sum of GBP 14.35m.

On 24 May 2019, following the announcement in October 2018 that Invesco would acquire MassMutual's asset management affiliate OppenheimerFunds, Inc., Invesco Ltd. acquired 100% of Oppenheimer Acquisition Corp. ("Oppenheimer Equity Interests").

The Oppenheimer Equity Interests were transferred from Invesco Ltd. to the company for a total consideration of \$5,712.0m. The acquisition was funded by the issuance of \$3,000.0m floating interest rate notes, due 2029, and 52,000,000 ordinary shares of \$0.10 with a total nominal value of \$5.2m and a total share premium of \$2,706.8m. The company subsequently transferred the Oppenheimer Equity Interests to a wholly owned direct subsidiary, Invesco Holding Company (US), Inc. in exchange for shares.

The group's acquisition of Oppenheimer Acquisition Corp. combines the highly complementary investment and distribution capabilities of Invesco and OppenheimerFunds which will strengthen the combined organization's ability to provide more relevant investment outcomes to an expanded number of institutional and retail clients in the US and around the globe. Both Invesco's and OppenheimerFunds' clients will benefit from the resulting combination, which will incorporate OppenheimerFunds' high-performing investment capabilities, including a strong international and emerging markets equity franchise, and its powerful US third-party distribution platform, with Invesco's strong and diversified product lineup and global presence, supported by solutions-driven and technology-enabled client outreach.