Newton Investment Management Limited

Strategic report, Directors' report and financial statements

Registered number 1371973

31 December 2018

Newton Investment Management Limited

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Newton Investment Management Limited

Board of Directors and other information

Directors
G A Brisk
K J Carter (Non-Executive Director) (appointed 01 March 2019)
C W Custard
A T Downs
M Harris
H Jowitt (Non-Executive Director)
S Noble (Chair and Non-Executive Director)
H Smits

Secretary
I I Partridge

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

Registered Office
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Registered Number
1371973

Newton Investment Management Limited

Strategic report

In accordance with Section 414A(1) of the Companies Act 2006, we have prepared the Strategic report which includes a review of Newton Investment Management Limited ("the Company") business and future developments, a description of the principal risks and uncertainties facing the Company and key performance indicators.

The ultimate parent company is The Bank of New York Mellon Corporation ("BNY Mellon"/"Group").

Business review

The Company has continued to operate profitably and there have been no significant changes in the Company's core operations during the year.

The Company's sole activity is investment management and the business is built around the following principal client bases: Institutions (including government bodies, local authorities and corporations), charities and retail investment funds.

The Company continues to manage a variety of products including multi-asset, specialist equity and fixed income mandates and is in a position to offer existing and potential clients an extensive range of pooled investment vehicles. The Company's investment management services are provided through segregated portfolios or ranges of pooled investment vehicles.

The overall aim of the Company is to increase the real wealth of its clients through consistent, long-term performance.

Financial key performance indicators

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

	2018 £000	2017 £000	Change £000	Change %
Revenue	190,974	213,844	(22,870)	(11)%
Administrative expenses	113,165	118,710	(5,545)	(5)%
Profit before taxation	79,155	95,673	(16,518)	(17)%
Net assets	318,255	357,649	(39,394)	(11)%
Average assets under management	44,668,692	48,528,133	(3,859,441)	(8)%

The Company's revenues are driven in the main from the value of assets under management and as such the business is susceptible to volatility in equity, fixed income and currency market levels. In order to sustain profit margins in times of market downturn the Board regularly reviews the Company's cost base. In common with other firms in the Investment Management industry, the Company is facing pressures to its business model, including; downward pressure on fees, the impact of the switch from active to passive fund management and continuing regulatory change. In response to these pressures, the Company is undertaking a series of actions including reducing revenue concentration by geography and investment strategy, investing in technology and strategic hiring to augment the investment team.

Global equity markets were relatively flat during the first three quarters of 2018 but then experienced a significant decline in the last quarter of the year. The MSCI World (USD) closed at 1,884 on 31 December 2018, 10.4% lower than December 2017 close (2,103). The average 2018 MSCI World value was up 8.8% compared to 2017. Sterling rose in value in relation to the USD through the first four months of 2018, however this trend was reversed through the remainder of the year, as the impact of rate rises in the US increased the value of USD versus GBP. Sterling finished the year 5% lower versus the USD compared to 2017, however the average GBP/USD rate was 4% higher than 2017. This higher average value of Sterling had a negative impact on the translation of non-GBP source revenue streams and portfolios holding non-GBP denominated assets.

Fund performance in 2018 was mixed. Newton's largest fund - Newton Real Return Fund had a return of 0.85% in 2018, while this was below the benchmark (3 month LIBOR + 4%) it was the strongest performing fund in the sector and achieved its aim of offering downside protection in volatile markets. Newton Global Income also had a positive return in 2018 whereas the benchmark of FTSE W World (£) was negative for 2018. Newton's Global Equity portfolios had strong performance in relation to their benchmarks, however the ongoing impact from poor performance in 2016 and 2017 continued to suppress performance fee income, which reduced by £1,207,000 in 2018.

2018 was a challenging year across the asset management industry with regards to new business flows, and Newton Investment Management Limited was not immune to these pressures, experiencing net outflows of £6.1bn for the year. There were significant outflows in the Real Return, Global Equity and Multi-Asset strategies. These were partially offset by net-inflow into Fixed Income and Emerging Market Strategies. Due to the above factors management fee income fell by £21,663,000 in 2018.

Revenue decreased by £22,870,000 (11%) during the year, which is driven by the factors described above.

Administrative expenses decreased by £5,545,000 (5%) during the year, primarily driven by lower staff costs, partially offset by the cost of external research, which was recorded in Newton Investment Management for the first time in 2018, this expense was previously borne by investors.

Net assets decreased by £39,394,000 (11%) during the year, predominantly reflecting the dividend paid, partly offset by the current year profit after tax.

Principal risks and uncertainties

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors' report on pages Pages 5 to 9.

Business and future developments

During 2019, the Company will continue to develop and launch new products and services to clients and seek to optimise fund management capabilities within the Group.

The Directors of an affiliated entity, Newton Investment Management North America Limited have decided to transfer the business and assets to Newton Investment Management Limited. The Company will acquire the requisite licenses to service the current portfolio of clients. The transfer is expected to be completed in the fourth quarter of 2019.

The UK's withdrawal from the European Union ("Brexit") is expected to have a lower impact on the Company than it may have on some of its financial services industry peers, due to the majority of the Company's customers being domiciled outside the European Union post-Brexit.

As part of the BNY Mellon Brexit Programme, the Company continues to monitor the UK's withdrawal from the European Union and is proactively engaging with clients on their key concerns and considerations. The programme's analysis and planning has taken into account a range of potential economic scenarios and impact on the Company's operating model, aligned with regulatory and supervisory guidance which has been communicated industry-wide.

Specific risks to the Company's business include the impact of potential regulatory changes and retention of Assets Under Management ("AUM") by the Company. By working closely with regulators, and establishing a full Communications and Client Engagement work stream as part of the wider BNY Mellon Brexit programme, a proactive approach has been taken to mitigate these risks wherever possible, and to support clients with their post-Brexit transition.

Other risks due to the implications of Brexit include the ability to recruit and retain qualified employees due to the impact on the freedom of movement of labour from the EU, potential changes to the legal framework in which the Company operates and the impact of potential adverse movements in financial market values on the Company's financial performance and liquidity.

To ensure the company is able to continue to service fully any clients domiciled in the EU/EEA, an established BNY Mellon Group entity in Luxembourg will be used to support clients, with regulatory permissions of this entity being extended as necessary.

As Brexit negotiations progress, the BNY Mellon Brexit Programme continues to monitor new developments and any regulatory implications that may impact the Company's services.

Approval

By order of the Board

A T Downs
Director

Newton Investment Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

18 April 2019

Registered number: 1371973

Newton Investment Management Limited

Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is investment management.

Results and dividends

The profit for the year after taxation amounted to £57,010,000 (2017: £77,816,000).

Interim dividends paid during the year amounted to £106,000,000 (2017: £60,000,000). The directors do not recommend a final dividend for the year ended 31 December 2018 (2017: £nil).

Political Donations

The Company made no political donations or incurred any political expenditure during the year.

Risk management

The Company is a BIPRU limited license firm and is regulated by the Financial Conduct Authority ("FCA"). Capital and other financial returns are prepared and submitted to the regulator on a semi-annual basis. At 31 December 2018, surplus regulatory capital as reflected within the Company's regulatory returns amounted to £80,513,000 (2017: £107,357,000).

Governance and policies

Policies and procedures are in place to govern and manage the business. Suitable policies and procedures have been adopted by the Company in order to ensure an appropriate level of risk management is directed at the relevant element of the business.

Governance of the Company is the ultimate responsibility of the Board of Directors. The Board is responsible for the ongoing success and development of the Company's business as well as setting the risk appetite for the firm as part of the risk framework. The firm also has a Head of Compliance, she has an independent reporting line into the EMEA Head of Risk and Compliance for Investment Management.

Key committees are in place to oversee compliance and risk management of the business to ensure adequate risk management and controls are in place. Each committee has clearly stated terms of reference and reporting lines.

The key committees include:

- Newton Board Risk Committee
- Newton Risk and Compliance Committee
- Newton Investment Oversight Committee
- Newton Treating Customers Fairly and Conflicts of Interest Committee

Risk management process

The lines of business are responsible for actively identifying the risks associated with their key business processes, business changes or external threats, identifying and assessing the quality of controls in place to mitigate risk and assigning accountability for the effectiveness of those controls. This is done through the Risk Control Self-Assessment Process ("RCSA"). The objective of this is to prevent or minimise:

Risk management process - continued

- Errors or service delivery failures, especially those with impact on clients
- Financial losses
- Compliance breaches
- Reputational damage

The Company utilises the Group Operational Risk Platform to facilitate the above. The platform is used to maintain risk and control self assessments, key risk indicators and tracking of operational risk events. Risk Management works in partnership with the business to ensure that there is adequate understanding and assessment of, and accountability for, all risks that relate to the Company.

The Risk Appetite for the Group is set and owned by the BNY Mellon Board of directors, giving the overall strategy and willingness to take on risk at a global level. The Company's risk appetite is commensurate with local business and regulatory requirements, within the guidance set by the Group and in coordination with the relevant business expertise.

Risks associated with the Company's operations are measured through production and assessment of key risk indicators and other analysis, the results of which are formally reported to the Risk and Compliance Committee on a monthly basis as part of the risk management framework which has been adopted. This includes an analysis of the Company's financial resources against the applicable regulatory capital requirements and liquidity risk management framework.

Credit risk

Credit risk covers default risk from counterparties where realisation of the value of the asset is dependent on counterparties' ability to perform.

The Company's Risk Appetite limits the holding of cash or cash-like funds to investment grade counter-parties only. Therefore cash deposits are held at either BNY Mellon London Branch or highly rated external banks or financial institutions (S&P equivalent of AA-, Moody's equivalent of Aa-).

Established operational policies, procedures and controls exist around the collection of receivables and identification and follow-up of at-risk balances

Market risk

Market risk is the risk of loss due to adverse changes in the financial markets. Market risk arises from foreign exchange exposure in respect of revenue, expenses, and interest rate exposure on cash balances.

The main source of market risk to the Company is through currency exposure on fees received and expenses paid in non functional sterling currencies. These exposures are actively managed through a monthly spot sell off process of non sterling currency balances by Group Treasury.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events including the potential for loss that arises from problems with operational processing, human error or omission breaches in internal controls, fraud, and unforeseen catastrophes.

Risk management process - continued

Operational risk - continued

A dedicated Operational Risk Team oversee the Newton Risk Framework which includes business line RCSA, error reporting and resolution, risk assessments and other risk management activities such as Board and committee reporting. Sources of operational risk are monitored through regular Key Risk Indicators ("KRIs") and the RCSA process. A number of key operational controls are tested through the annual Compliance Monitoring Plan and independently audited through the ISAE 3402/SSAE 18 Type II report conducted by KPMG LLP.

Liquidity risk

Liquidity risk is the risk that a firm, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

The Company is subject to the Group Liquidity Policy. It is the responsibility of all BNY Mellon firms to maintain liquid resources that are adequate in both amounts and quality. The Company has adopted an internal liquidity policy (based on the Group policy) which has been approved by the Board of Directors and outlines the liquidity framework, annual stress testing programme and liquidity risk tolerance levels. Monthly liquidity trend analysis is carried out by the Finance function and breaches to tolerance are reported to the Board Risk Committee and/or Newton Risk and Compliance Committee.

Business risk

Business risk includes risk to a firm arising from changes in its business, including the risk that the firm may not be able to carry out its business plan and its desired strategy.

Business risk is managed through both the Emerging Risk and Strategic Risk frameworks, and key risks are monitored and reported to the Board Risk Committee and Board through the Newton Top Risk framework.

Compliance risk

Compliance risk covers the risk relating to earnings or capital from violation, or non conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the firm and its executors to fines, payment of damages, the voiding of contracts and damaged reputation.

The Company's compliance arrangements are inherently risk based. Although, and as noted under Operational Risk, Newton measures and monitors broad risk areas of the business via the RCSA process, owing to the breadth of regulatory requirements a more granular assessment is necessary to supplement the RCSA. This granular assessment takes the form of a Regulatory Risk Assessment ("RRA"), which identifies and measures areas of compliance risk. The RRA output drives the Annual Training and Compliance Monitoring Plans, focusing on those areas where the regulatory risk to Newton is deemed to be high. Governance arrangements are in place to allow for the effective management of key regulatory risks with relevant management information. Governance committees are expected to review to confirm that the risks continue to be mitigated effectively.

Conduct risk

Conduct risk is defined as the risk that detriment is caused to clients, the market, the Firm or its employees because of inappropriate execution of our business activities or inappropriate behaviour by Newton or its employees.

Risk management process - continued

Conduct risk continued

The Company is subject to Group Conduct Risk Policy and Code of Conduct. It sets out clear expectations of the roles of senior management in setting the appropriate tone and includes examples of good and poor conduct. Employees receive periodic training/briefing on conduct related matters and are required to complete an annual process to confirm adherence to the Code of Conduct. Conduct related management information is captured and provided to the Board Risk Committee and reviews of conduct related matters can be included in the scope of Compliance Monitoring and/or Internal Audit assurance reviews.

Pillar 3 risk disclosures

CCRR Pillar 3 disclosures about the Company (capital and risk management) are covered by the BNY Mellon Investment Management Europe Holdings Limited group disclosures which can be found on the Group website: (https://www.bnymellon.com/us/en/investor-relations/other-regulatory.jsp).

Employees

The Company is committed to a best practice approach to consult with employees on matters that are likely to affect their interests. Information of general interest to employees is provided through the intranet, newsletters and notices and general dialogue between line managers and employees, all of which seeks to achieve a common awareness of the financial and economic factors which impact on the Company's performance. In addition the Company participates in the UK Employee Information & Consultation Forums at both a local and European level. The Forums build on existing communication channels and provide more formal opportunities for dialogue between management and employees.

The Company adopts a total rewards and pay for performance remuneration philosophy. Any remuneration elements awarded in respect of bonus and long term incentives are discretionary, based on individual and business unit performance together with other factors as determined from time to time in the context of the Company's operating plans and results and may be subject to deferral. All employees have the opportunity to purchase stock through the Group's Employee Stock Purchase Plan and the key business drivers are eligible to participate in a long term incentive scheme consisting of an existing award scheme vesting over a three year period, which links their compensation to the growth in value and financial performance of the Company.

The Company is also committed to providing relevant training and development opportunities, to include achievement of professional qualifications, to enable each employee to successfully fulfil their job responsibilities, and in addition, meet regulatory requirements. The Company adheres to the principles of Equal Employment Opportunity, and through our diversity and inclusion framework, we empower our people to reach their full potential.

Directors

The directors who served during the year and up to the date of the report were as follows:

	Appointed	Resignation
G A Brisk		
K J Carter	1 March 2019	-
C W Custard		
A T Downs		
M Harris		
H Jowitt		
S Noble		
H Smits		

Directors' indemnity provision

The articles of association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the directors (2017: £nil).

Disclosure of information to auditor

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 or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

Subsequent to a decision to commence the implementation of a third party vendor technology platform in the second half of 2019, the Company expects to write off an amount of approximately £6m to £7m of intangible assets under development during 2019.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

A T Downs
Director

Newton Investment Management Limited
BNY Mellon Centre,
160 Queen Victoria Street,
London,
EC4V 4LA

18 April 2019

Registered number: 1371973

Newton Investment Management 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 Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 101, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Independent auditor's report to the members of Newton Investment Management Limited

Opinion

We have audited the financial statements of Newton Investment Management Limited for the year ended 31 December 2018 which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the 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 UK accounting standards, including FRS 101: *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Acts 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 Financial Reporting Council's ("FRC") Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity and this is particularly the case in relation to Brexit.

Going concern

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

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

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

Independent auditor's report to the members of Newton Investment Management Limited

Other information

The directors are responsible for the other information, which comprises the Strategic report and the Directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the Strategic report and the Directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Acts 2006.

Matters on which we are required to report by exception

Under the Companies Acts 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 , 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

Independent auditor's report to the members of Newton Investment Management Limited

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 Acts 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.

Neil Palmer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL

18 April 2019

Newton Investment Management Limited

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Revenue	2	190,974	213,844
Administrative expenses	3	(113,165)	(118,710)
Operating profit		77,809	95,134
Interest receivable and similar income	6	1,346	539
Profit before taxation		79,155	95,673
Taxation on profit	7	(22,145)	(17,857)
Total profit for the year		57,010	77,816

Notes 1 to 25 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year and prior year relate to continuing operations.

The Company has not prepared a separate statement of other comprehensive income as all the income and losses are reflected in the Statement of profit and loss.

Newton Investment Management Limited

Balance sheet
at 31 December 2018

	Note	2018 £000	2017* £000
Fixed assets			
Intangible assets	8	11,577	7,480
Tangible assets	9	390	544
		11,967	8,024
Current assets			
Debtors	10	50,799	59,124
Current asset investments	12	38,701	40,607
Cash at bank and in hand	13	255,244	309,896
		344,744	409,627
Creditors: amounts falling due within one year	14	(37,019)	(57,779)
Net current assets		307,725	351,848
Total assets less current liabilities		319,692	359,872
Creditors: amounts falling due after more than one year	15	(1,437)	(2,223)
Net assets		318,255	357,649
Capital and reserves			
Called up share capital	17	35,500	35,500
Other reserves		107,997	98,401
Profit and loss account		174,758	223,748
Shareholders' funds		318,255	357,649

*The Company has reclassified certain prior year numbers to be consistent with current year presentation.

Notes 1 to 25 are integral to these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

A T Downs
Director

18 April 2019

Company registered number: 1371973

Newton Investment Management Limited

Statement of changes in equity
31 December 2018

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2017	35,500	86,557	205,932	327,989
Total profit for the year	-	-	77,816	77,816
Equity-settled share-based payment transactions	-	11,844	-	11,844
Dividends	-	-	(60,000)	(60,000)
Balance at 31 December 2017	35,500	98,401	223,748	357,649

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2018	35,500	98,401	223,748	357,649
Total profit for the year	-	-	57,010	57,010
Equity-settled share-based payment transactions	-	9,596	-	9,596
Dividends	-	-	(106,000)	(106,000)
Balance at 31 December 2018	35,500	107,997	174,758	318,255

Notes 1 to 25 are integral to these financial statements.

1 Accounting policies

1.1 Basis of preparation and statement of compliance with FRS 101

The Company is a private company limited by shares incorporated and domiciled in the UK and registered in England and Wales. The registered address is given on page 1.

These financial statements were prepared in accordance with FRS 101.

The Company's ultimate parent undertaking, The Bank of New York Mellon Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of The Bank of New York Mellon Corporation are prepared in accordance with U.S. Generally Accepted Accounting Principles, which are *equivalent* to International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Bank of New York Mellon Corporation's consolidated financial statements are available at https://www.bnymellon.com/us/en/investor-relations/. Accordingly the Company is a *qualifying entity* for the purpose of FRS 101 disclosure exemptions.

Therefore, in preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of Adopted IFRSs, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Statement of Cash Flows and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- Disclosures in respect of compensation of Key Management Personnel; and
- Disclosures in respect of revenue contracts with customers and significant judgements.

As the consolidated financial statements of The Bank of New York Mellon Corporation include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.22.

1.2 Changes in accounting policies

The Company has initially applied IFRS 9 and IFRS 15 from 1 January 2018.

IFRS 9 *Financial Instruments*

The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The key changes to the Company's accounting policies resulting from its adoption of IFRS 9 are summarised below.

Notes to the financial statements - continued
for the year ended 31 December 2018

1 Accounting policies - continued

1.2 Changes in accounting policies continued

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model also applies to certain loan commitments and financial guarantee contracts, but not to equity investments.

The new impairment model applies to debt instruments and financial guarantee contracts issued that are not measured at FVTPL. ECLs on instruments classified as FVOCI are recognised in OCI rather than reducing the value of the instrument.

Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

    - The determination of the business model within which a financial asset is held.

    - If a debt security had low credit risk at the date of initial application of IFRS 9, then the Company has assumed that credit risk on the asset had not increased significantly since its initial recognition.

Effect of applying IFRS 9

Introduction of these changes had no material impact on the accounting for financial assets nor on retained earnings for the Company.

IFRS 15 ***Revenue from contracts with customers***

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Notes to the financial statements - continued
for the year ended 31 December 2018

1 Accounting policies - continued

1.2 Changes in accounting policies continued

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

Introduction of these changes had no material impact on the accounting for revenue nor on retained earnings for the Company.

1.3 Accounting standards not yet effective

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments. IFRS 16 replaces existing guidance including IAS 17 Leases. The standard is effective for accounting periods beginning on or after 1 January 2019.

When adopting the standard, the Company will recognise an increase in assets and liabilities, as a result of recording operating leases on balance sheet. Additionally, the Company expects the expense recognition pattern to be modified as a result of switching from a straight line approach, as required by the standard. The Company is currently evaluating the impact of the leasing standard on its financial statements. The introduction of these changes are not expected to have a material impact.

1.4 Measurement convention

These financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the statement of profit or loss and liabilities for cash-settled share-based payments. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

1.5 *Going concern*

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 2 to 4. In addition, the Directors' report on pages 5 to 9 includes the Company's objectives, policies and processes for managing its capital; its financial risk management objective and its exposures to credit and liquidity risk.

The Company has adequate liquidity and capital. The directors perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above assessment of the Company's financial position, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements - continued
for the year ended 31 December 2018

1 Accounting policies - continued

1.6 Related party transactions

As the Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, it has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions with entities which form part of the Group. Balances with other members of the Group are disclosed within notes 6, 10, 13, 14 and 24.

1.7 Foreign currency

The Company's functional currency is GBP. The Company's presentational currency is also GBP. Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are reported net in the Statement of profit and loss and other comprehensive income within interest receivable or payable as appropriate.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Any resulting exchange differences are reported net in the Statement of profit and loss and other comprehensive income within interest receivable or payable as appropriate.

1.8 Reclassification

Certain prior year numbers have been reclassified to be consistent with current year presentation. This has affected notes 10, 14 and 15 of the financial statements.

1.9 Revenue from contracts with customers

Revenue, which is stated net of value added tax, comprises management fees, performance fees, net management fees receivable from Group undertakings and other income and is accrued over the period for which these services are provided.

Management fees are fees paid for the management of investment portfolios. These are recognised as services are provided and are calculated on various formulae linked to the value of portfolios at pre-determined valuation dates. Performance fees are fees paid on the investment performance in current and previous periods. Revenue is recognised for the element of management fees linked to performance, which is usually billed on a four-year rolling basis, when such fees in respect of each calendar year are receivable in accordance with management agreements.

Income and expenses are presented on a net basis only when permitted under FRS 101, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Revenue is based on terms specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Revenue is recognised when, or as, a performance obligation is satisfied by transferring control of a good or service to a customer.

A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognised by measuring the Company's progress in satisfying the performance obligation in a manner that reflects the transfer of goods and services to the customer. Revenue from a performance obligation satisfied at a point in time is recognised at the point in time the customer obtains control of the promised good or service.

Notes to the financial statements - continued
for the year ended 31 December 2018

1 Accounting policies - continued

1.9 Revenue from contracts with customers continued

The amount of revenue recognised reflects the consideration the Company expects to be entitled to in exchange for the promised goods and services. Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue producing transaction, are collected from a customer and are excluded from revenue.

Policy applicable before 1 January 2018

The revenue recognition policy applicable before 1 January 2018 was not significantly different to current policy.

1.10 Segmental reporting

A segment is a distinguishable component of the Company which is specific to either the type of product or service (business segment), or to products and services provided within a particular economic environment (geographical segment), where the risks and rewards are different from those of other segments.

Currently, the directors consider that the Company's services comprise one business segment (being the provision of investment management services) and that it operates in the UK market which is not further geographically segmented.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of profit and loss and other comprehensive income in the periods during which services are rendered by employees.

Defined benefit plans

The Company participates in the Mellon Retirement Benefits Plan ("the Plan"). As required by IAS 19 Employee Benefits, and as there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the plan to participating entities, the Company recognises a cost equal to its contribution payable for the accounting period, as if it were a defined contribution plan. The net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is another member of the Group. The assets of the plan are held separately from those of the Company.

1.12 Employment benefits

Share-based payments

Certain employees are issued Restricted Stock Units ("RSUs") and options in the shares of The Bank of New York Mellon Corporation (the Company's ultimate parent). All share-based payments issued under these plans are equity settled.

The grant date fair value of the majority of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

Notes to the financial statements - continued
for the year ended 31 December 2018

1 Accounting policies - continued

1.12 Employment benefits - continued

Share-based payments continued

Most RSUs issued are measured based on grant date fair value of the shares of The Bank of New York Mellon Corporation. However, certain awards are granted to Code Staff (2017: Material Risk Takers ("MRTs")) under the European Banking Authority and are required to be marked to market due to discretionary claw back language contained in their grants. Options are measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted.

Vesting conditions are not factored into the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the transaction, so that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On a cumulative basis, no expense is recognised for equity instruments that do not vest because of a failure to satisfy non market performance or service conditions.

The fair value of equity instruments that are made available immediately, with no vesting period attached to the award, are expensed immediately. Certain of the Company's share-based payment awards vest when the employee retires. For grants of share-based payments with this feature, the award is fully expensed by the first date that the employee is eligible to retire. If an employee voluntarily leaves the company before the awards are fully vested, then the shares in relation to the employee are forfeited, with a credit to the income statement and a debit to equity.

Where an employee has transferred between different companies within the BNY Mellon Group, current and future years' amortisation of all types of share-based payments issued in prior years will be charged to the new Company from the year of transfer.

Long-Term Incentive Plan

Awards made under the Long-Term Incentive Plan ("LTIP") are in the form of restricted equity in the holding company, Newton Management Limited. Once shares have reached exercise point, the employee is entitled to acquire the shares from the holding company, accordingly, awards issued under this plan are classified as equity settled in Newton Investment Management Limited and cash-settled in Newton Management Limited as this is the settling entity. Awards vest over a three year period and the cost is charged on a straight line basis during this period to Newton Investment Management Limited.

The value of the shares is assessed on a bi-annual basis by an independent valuer, with mark to market adjustments being recognised in the holding company. The key inputs into the valuation process are five year forecasts, including a discounted cash flow prepared by the Company. Employees may hold their shares for a maximum period of seven years following acquisition. If an employee decides to sell their shares, they may do so in a window following the most recent valuation at the prevailing price per share by exchanging them for cash from the holding company, Newton Management Limited.

If an employee voluntarily leaves the company before the awards are fully vested, then the shares in relation to the employee are forfeited, with a credit to the income statement and a debit to equity. The offset in the holding company, Newton Management Limited is a debit to the LTIP liability and a credit to the cost of investment in Newton Investment Management Limited. If an employee leaves the company involuntarily, the proportion of the award up to the date of departure can be exercised in the next redemption window, with the remainder being written back. This is at the discretion of the remuneration committee.

1 Accounting policies - continued

1.13 Operating leases

Payments made under operating leases are recognised in the Statement of profit and loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of profit and loss and other comprehensive income as an integral part of the total lease expense.

1.14 Interest receivable and interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the Statement of profit and loss and other comprehensive income (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest receivable and interest payable is recognised in the Statement of profit and loss and other comprehensive income as it accrues, using the effective interest method.

1.15 Dividends

Dividends are recognised as a liability at the date that they are declared, to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.16 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the Statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in the same statement as the related item appears.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.17 Non-derivative financial instruments - classification and measurement

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings and trade and other creditors.

Financial assets are measured at amortised cost if meeting both of the following conditions and are not designated as at FVTPL:

1 Accounting policies - continued

1.17 Non-derivative financial instruments - classification and measurement continued

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

Such financial assets include trade and other debtors.

Financial assets are measured at FVOCI only if meeting both of the following conditions:

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

A financial asset is classified into one of these categories on initial recognition. However, for financial assets held at initial application, the business model assessment is based on facts and circumstances at that date. Also, IFRS 9 permits new elective designations at FVTPL or FVOCI to be made on the date of initial application depending on the facts and circumstances at that date.

A Financial liability is initially recognised at fair value and in the case of loans and borrowings and trade and other creditors, net of directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost or FVTPL. Loans and borrowings and trade and other creditors are measured at amortised cost using the effective interest rate method

Business model assessment

Certain financial assets, for example, deposits with central banks and financial institutions, always will be held for collection of contractual cash flows as the nature of the asset means that it cannot be sold. For other financial assets, the Company makes an assessment of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. Information that is considered includes:

- the stated policies and objectives for the portfolio;
- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated; and
- the frequency and volume of historical and expected sales.

The Company generally does not hold assets for trading.

Assessment of whether cash flows are solely payments of principal and interest

'Principal' for these purposes is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that would change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

1 Accounting policies - continued

1.17 Non-derivative financial instruments - classification and measurement continued

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Policy applicable before 1 January 2018

Trade and other debtors

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

Trade and other creditors

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

Current asset Investments

Current asset investments represent stocks of units and shares held and are carried at fair value through profit and loss. Gains and losses arising from changes in the fair value based on quoted market prices are recognised through the Statement of profit and loss and other comprehensive income.

1.18 Impairment of financial assets (including trade and other debtors)

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Company generally recognises loss allowances at an amount equal to 12-month ECL (Stage 1, the portion of ECL that results from default events that are possible within 12 months after the reporting date) unless there has been significant increase in credit risk since origination of the instrument, in which case ECLs are recognised on a lifetime loss basis (Stage 2). Exposures that are in default are regarded as credit impaired (Stage 3) and are also measured on a lifetime ECL basis.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: 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);
- Financial assets that are credit-impaired at the reporting date – the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Financial guarantee contracts – the expected payments to reimburse the holder less any amounts that the Company expects to recover.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements had no material impact on the allowance for impairment as at 1 January 2018.

The Company maintains an allowance for doubtful accounts for the estimated non-collection of accounts receivable. Uncollectability is presumed 180 days after invoice issue date unless there are known customer - specific reasons for the delay in settlement.

Notes to the financial statements - continued
for the year ended 31 December 2018

1 Accounting policies - continued

1.18 Impairment of financial assets (including trade and other debtors) continued

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

1.19 Offsetting

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

1.20 Intangible assets

Other intangible assets that are capitalised by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. These primarily relate to a project to transition existing front and middle office systems onto a new platform.

Amortisation

Amortisation is charged to the Statement of profit and loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Computer software, other — 5 years

1.21 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the income statement and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Office equipment — 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes to the financial statements - continued
for the year ended 31 December 2018

1 Accounting policies - continued

1.22 Accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions about future conditions 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 these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Management believes that the Company's critical accounting policies for which judgement is necessarily applied are those which relate to impairment of intangible assets, the valuation of financial instruments, deferred tax assets and provisions. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the notes on the financial statements.

2 Revenue from contracts with customers

Nature of Services and Revenue Recognition

Fee revenue in Investment Management is primarily variable, and is based on assets under management ("AUM").

Investment management fees are dependent on the overall level and mix of Assets Under Management ("AUM"). The management fees, expressed in basis points, are charged for managing those assets. Management fees are typically subject to fee schedules based on the overall level of assets managed and products in which those assets are invested.

Investment management fee revenue also includes transactional and account-based fees. These fees along with distribution and servicing fees are recognised when the services have been complete. Clients are generally billed for services performed on a monthly or quarterly basis.

Performance fees are generally calculated as a percentage of the applicable portfolio's performance in excess of a benchmark index or a peer group's performance. Performance fees are recognized at the end of the measurement period when they are determinable.

Contract Balances

The Company's customers are billed based on fee schedules that are agreed upon in each customer contract. The receivables from customers were £14,207,000 at 1 January 2018 and £11,791,000 at 31 December 2018. An allowance is maintained for accounts receivable which is generally based on the number of days outstanding. Adjustments to the allowance are recorded in other expense in the Statement of profit and loss. Receivables from customers are included in Debtors on balance sheet.

Contract assets represent accrued revenues that have not yet been billed to the customers due to contingent factors other than the passage of time. The Company had £nil contract assets as at 1 January 2018 and £nil as at 31 December 2018 (2017: £nil).

Contract liabilities represent payments received in advance of providing services under certain contracts and were £nil as at 1 January 2018 and £nil as at 31 December 2018 (2017: £nil). Revenue recognized in 2018 relating to contract liabilities as of 1 January 2018 was £nil.

Any changes in the balances of contract assets and contract liabilities would result from changes arising from business combinations, impairment of a contract asset and changes in the timeframe for a right to consideration becoming unconditional or a performance obligation to be satisfied. No such instances were noted.

Notes to the financial statements - continued
for the year ended 31 December 2018

2 Revenue from contracts with customers continued

Contract Costs

Contract costs represent either costs which are capitalised relating to incremental costs for obtaining contracts, or costs incurred for fulfilling contract obligations when they relate directly to an existing contract or specific anticipated contract, generate or enhance resources that will be used to fulfil performance obligations and are recoverable. The Company had £nil contract costs as at 31 December 2018 (2017: £nil)

Unsatisfied Performance Obligations

The Company does not have any unsatisfied performance obligations other than those subject to a practical expedient election under IFRS 15. The practical expedient applies to (i) contracts with an original expected length of one year or less, and (ii) contracts for which the Company recognises revenue at the amount to which the Company has the right to invoice for services performed.

By activity

	2018	2017
	£000	£000
Management fees	55,064	64,299
Performance fees	1,366	2,573
Net management fees receivable from Group undertakings	134,544	146,972
	190,974	213,844

Net management fees receivable relates to fees receivable from Group undertakings for the management of portfolios, for which another Group undertaking is the fund operator.

3 Administrative expenses and auditor's remuneration

Profit before taxation is stated after charging:

	2018	2017
	£000	£000
Impairment loss on intangible assets	-	864
Amortisation of intangible assets	1,273	969
Depreciation of tangible fixed assets	182	143

Auditor's remuneration:

	2018	2017*
	£000	£000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements pursuant to legislation	84	71
Audit related assurance services	112	91
	196	162

*The Company has restated certain prior year numbers to be consistent with current year presentation.

Notes to the financial statements - continued
for the year ended 31 December 2018

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was 297 (2017: 292), of which 5 were directors (2017: 4).

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Salaries and wages*	57,161	66,611
Share-based payments (see note 21)	509	514
Social security costs	4,111	4,828
Pension costs - defined benefits plan	277	273
Pension costs - defined contribution plan	2,541	2,437
Other staff costs	782	1,389
	65,381	76,052

*Includes short term incentives recognised on an accruals basis.

5 Directors' remuneration

The aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services is disclosed below. Qualifying services include services as a director of the Company, as a director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the Company or any of its subsidiary undertakings. The amounts are disclosed irrespective of which BNY Mellon Group company actually makes the payment to the directors.

	2018	2017*
	£000	£000
Directors' emoluments	2,901	2,495
Amounts receivable under long-term incentive schemes	311	503
Company contributions to money purchase pension plans	36	50
	3,248	3,048

Current year Directors' emoluments includes short term incentives payments made in February 2018 in respect of 2017 performance.

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £ 1,816,000 (2017: £969,000), and no Company pension contributions were made on their behalf (2017: £nil) to a money purchase scheme. During the year, the highest paid director did not exercise share options but did receive shares under a long term incentive scheme.

	Number of Directors	
	2018	2017*
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	5
The number of directors in respect of whose services shares were received or receivable under long-term incentive schemes was	3	5

Notes to the financial statements - continued
for the year ended 31 December 2018

5 Directors' remuneration continued

*The Company has restated certain prior year numbers relating to Directors' remuneration to disclose amounts paid in the year and amounts which became receivable under long-term incentive schemes. The charge to administrative expenses in the Statement of profit and loss and other comprehensive income has continued to be recognised on an accruals basis. The number of Directors disclosed for each item in the above table has also been restated where applicable to reflect this change.

6 Interest receivable and similar income

	2018 £000	2017 £000
Net foreign exchange gain	47	70
Receivable from third parties on bank deposits	-	9
Receivable from Group undertakings	1,094	380
Receivable from current asset investment	205	80
Total interest receivable and similar income	1,346	539

7 Taxation

Recognised in the Statement of profit and loss and other comprehensive income

	2018 £000	£000	2017 £000	£000
UK corporation tax				
Current tax on profits for the period	15,722		18,095	
Adjustments in respect of prior periods	4,093		497	
	19,815		18,592	
Total current tax		19,815		18,592
Deferred tax (see note 11)				
Origination and reversal of temporary differences	2,692		402	
Adjustments in respect of prior periods	(79)		(1,090)	
Effect of changes in tax rates	(283)		(47)	
	2,330		(735)	
Total deferred tax		2,330		(735)
Total tax expense		22,145		17,857

Notes to the financial statements - continued
for the year ended 31 December 2018

7 Taxation - continued

Factors affecting total tax charge for the current period

The charge for the year can be reconciled to the income per the Statement of profit and loss and other comprehensive income as follows:	**2018**	**2017**
	£000	**£000**
Total profit for the year	57,010	77,816
Total tax expense	22,145	17,857
Profit excluding taxation	79,155	95,673
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	15,039	18,414
Effect of changes in tax rates	(283)	(47)
Adjustment in respect to prior years	4,014	(593)
Non-deductible expenses	5	231
Long Term Incentive Plan	3,370	(148)
Total tax expense	22,145	17,857

A reduction in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) was substantively enacted on 26 October 2015. A further reduction from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly. The deferred tax asset/liability at 31 December 2018 has been calculated based on these rates.

8 Intangible assets

	Computer software	**Intangible assets under development**	**Total**
	£000	**£000**	**£000**
Cost			
At 1 January 2018	5,221	6,288	11,509
Additions	-	5,398	5,398
Transfers	-	(28)	(28)
At 31 December 2018	5,221	11,658	16,879
Amortisation and impairment			
At 1 January 2018	3,165	864	4,029
Amortisation	1,273	-	1,273
At 31 December 2018	4,438	864	5,302
Net book value			
At 31 December 2018	783	10,794	11,577
At 31 December 2017	2,056	5,424	7,480

Intangible assets under development represent project costs associated with the transition of existing front and middle office technology systems onto a new platform. Once certain project milestones are achieved, these costs are reclassified to Computer software.

Notes to the financial statements - continued
for the year ended 31 December 2018

8 Intangible assets - continued

During the year management conducted an impairment review of intangible assets. The review indicated that there were no indicators of impairment. Management are therefore satisfied that the recoverable amount exceeds the carrying amount. The recoverable amount of the intangibles is based on their net realisable value.

9 Tangible assets

	Office equipment £000
Cost	
At 1 January 2018	928
Transfers	28
At 31 December 2018	956
Depreciation and impairment	
At 1 January 2018	384
Depreciation	182
At 31 December 2018	566
Net book value	
At 31 December 2018	390
At 31 December 2017	544

10 Debtors

	2018 £000	2017* £000
Trade debtors	1,093	936
Amounts owed by Group undertakings	34,744	37,884
Other debtors	4	9
Prepayments and accrued income	12,114	15,121
Deferred tax asset (see note 11)	2,844	5,174
	50,799	59,124
Due within one year	50,140	57,480
Due after more than one year	659	1,644
	50,799	59,124

Debtors include deferred tax of £659,000 (2017: £1,644,000) due after more than one year.

*The Company has reclassified certain prior year numbers to be consistent with current year presentation. See note 14 for further details.

Notes to the financial statements - continued
for the year ended 31 December 2018

11 Deferred tax assets and liabilities

Movement in deferred tax during the year

	2018 £000	2017 £000
Provision at 1 January	5,174	4,439
Deferred tax (debited)/credited to profit and loss for the period	(2,330)	735
Provision at 31 December	2,844	5,174

The deferred tax asset has been recognised in full based on its expected recoverability due to the future anticipated profits of the Company. The major components of deferred tax are as follows:

Recognised deferred tax assets and liabilities

	2018 £000	2017 £000
Fixed assets	262	15
Share base payments	2,523	5,080
Other	59	79
	2,844	5,174

12 Current asset investments

	2018 £000	2017 £000
Current asset investments		
Financial assets designated at fair value through profit or loss	38,701	40,607

Current asset investments relate to a holding in the Insight Liquidity Fund ("ILF"). The Company's investment is in the ILF Sterling Liquidity Fund. The aim of the fund is to maximise current income consistent with the preservation of principal and liquidity through the maintenance of a portfolio of high quality short-term "money market" instruments.

13 Cash at bank and in hand

	2018 £000	2017 £000
Cash at bank and in hand	255,244	309,896

Cash at bank included £255,085,000 (2017: £309,629,000) of funds on deposit with a UK regulated banking entity within the BNY Mellon Group.

The Company is exposed to foreign exchange risk between the date of recognition and settlement of foreign currency income and expenses. To mitigate this, the Company maintains foreign currency cash balances to offset the net currency position. This activity can result in foreign currency overdrafts that mitigate the risk of foreign currency receivables. All overdrafts are with the Bank of New York Mellon London Branch.

Notes to the financial statements - continued
for the year ended 31 December 2018

14 Creditors: amounts falling due within one year

	2018	2017*
	£000	£000
Bank loans and overdrafts (see note 13)	3,538	3,998
Amounts owed to Group undertakings	4,950	16,758
Accruals and deferred income	17,162	26,070
Taxation and social security	8,488	8,697
Other creditors	2,881	2,256
	37,019	57,779

*The Company has allocated the national insurance accrual on the Long-Term Incentive plan between due within one year and due after more than one year, previously it was all classified as due after more than one year. The company has also allocated associated deferred tax balances between due within one year and due after more than one year (as per note 10), Prior year numbers have been reclassified to be consistent with current year presentation.

15 Creditors: amounts falling due after more than one year

	2018	2017*
	£000	£000
Taxation and social security	1,437	2,223

The balance comprises National Insurance accrual on long-term incentive plans.

*The Company has reclassified certain prior year numbers to be consistent with current year presentation. See note 14 for further details.

16 Employee benefits

The total pension cost for the period was £2,541,000 (2017: £2,437,000) relating to the defined contribution plan and £277,000 (2017: £273,000) relating to the defined benefit plan. No amount (2017: £nil) was payable to the schemes at year end.

Defined contribution plan

Employees of the Company are eligible to join The Bank of New York Mellon Group Personal Pension Plan. The Group personal pension Plan is funded by a monthly payment to a third party insurer.

Defined benefit plans

The Company participates in the Mellon Retirement Benefits Plan ("the Plan"), a Group Plan in respect of which the contributions made are affected by surpluses or deficits in the Plan. The Plan is a final salary scheme and provides pension benefits linked to salary at retirement or earlier date of leaving service.

The Mellon Retirement Benefits Plan has been closed to new employees since September 2006. From this date new joiners are eligible to join The Bank of New York Mellon Group Personal Pension Plan

On 31 December 2018, the Trustee Directors executed a deed to amend the Plan rules to allow future accrual of benefits under the Plan to cease following the completion of the 60 day consultation in 'good faith' required under the pension regulations. This change will result in no additional benefits being accrued by members of the Plan after 31 December 2018. The sponsoring employer, the London Branch of The Bank of New York Mellon, may however incur costs in future periods in relation to the funding of existing obligations under the Plan. Following the change, members were provided with the option to join The Bank of New York Mellon Group Personal Pension Scheme.

Notes to the financial statements - continued
for the year ended 31 December 2018

16 Employee benefits - continued

Defined benefit plans continued

As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the Plan to participating entities, the net defined benefit cost of the Plan is recognised fully by the sponsoring employer, The London Branch of the Bank of New York Mellon, which is another member of the Group. That entity bears the actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk inherent in the Plan. The Company recognises a cost equal to its contribution payable for the period. Contributions will in the long-term be affected by surpluses or deficits in the Plan.

Regulatory framework

The UK pensions market is regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website: www.thepensionsregulator.gov.uk.

UK legislation requires that pension schemes are funded prudently (i.e., to a level in excess of the current expected cost of providing benefits). The Plan was valued by qualified actuaries in 2016 and the next valuations are due to be carried out in 2019. Within 15 months of the valuation, the Trustee and the Company must agree the contributions required (if any) to ensure the Plan is fully funded over time on a suitable prudent measure. Contributions agreed in this manner constitute a minimum funding requirement.

Governance of the Plan

The Plan is managed by a Trustee that is legally separate from the Company. The Trustee Directors are composed of representatives appointed by both the employer and employees, and include an independent professional Trustee Director. The Trustee Directors are required by law to act in the interest of all relevant beneficiaries and are responsible in particular for the asset investment policy plus the day to day administration of the benefits. They also are responsible for jointly agreeing with the employer the level of contributions.

Plan amendments, settlements and curtailments

The Plan was closed to future accrual on 31 December 2018. This year's accounting figures and assumptions have been updated to reflect this, including the adjustment to the definition of Final Pensionable Salary for members who were part of the closure. The Plan closure decreased the Plan's liabilities by £9,000,000, this reduction has resulted in a past service credit for the year ending 31 December 2018.

The potential impact of the High Court ruling on Guaranteed Minimum Pensions (GMPs) equalisation from October 2018 has also been allowed for, which has increased the Plan's liabilities by £1,000,000. This impact has been treated a past service cost and offset part of the impact of closure.

There were no other Plan amendments, curtailments or settlements over the year.

Plan Assets - The Mellon Retirement Benefits Plan

	2018	2017
	£000	£000
Cash and cash equivalents	5,715	4,640
Equity instruments	-	-
- UK equity	-	87,204
- Global equity	-	262,611
LDI and Liquidity	495,415	148,736
Debt instruments e.g. Government bonds	132,199	121,647
Real estate	38,382	36,008
Derivatives	-	-
Investment funds	165,750	180,338
Total	837,461	841,184

Notes to the financial statements - continued
for the year ended 31 December 2018

16 Employee benefits - continued

Defined benefit plans continued

In respect of the Mellon Retirement Benefits Plan, the latest actuarial valuation carried out on 31 December 2018 for the purpose of FRS 101 showed a surplus of £205,500,000 (2017: surplus of £90,900,000). Contributions to the fund were determined at the rate of 49.8% of pensionable salaries, less category-specific member contributions (2017: 49.8%).

All government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA or AA rated.

There are no transferable financial instruments of the Company held as plan assets; nor is there property occupied by, or other assets used by, the Company.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2018	2017
	%	%
Mellon Retirement Benefits Plan		
Discount rate at 31 December	3.10	2.50
Future pension increases: RPI min 3% max 5%	3.55	3.60
Retail price inflation	3.00	3.05
Consumer price inflation	2.00	2.05

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Mellon Retirement Benefits Plan

- Current pensioner aged 65: 23.0 years (male), 24.4 years (female).
- Future retiree currently aged 45 upon reaching 65: 24.7 years (male), 26.0 years (female).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

	2018	2018	2017	2017
	£000	£000	£000	£000
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(131,725)	182,224	(161,899)	226,522
Future salary increases	N/A	N/A	31,263	(27,396)
Medical cost trend	N/A	N/A	N/A	N/A
Future pension increases	106,066	(84,727)	57,462	(65,327)
Inflation (RPI, CPI)	122,793	(103,157)	141,549	(127,084)

The above analyses assume that assumption changes occur in isolation except in the case of inflation where any change is assumed to have a corresponding impact on inflation-linked pension increases. In practice this is unlikely to occur and some assumptions may be correlated. The same method (projected unit method) has been applied when calculating these sensitivities.

Notes to the financial statements - continued
for the year ended 31 December 2018

16 Employee benefits - continued

Defined benefit plans continued

Funding

The Plan is funded by a monthly payment to the Plan investment manager by The Bank of New York Mellon London Branch and an appropriate amount is recharged to the Company. The funding requirements are based on actuarial measurement frameworks set out in the funding policies of the Plan. The funding of the Plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. Employees are required to contribute to the Plan at rates specified in the Schedule of Contributions.

The Bank of New York Mellon London Branch expects to pay contributions of £8,200,000 (2017: £8,900,000) in respect of the Mellon Retirement Benefits Plan in 2019. The weighted average duration at the end of the reporting period for the Mellon Retirement Benefits Plan's defined benefit obligation was 26 years (2017: 26 years).

17 Capital and reserves

Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
35,500,000 Ordinary shares of £1 each	35,500	35,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18 Operating leases

At the end of the year, the Company had the following annual commitments under non-cancellable operating leases relating to land and buildings:

	2018 £000	2017 £000
Expiring between two and five years	207	-
Expiring in more than five years	-	207

19 Financial instruments

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to variable rate financial instruments. Short term debtors and creditors are excluded from financial assets and financial liabilities.

As at 31 December 2018, the Company carried a quoted investment at fair value through the statement of profit and loss that relates to a holding in the Insight Liquidity Fund plc with a fair value of £38,701,000 (31 December 2017: £ 40,607,000). The aim of the fund is to provide a flexible and stable alternative to bank deposits for institutional and professional investors. This investment was valued based on Level 1 valuation technique (quoted prices in active markets for identical assets or liabilities).

Notes to the financial statements - continued
for the year ended 31 December 2018

20 Long-term incentive plan

	2018 Number of awards 000's	2017 Number of awards 000's
Balance outstanding at 1 January	5,990	7,000
Additions	1,156	855
Forfeitures	(298)	(528)
Redeemed	(791)	(1,337)
Balance outstanding at 31 December	6,057	5,990

During the year ended 31 December 2018, 1,156,000 shares (2017:854,900) were issued by Newton Management Limited to a Joint Ownership Equity trust with regard to Real Equity Awards made to employees of Newton Investment Management Limited. During 2018 £9,143,000 (2017:£11,215,000) was charged to the Statement of profit and loss and other comprehensive income in respect of the Real Equity Scheme.

21 Share-based payments

Certain employees dedicated to the Company's business participate in a long-term incentive plans which issue shares in BNY Mellon.

Restricted stock and restricted stock units (RSU)

These awards are granted at no cost to the recipient. Generally restricted stock and RSUs vest in tranches over a specified period, expire on vesting and are subject to forfeiture until certain restrictions have lapsed, predominantly continued employment by The Bank of New York Mellon Group for the specified vesting period. The recipient of a share of restricted stock is entitled to voting rights and generally is entitled to dividends on the common stock. An RSU entitles the recipient to receive a share of common stock after the applicable restrictions lapse. The recipient generally is entitled to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSU is outstanding but does not receive voting rights. For most awards, the fair value of restricted stock and RSUs is equal to the fair market value of The Bank of New York Mellon common stock on the date of grant. However, certain awards are granted to Code Staff (2017: MRTs) and are required to be marked to market due to discretionary claw back language contained in their grants. All restricted stock and RSUs are to be settled by physical delivery of shares.

Restricted share awards

	2018 Number of awards	2018 Weighted average exercise price	2017 Number of awards	2017 Weighted average exercise price
Balance outstanding at 1 January	66,094	40.58	78,908	34.58
Staff transfers	912	39.87	18,674	51.06
Awarded during the year	15,482	57.99	8,633	47.07
Released / vested in the year	(31,611)	38.29	(37,679)	34.89
Forfeited / cancelled	-	-	(2,442)	35.74
Balance outstanding at 31 December	50,877	46.57	66,094	40.58

The weighted-average fair value of restricted share awards in 2018 was $57.99 (2017: $47.07).

During 2018, £509,000 was charged to the statement of profit and loss account in respect of restricted share awards settled in equity (2017: £514,000).

Notes to the financial statements - continued
for the year ended 31 December 2018

21 Share-based payments - continued

As at 31 December 2018, £551,000/ $705,000 (2017: £451,000/ $610,000) of total unrecognised compensation costs related to non-vested restricted stock is expected to be recognised over the weighted average period of approximately 1.3 years (2017: 1.3 years). The total carrying value of the restricted stock liability as at 31 December 2018 is £1,851,000 (2017: £1,982,000).

Fair value of restricted stock awarded is equal to the closing price of Bank of New York Mellon Corporation stock on the date of grant. The only exception to this is an award issued to Code Staff (2017: MRTs), this was initially based on the fair value of Bank of New York Mellon Corporation stock on the date of grant, but the unvested portion of the award has subsequently been marked to market on a monthly basis to the latest stock price.

22 Subsequent event

Subsequent to a decision to commence the implementation of a third party vendor technology platform in the second half of 2019, the Company expects to write off an amount of approximately £6m to £7m of intangible assets under development during 2019.

23 Transactions involving Directors, officers and others

At 31 December 2018 there were no loans or other transactions made to directors, officers or other related parties of the Company (2017: £nil).

24 Offsetting financial assets and financial liabilities

Amounts due to and from certain individual Group undertakings are netted in the balance sheet as settlement is made net. The extent of this netting can be seen below:

	2018			2017		
	Gross amounts	**Amounts offset**	**Net amounts**	**Gross amounts**	**Amounts offset**	**Net amounts**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Amounts owed by Group undertakings	35,915	1,171	34,744	41,337	3,453	37,884
Amounts owed to Group undertakings	6,121	1,171	4,950	20,211	3,453	16,758

25 Ultimate parent company and parent company of larger group

The immediate parent undertaking of the Company is Newton Management Limited, a company registered in England and Wales. Newton Management Limited's registered address is 160 Queen Victoria Street, London, EC4V 4LA. Copies of accounts for Newton Management Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest and smallest Group in which the results of the Company are consolidated is that headed by The Bank of New York Mellon Corporation, incorporated in the United States of America.

The ultimate parent company as at 31 December 2018 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from:

The Secretary
The Bank of New York Mellon Corporation
240 Greenwich Street
New York, NY
10286
USA