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# **Insight Investment Management Limited**

**Directors' report and consolidated financial statements**

**Year ended 31 December 2010**

**Registered No. 2111149**



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## **Directors' report**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2010

### **Structure of these accounts**

These financial statements are the consolidated group financial statements of Insight Investment Management Limited ('the Company') and its subsidiaries and associated companies ('the Group')

### **Result and dividends**

The Group recorded a profit before income tax for the financial year of £36,390,000 (2009 £32,688,000) Dividends totalling £nil (2009 £46,500,000) have been paid and approved by the Directors during the year

### **Principal activities and business review**

The principal activity of the Company and the Group is the provision of investment management and solution services. We aim to deliver superior and repeatable performance and service excellence by focusing on the creation of innovative solutions and products across our key product lines of liability driven investment, fixed income and cash management, absolute return, multi-asset and specialist equities.

### **Transitional activities since the sale of Insight to The Bank of New York Mellon**

As reported in last year's Directors' report, the sale of Insight's third party investment management business by Lloyds Banking Group plc ("LBG") to The Bank of New York Mellon Corporation ("BNY Mellon") was completed on 2 November 2009. The sale of Insight encompassed our external assets including the financial solutions, fixed income, multi-asset, absolute return and other specialist capabilities.

The majority of assets managed on behalf of LBG migrated to Scottish Widows Investment Partnership, with the process of transferring the assets commencing after completion of the sale of Insight to BNY Mellon in 2009 and completing in June 2010.

BNY Mellon's multi boutique model preserves Insight's autonomy and ensures that the business can continue to focus on its principal investment and service activities.

### **Strategy and targets**

Since launch, our aim has been to create a resilient business model which is focused on our clients' needs and is well-positioned for all market conditions. We have ambitious targets for future growth and seek to retain and grow our client base by evolving our investment capabilities to meet our clients' needs and to offer them tailored solutions, as well as through new distribution channels and geographies. Having worked hard to establish our investment pedigree in the UK and building our brand, we are growing our European presence, notably in Germany and the Netherlands and, through leveraging BNY Mellon's reach, we are planning a targeted international expansion.

The key aspects of our strategy are described below.

### **Provide superior investment solutions and repeatable performance**

Insight is a solutions provider. Putting clients' investment objectives at the forefront of our solutions enables us to deliver an investment solution that meets their needs. At the same time we have developed a superior product range of pooled solutions for the wholesale market across a broad range of asset classes and the entire risk/return spectrum, offering clients absolute or relative return performance benchmarks which are aligned with and benefit from the expertise of our core investment capability.

## **Directors' report** (continued)

### **Provide superior investment solutions and repeatable performance** (continued)

Embedding innovation into the organisation has enabled us to pioneer market leading solutions such as liability driven investing and absolute return strategies alongside more traditional capabilities such as fixed income

We aim to achieve consistent and repeatable returns through a focus on our core capabilities and by maintaining well-resourced, highly skilled teams of specialists

### **Maintain and enhance our reputation as a quality investment brand**

Insight has established a pedigree for the provision of innovative investment solutions in the UK institutional and wholesale market and is considered a key player in its chosen areas of investment expertise. With repeatable performance, quality service and superior investment solutions, we aim to be one of the leading investment brands in the market.

Our people are pivotal to achieving our strategy and vision and our team-orientated approach has become synonymous with our investment brand. In order to maintain our competitive advantage, we will continue to improve and innovate, whilst also investing in front office infrastructure and the recruitment, retention and training of quality professionals. To enable the retention of our staff, we have initiated new long term incentive schemes during the year, offering participants the opportunity to benefit directly from the growth of the business and to ensure that our remuneration strategy remains competitive and compliant with responsible remuneration directives advocated by the regulatory authorities.

### **Profitably grow revenues and increase shareholder value**

Following the change in corporate ownership, 2010 was a year of significant transition, with the process of assets transferring to Scottish Widows Investment Partnership still taking effect for the first six months of the year. During the first ten months of 2009, £45.3 billion of LBG assets were being managed by the Group. As a result of the transition of these assets, a dampening effect on revenues during the first half of 2010 was expected. However this has been offset in part by a lower ongoing cost base following the significant restructuring undertaken in November 2009 to support the smaller and more focused product set that remained within Insight after the sale of the business.

Further offsetting the reduction in revenue in 2010 of the LBG assets has been the continued success in attracting new business and through strong fund performance, an increase in performance fees earned. The business has successfully grown its assets under management ("AUM") to £108.1 billion as at 31 December 2010. Asset growth continues to be driven by key client wins in the area of liability driven investment as well as through the sale of fixed income, absolute return and liquidity strategies.

### **Financial performance & highlights**

At a high level our 2010 financial performance together with the comparison for 2009 are as follows:

<b>Financials</b>	<b>2010</b>	<b>2009</b>
Profit before income tax	£36.4 million	£32.7 million
Total assets under management ("AUM")	£108.1 billion	£88.1 billion
Net fund flows	£16.3 billion	£10.3 billion

Profit before income tax has increased by 11.3% from £32.7 million to £36.4 million.

During the year assets under management grew from £88.1 billion to £108.1 billion, representing a growth of 22.7%. The majority of the growth is attributable to the continued success in winning new business, as net fund flows (including the effect of market movements) increased by 58.3% from £10.3 billion to £16.3 billion.

## **Directors' report (continued)**

### **Capital management**

It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. The Group's capital is managed via the Board through the Shareholders Funds Policy and the annual Business Planning process. The day to day management of the Company's capital is delegated to the Chief Operating Officer and the Head of Finance.

The primary purpose of the Shareholders Funds Policy is to maintain liquidity and security of the Group's capital. Shareholder funds are to be invested in either short-term cash deposits (up to 90 days maturity) with Group approved banks or in the Insight Liquidity Funds plc, a AAA rated institutional cash fund.

The principal forms of capital are included in the following balances on the statement of financial position: called up share capital, share premium account, other reserves and retained earnings. The Group held total capital of £106.6 million as at 31 December 2010 (2009: £78.6 million).

The FSA supervises the two main operating companies of the Group on an individual basis and, as such, receives information on the capital adequacy of, and sets capital requirements for, Insight Investment Management (Global) Limited and Insight Investment Funds Management Limited. Both subsidiaries complied with the FSA's capital adequacy requirements throughout 2010 and 2009.

During 2010 Insight implemented an Internal Capital Adequacy Assessment Process ("ICAAP"), working alongside the FSA to identify inherent risks within the business and the probability of these arising, assessing the capital required to mitigate these risks, determining how much capital should be held going forward through stress testing and scenario analysis and deciding upon a suitable aggregate internal capital buffer. At the balance sheet date, Insight had a significant surplus on this internal capital requirement.

The above description of the Group's capital management policy forms an integral part of the financial statements.

### **Key risks and uncertainties**

The main risks and uncertainties facing the business are as follows:

#### **People risk**

Without the capability to attract, motivate and retain key staff, combined with instilling the right culture for business to succeed, the Group will fail to be able to capitalise on its commercial advantages and the opportunities arising therefrom. This risk is mitigated by having a comprehensive performance management system, competitive remuneration including the operation of the long term incentive schemes described earlier, reward benchmarking and a focus on training and development.

#### **Strategic risk**

This is principally the risk of the business declining due to external factors (for example a sustained fall in markets) or risks stemming from internal factors (for example sustained poor long term investment performance). We seek to manage these risks by being willing to adapt our products to meet changing market needs and controlling costs effectively. We regularly review investment performance and encourage a culture of open debate on investment strategy and change through our executive committee and our business management group.

#### **Investment performance**

Failure to deliver investment performance reduces the appeal of the Group's offering, particularly in the increasingly competitive market in which it operates, and could result in the failure to meet its Business Plan through the withdrawal of funds from its management, reduction in new business levels and, hence, non-achievement of sales and revenue targets. However, performance is fundamental to the business and recruitment and retention of high quality people, robust processes and controls, core investment philosophy and research are all components of our low appetite for risk in this area.

## **Directors' report** (continued)

### **Financial and liquidity risk**

Further details on how the Group manages the financial and liquidity risks that it faces are disclosed in note 23 to the consolidated financial statements

### **Future prospects**

2010 was a year of change for Insight, during which the business had to become accustomed to working with a new parent company. Although improving, a challenging industry background continued to prevail and the business managed to produce another year of success at the operating profit level, exceptionally strong investment performance for its clients and substantial year-on-year growth in assets.

Insight has developed strong capabilities across liability driven investment, fixed income, cash management, multi-asset, specialist equities and absolute return solutions and our focus remains on delivering superior and repeatable performance and service excellence through the creation of innovative solutions and products. Innovation is critical to the development of our investment capabilities and as leaders in our chosen areas of expertise we continue to look for opportunities to grow and develop our business across new client channels and countries. Innovation forms the basis of our distinct investment culture and excellent client service.

Becoming a part of the BNY Mellon multi-boutique approach provides Insight with the attractive combination of business autonomy, long-term financial stability and distribution opportunities through BNY Mellon's global network, an ideal platform for the continued development of our investment services to both existing and new clients and a potential route to previously untapped sources of funds for management. We will continue to retain and grow our client base by matching Insight's investment capability to our clients' needs across distribution channels and geographies.

### **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis in preparing the financial statements continues to be adopted.

### **Audit information**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to ensure that the Company's auditors are aware of that information.

### **Auditors**

A resolution concerning the re-appointment of KPMG Audit Plc as auditor will be proposed at the Annual General Meeting.

## Directors' report (continued)

### Directors

The Directors who held office during the period were as follows

	Appointed	Resigned
Sarah Aitken Charles Farquharson Atul Manek Abdallah Nauphal Andrew Giles Mitchell Harris (non-executive) Ronald O'Hanley (non-executive) Jon Little (non-executive) Eric Anstee (non-executive) Sir Brian Ivory (non-executive)	18 March 2010 8 September 2010	31 May 2010 30 July 2010

### Corporate governance

Governance of the Company is carried out through the Board of Directors. The Board is responsible for the direction and control of the Company's Strategy and risk framework. The Board has delegated responsibility for the day to day execution of the business plan to the Executive Management Committee (EMC).

Policies and procedures are in place to manage and govern the business and to ensure that an appropriate level of risk management is applied to the relevant elements of the business.

Committees are in place to oversee the risk management function and to assess the risk management controls. These committees have changed as a result of the acquisition of the Company during the year under review by the BNY Mellon Group and will now comprise:

- Insight Risk Committee (Board sub-committee),
- Risk Management Committee (EMC sub-committee), and
- Risk Committee (liaison with Compliance, Operational Risk and Internal Audit functions within BNY Mellon)

In matters concerning remuneration, the Insight Investment Management Remuneration Committee considers recommendations and where appropriate recommends to the relevant employing entity, items in relation to terms, conditions, remuneration and incentives for staff employed within the Insight Group. Where appropriate, The Remuneration Committee will ensure that recommendations are consistent with regulatory requirements. The Remuneration Committee comprises of one Director representing the BNY Mellon Group and an independent non-executive Director.

### Employees

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

Our employee policy is consistent with the BNY Mellon group wide policy. Please refer to BNY Mellon International Asset Management Group Limited directors' report for further information.

## **Directors' report** (continued)

### **Political and charitable contributions**

The Company made no political contributions during the year (2009 £nil) Donations to UK charities amounted to £nil (2009 £nil), however Insight staff worked closely in 2010 with Greenfingers, our chosen charitable partner, with various fund raising events organised throughout the year

### **International financial reporting standards**

These accounts are prepared in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) and its interpretations as endorsed by the EU and effective at 31 December 2010

By order of the Board



**Atul Manek**  
Director

**Registered Office:**  
33 Old Broad Street  
London  
EC2N 1HZ

23 March 2011



## **Statement of directors' responsibilities**

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

Company law requires the Directors to prepare Company financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

The Company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Company and the performance for that period, the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these Group and Company 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 they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and a Business Review.

## **Independent auditors' report to the members of Insight Investment Management Limited**

We have audited the Group and Company financial statements ("the financial statements") of Insight Investment Management Limited for the year ended 31 December 2010 (set out on pages 12 to 52). The financial reporting framework that has been applied in their preparation is in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2010 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

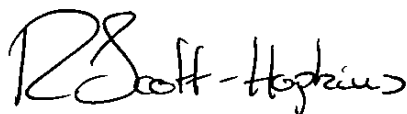
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of Insight Investment Management Limited** (continued)

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



R Scott-Hopkins, Senior Statutory Auditor  
**for and on behalf of KPMG Audit Plc**  
Chartered Accountants  
15 Canada Square  
London E14 5GL  
23 March 2011

## Consolidated statement of comprehensive income

For the year ended 31 December 2010

	Note	2010 £000	2009 £000
<b>Continuing operations</b>			
Revenue	2	134,275	165,394
Cost of sales	3	(9,238)	(14,207)
<b>Gross profit</b>		<b>125,037</b>	<b>151,187</b>
Administrative expenses		(89,454)	(104,590)
Exceptional items	6	-	(15,328)
Other operating expense	4	-	(60)
<b>Results from operating activities</b>		<b>35,583</b>	<b>31,209</b>
Financial income	5	382	1,225
Financial expenses	5	(10)	(188)
<b>Net finance income</b>		<b>372</b>	<b>1,037</b>
Share of profit of equity-accounted investees (net of tax)	16	435	442
<b>Profit before income tax</b>	7	<b>36,390</b>	<b>32,688</b>
Income tax expense	11	(10,458)	(21,645)
<b>Profit for the year attributable to owners of the Group</b>		<b>25,932</b>	<b>11,043</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences - equity-accounted investees		(51)	28
Income tax on other comprehensive income		-	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>(51)</b>	<b>28</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>25,881</b>	<b>11,071</b>

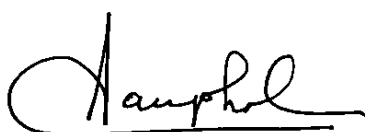
The notes on pages 17 to 52 form part of these financial statements

## Consolidated statement of financial position

Year ended 31 December 2010

		31 December 2010 £000	31 December 2009 £000
	Note		
<b>Assets</b>			
Property, plant and equipment	14	1,603	505
Intangible assets	15	38,018	36,711
Other investments	16	633	734
Deferred tax assets	17	3,270	599
<b>Non-current assets</b>		<b>43,524</b>	<b>38,549</b>
Other investments	18	47,090	18,415
Trade and other receivables	19	65,592	53,317
Cash and cash equivalents	20	39,657	43,152
<b>Current assets</b>		<b>152,339</b>	<b>114,884</b>
<b>Total assets</b>		<b>195,863</b>	<b>153,433</b>
<b>Equity</b>			
Issued capital	21	9,307	9,304
Share premium	21	3,098	1,000
Reserves	21	57,400	57,451
Retained earnings	21	36,763	10,831
<b>Equity attributable to owners of the Group</b>		<b>106,568</b>	<b>78,586</b>
<b>Liabilities</b>			
Trade and other payables	22	89,295	74,847
<b>Total liabilities</b>		<b>89,295</b>	<b>74,847</b>
<b>Total equity and liabilities</b>		<b>195,863</b>	<b>153,433</b>

These financial statements were approved by the Board of Directors on 23 March 2011 and were signed on its behalf by



**Abdallah Nauphal**  
Director



**Atul Manek**  
Director

**Company registration number: 2111149**

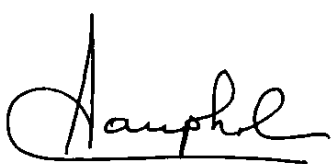
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## Company statement of financial position

Year ended 31 December 2010

	Note	31 December 2010 £000	31 December 2009 £000
<b>Assets</b>			
Property, plant and equipment	14	-	-
Other investments	16	61,714	61,703
Deferred tax assets	17	2,917	-
<b>Non-current assets</b>		<b>64,631</b>	<b>61,703</b>
Other investments	18	1,609	601
Trade and other receivables	19	8,449	2
Cash and cash equivalents	20	4,007	2,076
<b>Current assets</b>		<b>14,065</b>	<b>2,679</b>
<b>Total assets</b>		<b>78,696</b>	<b>64,382</b>
<b>Equity</b>			
Issued capital	21	9,307	9,304
Share premium	21	3,098	1,000
Reserves	21	2,622	2,507
<b>Equity attributable to owners of the Group</b>		<b>15,027</b>	<b>12,811</b>
<b>Liabilities</b>			
Trade and other payables	22	63,669	51,571
<b>Total liabilities</b>		<b>63,669</b>	<b>51,571</b>
<b>Total equity and liabilities</b>		<b>78,696</b>	<b>64,382</b>

These financial statements were approved by the Board of Directors on 23 March 2011 and were signed on its behalf by



**Abdallah Nauphal**  
Director



**Atul Manek**  
Director

Company registration number: 2111149

The notes on pages 17 to 52 form part of these financial statements

## Consolidated statement of changes in equity

For the year ended 31 December 2010

		Share capital	Share premium account	Other reserves	Foreign currency translation reserve	Distributable Reserves	Total
	Note	£000	£000	£000	£000	£000	£000
Balance at 31 December 2008		9,304	1,000	57,336	87	46,288	114,015
<b>Total comprehensive income for the year</b>							
Profit		-	-	-	-	11,043	11,043
Total other comprehensive income		-	-	-	28	-	28
Total comprehensive income for the year		-	-	-	28	11,043	11,071
<b>Contributions by and distributions to owners of the Group</b>							
Dividends to owners of the Group	12	-	-	-	-	(46,500)	(46,500)
Total contributions by and distributions to owners of the Group		-	-	-	-	(46,500)	(46,500)
Balance at 31 December 2009		9,304	1,000	57,336	115	10,831	78,586
<b>Total comprehensive income for the year</b>							
Profit		-	-	-	-	25,932	25,932
Total other comprehensive income		-	-	-	(51)	-	(51)
Total comprehensive income for the year		-	-	-	(51)	25,932	25,881
<b>Contributions by and distributions to owners of the Group</b>							
Investment in share capital of the company	21	3	2,098	-	-	-	2,101
Dividends to owners of the Group	12	-	-	-	-	-	-
Total contributions by and distributions to owners of the Group		3	2,098	-	-	-	2,101
<b>Balance at 31 December 2010</b>		<b>9,307</b>	<b>3,098</b>	<b>57,336</b>	<b>64</b>	<b>36,763</b>	<b>106,568</b>

The notes on pages 17 to 52 form part of these financial statements

## Consolidated statement of cash flows

For the year ended 31 December 2010

		Group		Company	
	Note	2010 £000	2009 £000	2010 £000	2009 £000
<b>Cash flows from operating activities</b>					
Profit for the year		25,932	11,043	115	46,194
Adjustments for					
Tax	11	10,458	21,645	195	12,486
Depreciation	14	244	124	-	-
Dividend income		-	-	-	(58,601)
Loss / (profit) on disposal of property, plant and equipment	4	-	45	-	1
Loss on disposal of intangibles	4	-	15	-	-
Profit on disposal of subsidiary		-	-	-	(30)
Amortisation of intangibles	15	74	86	-	-
Interest income	5	(97)	(1,225)	(18)	(121)
Interest expense	5	-	5	-	-
Share of results in joint ventures	16	(435)	(442)	-	-
		36,176	31,296	292	(71)
Changes in					
- trade and other receivables	19	(12,275)	(8,019)	(8,447)	960
- trade and other payables	22	23,412	(44,729)	16,540	(31,242)
Cash generated from operations		47,313	(21,452)	8,385	(30,353)
Interest paid		-	(5)	-	-
Income taxes paid		(22,093)	(16,996)	(7,553)	(3,266)
<b>Net cash from (used in) operating activities</b>		<b>25,220</b>	<b>(38,453)</b>	<b>832</b>	<b>(33,619)</b>
<b>Cash flows from investing activities</b>					
Interest received		77	569	17	114
Dividends received		485	101	-	58,601
Proceeds from sale of subsidiary		-	-	-	30
Proceeds from sale of property, plant and equipment		-	3	-	-
Proceeds from sale of investments		-	27,334	-	312
Acquisition of property, plant and equipment	14	(1,342)	(97)	-	-
Acquisition of non-current investments	16	-	-	(11)	-
Acquisition of other current investments	18	(28,675)	-	(1,008)	-
Software development expenditure	15	(1,381)	(7)	-	-
<b>Net cash from investing activities</b>		<b>(30,836)</b>	<b>27,903</b>	<b>(1,002)</b>	<b>59,057</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of share capital	21	2,101	1	2,101	1
Dividends paid	12	-	(46,500)	-	(46,500)
<b>Net cash from financing activities</b>		<b>2,101</b>	<b>(46,499)</b>	<b>2,101</b>	<b>(46,499)</b>
Net (decrease) / increase in cash and cash equivalents		(3,515)	(57,049)	1,931	(21,061)
Cash and cash equivalents at 1 January	20	43,152	100,165	2,076	23,137
Effect of exchange rate fluctuations on cash held		20	36	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>20</b>	<b>39,657</b>	<b>43,152</b>	<b>4,007</b>	<b>2,076</b>

The notes on pages 17 to 52 form part of these financial statements



## Notes to the financial statements

### 1. Significant accounting policies

Insight Investment Management Limited (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements were authorised for issue by the Directors on 15 July 2010. The Group operates as a single asset management business and considers itself to be a single segment investment management business.

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

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as endorsed by the EU and effective at 31 December 2010.

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2010.

#### (b) Basis of preparation

The financial statements are presented in Sterling, rounded to the nearest thousand. They are prepared on the historical cost basis except for current asset investments, which are stated at their fair value.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Disclosures about critical accounting estimates and the related assumptions are included in the appropriate Notes to the Accounts. Actual results may differ from these estimates.

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

#### (c) Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiary undertakings, together with the Group's interests in associated undertakings, jointly controlled entities and general partnerships.

#### (d) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. 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.

#### (e) Property, plant and equipment

##### Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

## Notes to the financial statements (continued)

### 1. Significant accounting policies (continued)

#### (e) Property, plant and equipment (continued)

Property, plant and equipment are assessed for impairment where there is an indication of impairment. Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised in the statement of comprehensive income. The depreciation charge for the asset is then adjusted to reflect the asset's revised carrying amount.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

#### Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

#### Depreciation

The cost of equipment, including vehicles less estimated residual value, is written off in equal instalments over expected lives of the following assets:

Motor vehicles	4 years
Computer equipment	3 years
Fixtures, fittings and equipment	5 years

#### (f) Intangible assets

#### Software development costs

Costs associated with the development of software for internal use, subject to de minimis limits, are capitalised only if the software is technically feasible and the Company has both the intent and sufficient resources to complete the development. In addition costs are capitalised only if the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset.

Only costs that are directly attributable to bringing that asset into working condition for its intended use are included in its measurement. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management. Other development expenditure, including software research development costs, are recognised in the statement of comprehensive income as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The useful life of software development costs is deemed to be finite. Amortisation is charged to the statement of comprehensive income on a straight-line basis over four years.

Capitalised development expenditure is assessed for impairment where there is an indication of impairment. Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised in the statement of comprehensive income. The amortisation charge for the asset is then adjusted to reflect the asset's revised carrying amount.

## **Notes to the financial statements (continued)**

### **1. Significant accounting policies (continued)**

#### **(f) Intangible assets (continued)**

##### **Goodwill**

Goodwill arising on acquisition, stated at the excess of the cost of acquisition over the fair value of the Group's share of the net assets acquired, is capitalised in the statement of financial position. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. An impairment review is carried out at least annually and any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

##### **Other intangible assets – purchased software**

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of six years unless such lives are indefinite. Other intangible assets with an indefinite useful life are systematically tested for impairment at each statement of financial position date.

##### **Subsequent expenditure**

Subsequent expenditure on all capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### **(g) Other investments**

##### **Investments in subsidiaries and general partnerships**

The investments in subsidiary undertakings and in general partnerships in the Company's financial statements are stated at cost less impairment.

Investments in subsidiary undertakings and in general partnerships are assessed for impairment where there is an indication of impairment. Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised in the statement of comprehensive income.

##### **Investments in joint ventures**

The Group's share in joint ventures is stated in the consolidated statement of financial position as the Group's share of their net assets. The attributable share of results of joint ventures, generally based on management accounts, is included in the consolidated statement of comprehensive income using the equity method of accounting. The investments in joint ventures in the Company's financial statements are stated at cost plus the share of profits to date less impairment.

##### **Current asset investments**

All current asset investments are designated as at fair value through profit and loss with gains and losses taken to the statement of comprehensive income as they arise. Fair value is determined by reference to quoted market prices on the statement of financial position date.

#### **(h) Trade and other receivables**

Trade receivables and other receivables are initially measured at fair value and are subsequently measured at amortised costs using the effective interest rate method, less provision for impairment. Appropriate allowances estimated irrecoverable amounts are recognised in the statement of comprehensive income, where there is objective evidence that the asset is impaired.

## **Notes to the financial statements** (continued)

### **1. Significant accounting policies** (continued)

#### **(i) Cash and cash equivalents**

Cash and cash equivalents comprise solely of cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### **(j) Impairment**

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

#### **(k) Reversals of impairment**

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **(l) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

#### **(m) Interest bearing borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method.

#### **(n) Provisions**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **(o) Trade and other payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

#### **(p) Income tax**

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

## Notes to the financial statements (continued)

### 1. Significant accounting policies (continued)

#### (p) Income tax (continued)

Deferred tax is provided using the statement of financial position liability method, providing for 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: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 at the statement of financial position date.

#### (q) Financial income and financial expense

Financial income comprises income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expense comprises interest expense on borrowings and bank overdrafts.

Foreign currency gains and losses are reported on a net basis.

The Company recognises dividend income when the Company's right to receive payment is established.

#### (r) Revenue

Revenue comprises

- Sales and repurchases of units in unit trusts and shares in OEICs, and
- Fees arising from investment management and other related services

Management fees are recognised in the statement of comprehensive income as they are earned. Performance fees are recognised when the quantum of the fee can be estimated reliably and it is probable that the fee will crystallise.

In accordance with IAS 18, up front fees charged on the sale of shares in OEICs have been apportioned into a brokerage fee recognised at the inception of the contract and a front end investment management fee deferred and recognised over a period of the average life of investment in the funds.

#### (s) Pension schemes

All employees performing services on behalf of the group are contractually employed by Insight Investment Management Limited and employees are members of a defined contribution scheme, the Mellon Group Pension Plan. Obligations for contributions to defined contribution pension plans are recognised as an employee expense in the statement of comprehensive income in the periods during which services are rendered by employees.

## Notes to the financial statements (continued)

### 1. Significant accounting policies (continued)

#### (t) Share based payment arrangements

The Company operates two share based payment schemes known individually as the Jointly Owned Equity plan and the All-Employee Long Term Incentive Plan

The fair value of shares granted is recognised as an employee expense with a corresponding increase in liabilities and is spread over the period during which employees become unconditionally entitled to the scheme shares. The value of the Company's shares at the grant date was determined through a combination of standardised market method and discounted cash flow valuation techniques. The profit and loss account charge is adjusted for the growth in value of the shares over time and is adjusted to reflect the actual levels of shares issued over the vesting period.

#### (u) Financial instruments

A financial asset is classified on initial recognition as either being at fair value through profit or loss, a loan or receivable, held-to-maturity or available-for-sale. Financial liabilities are categorised on initial recognition as either at fair value through profit or loss or as "other" liabilities. The categorisation on initial recognition determines whether and where any remeasurement to fair value is recognised.

Financial assets are measured at fair value except for loans and receivables, held-to-maturity investments and unlisted equity instruments in the rare circumstances that fair value cannot be measured reliably.

Financial liabilities are measured either at fair value through profit or loss or at amortised cost depending on their categorisation on initial recognition.

A financial asset is derecognised when

- the rights to the cash flows from the asset expire,
- the rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset, are transferred,
- an obligation to transfer the cash flows from the asset is assumed and substantially all the risks and rewards are transferred, or
- substantially all the risks and rewards are neither transferred nor retained, but control of the asset is transferred.

A financial liability is derecognised when the obligation is discharged, cancelled or expired.

#### (v) IFRSs applied in 2010

No new standards have been applied during 2010.

#### (w) IFRS not yet applied

During the course of the year, the IASB and IFRIC issued a number of new accounting standards, amendments to existing standards and interpretations. The following new or amended standards are not applicable to these financial statements but are expected to have an impact when they become effective in future accounting periods. The Company plans to apply these standards in the reporting period in which they become effective. IFRS 9, 'Financial Instruments', proposes revised measurement and classification criteria for financial assets. This standard has a mandatory effective date in 2013. The Company is still assessing the impact on the Company's future financial statements.

## Notes to the financial statements (continued)

### 2. Revenue

	2010 £000	2009 £000
Brokerage income	57	118
Investment management fees	131,971	162,035
Other	2,247	3,241
	<b>134,275</b>	<b>165,394</b>

### 3. Cost of sales

	2010 £000	2009 £000
Brokerage expense	-	28
Commission payable and other trading expenses	9,238	14,179
	<b>9,238</b>	<b>14,207</b>

### 4. Other operating expense

	2010 £000	2009 £000
Net (loss) / profit on disposal of property, plant and equipment	-	(45)
Net loss on disposal of intangibles	-	(15)
	<b>-</b>	<b>(60)</b>

### 5. Finance income and finance costs

	2010 £000	2009 £000
Net change in financial instruments designated at fair value through profit or loss	230	635
Interest income on other financial assets	97	590
Foreign exchange gain	55	0
Financial income	<b>382</b>	<b>1,225</b>
Interest expense on financial liabilities measured at amortised cost	-	(5)
Foreign exchange loss	(10)	(183)
Financial expense	<b>(10)</b>	<b>(188)</b>
Net financing income	<b>372</b>	<b>1,037</b>

## Notes to the financial statements (continued)

### 6. Exceptional items

	2010 £000	2009 £000
Accelerated IFRS 2 share scheme charges following the takeover of HBOS plc by Lloyds TSB Group plc	-	8,529
Accelerated IFRS 2 share scheme charges following the acquisition of Insight Investment Management Limited by BNY Mellon International Asset Management Group Limited	-	6,799
<b>Total</b>	<b>-</b>	<b>15,328</b>

The 2009 costs related to the Insight Investment Management Limited Share Option Plan. This incentive scheme culminated during the year ended 31 December 2009 due to the change of ownership events described above.

### 7. Profit before tax

	2010 £000	2009 £000
Profit before tax is stated after charging		
Auditors' remuneration for		
Audit services	91	83
Audit of subsidiaries	124	113
Audit of joint ventures	4	4
Regulatory fees	85	78
All other services	58	118
Depreciation of property, plant and equipment	244	124
Amortisation of intangibles	74	86

### 8. Personnel expenses

	2010 £000	2009 £000
Wages and salaries	46,297	53,749
Compulsory social security contributions	5,433	6,336
Contributions to defined contribution plans	2,589	3,315
Expense arising from share-based payments	10,803	28,432
<b>Total</b>	<b>65,122</b>	<b>91,832</b>



## **Notes to the financial statements** (continued)

### **9. Share based payment arrangements**

#### **2009 share schemes**

During 2009 and prior to being acquired by BNY Mellon International Asset Management Group Limited, the Group, in conjunction with its then ultimate parent undertaking, Lloyds Banking Group plc, operated an equity-settled Long Term Incentive Plan scheme called The Insight Investment Management Ltd Share Option Plan

Due to the change of ownership events described in note 6 the costs of the scheme accelerated as all residual obligations were extinguished early

#### **2010 share schemes**

During 2010 two new share schemes were launched as part of the Group's overall commitment to a competitive remuneration strategy and to align the interests of management and staff with the long term objectives of shareholders

#### **Jointly Owned Equity plan**

The Jointly Owned Equity Plan ("JOE") is a tripartite agreement between the Company, RBC Cees Trustee Limited (the Trustee of the Insight Employee Benefit Trust ("EBT")) and the participants subscribing for an interest in shares (selected employees). Each year the Company may invite participants to subscribe for shares. At the time of the first JOE award each share jointly issued to the Trustee and the participant was valued at £1.00 based on an independent valuation of the Company at 31 December 2009. In a subsequent JOE award, shares were jointly issued at a grant value of £1.15, following another independent valuation undertaken on 30 September 2010. Scheme participants have been issued ordinary C shares of nominal value 0.0001p each, which carry neither rights to dividends nor any voting rights (see note 21).

The vesting period for the participant's interest in the shares ranges from two to three years from the date the shares are jointly issued to the Trustee and the participant.

The shares are subject to a minimum holding period after the initial vesting date of six months and one day and the maximum holding period following the end of the stated vesting period is four years. If participants neglect to sell their shares prior to the end of the maximum holding period after the vesting period comes to an end, the right to sell the shares lapses and the shares must be acquired by the Trustee.

## Notes to the financial statements (continued)

### 9. Share based payment arrangements (continued)

#### All-Employee Long term Incentive Plan

The All-Employee Long Term Incentive Plan ("LTIP") was designed to give all permanent employees the opportunity to share in the future growth of the Company

During October 2010 employees were offered ordinary D shares of nominal value 0.0001p each. The value of the shares at grant was £1.15 per share based on an independent valuation of the Company. The shares carry neither rights to dividends nor any voting rights (see note 21).

The award of free shares is subject to a minimum holding period commencing on the date of award and culminating on 16 April 2013, during which time the participant cannot sell the shares. During this period the free shares are held on behalf of the participating employees by the Trustee within the Insight EBT.

As there is no liquid secondary market for the shares, as soon as possible after 16 April 2013 the Trustee will purchase the participant's shares at the price determined during the most recent valuation.

#### Movement in shares

Movement in shares granted under the schemes are as follows

	2 Year JOE		2.5 Year JOE		3 Year JOE		LTIP	
	No of shares	Price £	No of shares	Price £	No of shares	Price £	No of shares	Price £
Outstanding at 1 January	-	-	-	-	-	-	-	-
Granted during the year	10,508,150	1.15	86,956	1.15	19,290,350	1.15	378,328	1.15
Exercised during the year	(28,295)	1.15	-	Nil	(15,458)	1.15	-	Nil
Forfeited during the year	(665,705)	1.15	-	Nil	(767,142)	1.15	-	Nil
Expired during the year	-	Nil	-	Nil	-	Nil	-	Nil
<b>Outstanding at 31 December</b>	<b>9,814,150</b>		<b>86,956</b>		<b>18,507,750</b>		<b>378,328</b>	

Shares exercised during the year relate to certain employees who were entitled to sell their shares to the Trustee before the end of the minimum holding period.

## Notes to the financial statements (continued)

### 9. Share based payment arrangements (continued)

#### Financial assumptions underlying the calculation of fair value

The expense recognised in the Company's accounts in respect of the JOE and LTIP schemes is based on the fair value of shares granted as calculated by an independent valuation specialist. The tables below summarise the underlying scheme architecture for each of the schemes in operation.

#### Scheme details

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##### JOE - 2 year

Scheme year	2010
Date of grant	25th March 10
Number granted	10,508,150
Share price at the date of grant (£)	1.00
Exercise price (£)	Nil
Contractual life	6 years
Vesting period	2 years

##### JOE - 2.5 year

Scheme year	2010
Date of grant	9th December 10
Number granted	86,956
Share price at the date of grant (£)	1.15
Exercise price (£)	Nil
Contractual life	6.5 years
Vesting period	2.5 years

##### JOE - 3 year

Scheme year	2010
Date of grant	25th March 10
Number granted	19,290,350
Share price at the date of grant (£)	1.00
Exercise price (£)	Nil
Contractual life	7 years
Vesting period	3 years

##### LTIP

Scheme year	2010
Date of grant	13th October 10
Number granted	378,328
Share price at the date of grant (£)	1.15
Exercise price (£)	Nil
Contractual life	2.5 Years
Vesting period	2.5 years

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## Notes to the financial statements (continued)

### 10. Remuneration of directors

	2010 £000	2009 £000
Aggregate directors' remuneration		
Directors' emoluments	5,147	9,229
Long term incentive schemes	2,995	3,362
Pension contributions	189	153
	<b>8,331</b>	<b>12,744</b>
Highest paid director		
Directors' emoluments	2,005	5,013
Long term incentive schemes	1,161	1,484
Pension contributions	58	63
	<b>3,224</b>	<b>6,560</b>
	Number of directors	
	2010	2009
Benefits are accruing to the following number of Directors under		
The number of Directors who exercised Insight share options	-	4
The number of Directors in respect of whose services shares were received or receivable under the Insight long term incentive scheme and Joint Ownership Equity Plan	5	4

## Notes to the financial statements (continued)

### 11. Income tax

#### Income tax recognised in profit or loss:

	2010 £000	2009 £000
Current tax expense		
Current year	13,129	17,055
Adjustment for prior years	-	(414)
	13,129	16,641
Deferred tax expense		
Deferred tax charge / (credit) for the period at a rate of 28% (2009 28%)	(2,671)	152
Deferred tax charge in respect of earlier periods	-	4,852
	(2,671)	5,004
Total income tax expense in statement of comprehensive income	10,458	21,645

#### Reconciliation of effective tax rate:

The tax assessed for the period is higher (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28.5% on a pro rata basis). The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	36,389	32,688
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28% on a pro rata basis)	10,189	9,153
Effects of		
Non-deductible expenses	(85)	7,790
Net effect of differing tax rates overseas	204	1
Impact of change in tax rates	150	-
Adjustment to tax in respect of previous periods	-	4,438
Other timing differences	-	263
	10,458	21,645

Following the enactment of the Finance (No 2) Act 2010, the main UK income tax rate will reduce from 28% to 27% with effect from 1<sup>st</sup> April 2011. Accordingly the deferred tax asset recognised in note 17 has been calculated using an income tax rate of 27%.

## Notes to the financial statements (continued)

### 12. Dividends

The following dividends have been charged direct to retained earnings during the year

Group and Company	2010 £000	2009 £000
Ordinary dividends		
Interim dividend paid Nil per ordinary share (2009 500 0p)	-	46,500
Final dividend paid Nil per ordinary share (2009 Nil)	-	-
	-	46,500

For more information about the Group's capital management policy, please refer to the capital management policy section within the Directors' report on page 5

### 13. Statement of comprehensive income of the Company

By virtue of the exemption contained within Section 408 of the Companies Act 2006, the Statement of comprehensive income of the Company is not presented. The Company recorded a retained profit for the year of £115,292 (2009 £46,195,000)

## Notes to the financial statements (continued)

### 14. Property, plant and equipment

Group	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Assets under construction £000	Total £000
<b>Cost</b>					
Balance at 1 January 2009	18	3,888	154	-	4,060
Acquisitions	-	97	-	-	97
Disposals	(18)	(2,735)	(154)	-	(2,907)
Balance at 31 December 2009	-	1,250	-	-	1,250
Balance at 1 January 2010	-	1,250	-	-	1,250
Acquisitions	-	-	-	1,342	1,342
Disposals	-	-	-	-	-
<b>Balance at 31 December 2010</b>	<b>-</b>	<b>1,250</b>	<b>-</b>	<b>1,342</b>	<b>2,592</b>
<b>Depreciation</b>					
Balance at 1 January 2009	18	3,314	148	-	3,480
Depreciation charge for the year	-	123	1	-	124
Disposals	(18)	(2,692)	(149)	-	(2,859)
Balance at 31 December 2009	-	745	-	-	745
Balance at 1 January 2010	-	745	-	-	745
Depreciation charge for the year	-	244	-	-	244
Disposals	-	-	-	-	-
<b>Balance at 31 December 2010</b>	<b>-</b>	<b>989</b>	<b>-</b>	<b>-</b>	<b>989</b>
<b>Carrying amounts</b>					
At 1 January 2009	-	574	6	-	580
At 31 December 2009	-	505	-	-	505
<b>At 31 December 2010</b>	<b>-</b>	<b>261</b>	<b>-</b>	<b>1,342</b>	<b>1,603</b>

Assets under construction relate to the building of the communications room equipment at Insight's new corporate address. As the Company had not moved to the new address by the balance sheet date, these assets had not been brought into use by the year end and therefore no depreciation has been charged.

## Notes to the financial statements (continued)

### 14. Property, plant and equipment (continued)

Company	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>			
Balance at 1 January 2009	2	3	5
Acquisitions	-	-	-
Disposals	(2)	(3)	(5)
Balance at 31 December 2009	-	-	-
Balance at 1 January 2010	-	-	-
Acquisitions	-	-	-
Disposals	-	-	-
<b>Balance at 31 December 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>			
Balance at 1 January 2009	2	2	4
Depreciation charge for the year	-	-	-
Disposals	(2)	(2)	(4)
Balance at 31 December 2009	-	-	-
Balance at 1 January 2010	-	-	-
Depreciation charge for the year	-	-	-
Disposals	-	-	-
<b>Balance at 31 December 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amounts</b>			
At 1 January 2009	-	1	1
At 31 December 2009	-	-	-
<b>At 31 December 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Notes to the financial statements (continued)

### 15. Intangible assets

Group	Goodwill £000	Computer software £000	Software under construction £000	Total £000
<b>Cost</b>				
Balance at 1 January 2009	36,501	2,187	-	38,688
Acquisitions - internally developed	-	7	-	7
Disposals	-	(1,790)	-	(1,790)
Balance at 31 December 2009	36,501	404	-	36,905
Balance at 1 January 2010	36,501	404	-	36,905
Acquisitions - internally developed	-	-	1,381	1,381
Disposals	-	-	-	-
<b>Balance at 31 December 2010</b>	<b>36,501</b>	<b>404</b>	<b>1,381</b>	<b>38,286</b>
<b>Amortisation and impairment losses</b>				
Balance at 1 January 2009	-	1,882	-	1,882
Amortisation for the year	-	86	-	86
Disposals	-	(1,774)	-	(1,774)
Balance at 31 December 2009	-	194	-	194
Balance at 1 January 2010	-	194	-	194
Amortisation for the year	-	74	-	74
Disposals	-	-	-	-
<b>Balance at 31 December 2010</b>	<b>-</b>	<b>268</b>	<b>-</b>	<b>268</b>
<b>Carrying amounts</b>				
At 1 January 2009	36,501	305	-	36,806
At 31 December 2009	36,501	210	-	36,711
<b>At 31 December 2010</b>	<b>36,501</b>	<b>136</b>	<b>1,381</b>	<b>38,018</b>

Goodwill is assessed for impairment annually. The recoverable amount of goodwill has been measured by a value in use calculation for the cash generating units associated with this goodwill and no impairment provision was deemed necessary at 31 December 2010. The projected cash flows were based on approved budgets and strategic plans for the next two years, which were then extrapolated for another eight years with no revenue growth assumed in the last eight years. Management believe that the use of a ten year period is reasonable given the nature of the business. In accordance with BNY Mellon policy, the discount rate applied to the cash flows was 14.5%. Estimated future cash flows used in the impairment calculations represent management's best view of likely market conditions. Actual future cash flows may differ significantly from these estimates, due to the effect of changes in market conditions. These differences may have a material impact on the asset value and impairment expense reported in future periods.

Software under construction relates to internal software development projects that are incomplete at the balance sheet date. These projects are designed to protect and enhance the capacity of the firm and the assets capitalised as a result will not be amortised until they are completed and brought into use.

## Notes to the financial statements (continued)

### 16. Other investments - non-current

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Shares in group undertakings</b>				
At beginning of the year	-	-	<b>61,500</b>	61,500
Additions	-	-	<b>11</b>	-
Disposals	-	-	-	-
At end of the year	-	-	<b>61,511</b>	61,500
<b>Interest in joint ventures</b>				
Share of net assets at the beginning of the year	<b>734</b>	429	<b>203</b>	203
Additions	-	-	-	-
Foreign exchange adjustments	<b>(51)</b>	(36)	-	-
Dividend received	<b>(485)</b>	(101)	-	-
Share of retained profit	<b>435</b>	442	-	-
At the end of the year	<b>633</b>	734	<b>203</b>	203
<b>Quoted equity securities</b>				
At the beginning of the year	-	312	-	312
Acquisition	-	-	-	-
Impairment during the year	-	-	-	-
Disposals	-	(312)	-	(312)
At the end of the year	-	-	-	-
<b>Total non current assets at 31 December</b>	<b>633</b>	734	<b>61,714</b>	61,703

#### Joint ventures

The amounts included in respect of joint ventures in the consolidated accounts of the Group comprise the following

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Statement of comprehensive income</b>		
Share of turnover	<b>1,484</b>	1,334
Share of profit before tax	<b>657</b>	665
Share of taxation	<b>(222)</b>	(223)
Share of profit after tax	<b>435</b>	442
<b>Statement of financial position</b>		
<b>Share of assets</b>		
Share of fixed assets	<b>16</b>	5
Share of current assets	<b>1,034</b>	1,122
	<b>1,050</b>	1,127
<b>Share of liabilities</b>		
Due within one year	<b>(417)</b>	(393)
<b>Share of net assets</b>	<b>633</b>	734

## Notes to the financial statements (continued)

### 16. Other investments – non-current (continued)

	Country of incorporation	Principal activity	Class of shares held
<b>Subsidiary undertakings</b>			
Insight Investment Management (Global) Limited	UK	Investment Management	Ordinary
Insight Investment Funds Management Limited	UK	Investment Management	Ordinary
Insight Investment Services Limited	UK	Service Company	Ordinary
Insight Investment BV	Holland	Investment Holding Company	Ordinary
Insight Consumer Debt Recovery Fund GP I Limited	Guernsey	General Partner to Insight Consumer Debt Recovery Fund I LP	Ordinary
<b>Joint venture (40% of share capital held)</b>			
Valletta Fund Management Limited	Malta	Investment Management	Ordinary

### 17. Deferred tax assets

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
Deferred tax assets	3,270	599
Net position	3,270	599
<b>Company</b>		
Deferred tax assets	2,917	-
Net position	2,917	-

The movement for the year in the deferred tax position was as follows

	<b>Group</b>		<b>Company</b>	
	2010 £000	2009 £000	2010 £000	2009 £000
At 1 January	599	5,603	-	4,859
(Charge) / credit to income during the year	2,671	(152)	2,917	(24)
Prior year adjustments	-	(4,852)	-	(4,835)
Balance carried forward as at 31 December	3,270	599	2,917	-

## Notes to the financial statements (continued)

### 17. Deferred tax assets (continued)

Deferred tax comprises

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
Capital allowances	353	599
Other	2,917	-
	<b>3,270</b>	<b>599</b>
<b>Company</b>		
Capital allowances	-	-
Other	2,917	-
	<b>2,917</b>	<b>-</b>

### 18. Other investments - current

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
Stocks of shares in OEICS	130	189
Other investments	46,960	18,226
	<b>47,090</b>	<b>18,415</b>
<b>Company</b>		
Other investments	1,609	601
	<b>1,609</b>	<b>601</b>

Other investments relate to holdings in the Insight Liquidity Funds plc ("ILF"). The ILF is an umbrella open ended investment company listed on the Irish Stock Exchange. The Group's investment is in the ILF Sterling Liquidity fund. The aim of the fund is to provide a flexible and stable alternative to bank deposits for institutional and professional investors. The fund carries an AAAM rating from Standard & Poors and has same day settlement terms.

The Group has box holdings in some of the OEICS for which it is the Authorised Corporate Director. This Manager's box of stocks of shares in the OEICS is to ensure smooth running of the funds.

## Notes to the financial statements (continued)

### 19. Trade and other receivables

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
Trade debtors	24,812	21,491
Amounts receivable from related parties	-	4,178
Other debtors	593	1,583
Prepayments	1,677	805
Accrued income designated at fair value through profit and loss	38,510	25,260
	<b>65,592</b>	<b>53,317</b>
<b>Company</b>		
Amounts receivable from related parties	8,445	2
Other debtors	4	-
	<b>8,449</b>	<b>2</b>

### 20. Cash and cash equivalents

	Group 2010 £000	2009 £000	Company 2010 £000	2009 £000
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>39,657</b>	<b>43,152</b>	<b>4,007</b>	<b>2,076</b>

## Notes to the financial statements (continued)

### 21. Capital and reserves

#### Group and Company

	Equity Ordinary shares of £1 each  £000	Equity Ordinary B shares of 0 0001p each £000	Equity Ordinary C shares of 0 0001p each £000	Equity Ordinary D shares of 0 0001p each £000	Total  £000
<b>Allotted, called up and fully paid</b>					
At 1 January 2009	9,300	3	-	-	9,303
Issued during the year	-	1	-	-	1
At 31 December 2009	9,300	4	-	-	9,304
At 1 January 2010	9,300	4	-	-	9,304
Issued during the year	-	0	3	0	3
Transfer	4	(4)	-	-	-
<b>At 31 December 2010</b>	<b>9,304</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>9,307</b>

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. The holders of B, C and D shares have no right to dividends or to vote in general meetings of the Company. Holders of B, C and D Shares shall be entitled to 3 9557p for each £1 00 payable in respect of an ordinary share in the event of a winding-up of the Company.

During the year the Company issued 2,097,642 new B shares of notional value 0 0001p each following the invitation extended to staff as part of the Voluntary Equity Participation scheme. Staff who availed of the scheme paid £1 00 per share. As the nominal value ascribed to these shares is so small and the note above discloses the Group and Company's share capital in thousands of Pounds Sterling, the value of the transaction has been accounted for within share premium.

During the year the Company issued 29,885,456 new C shares of notional value 0 0001p each as part of the Joint Ownership Equity Plan.

During the year the company issued 378,328 new D shares of nominal value 0 0001p each as part of the All-Employee Long Term Incentive Plan.

For more information about the Company's capital management policy, please refer to the capital management policy section within the Directors' report on page 5.

## Notes to the financial statements (continued)

### 21. Capital and reserves (continued)

#### Group

	Share premium account £000	Other reserves £000	Foreign currency translation reserve £000	Distributable reserves £000	Total £000
Balance at 1 January 2009	1,000	57,336	87	46,288	104,711
Total recognised income and expenses	-	-	28	11,043	11,071
Dividends paid	-	-	-	(46,500)	(46,500)
Balance at 31 December 2009	1,000	57,336	115	10,831	69,282
Balance at 1 January 2010	1,000	57,336	115	10,831	69,282
Premium on issue of shares	2,098	-	-	-	2,098
Total recognised income and expenses	-	-	(51)	25,932	25,881
Dividends paid	-	-	-	-	-
<b>Balance at 31 December 2010</b>	<b>3,098</b>	<b>57,336</b>	<b>64</b>	<b>36,763</b>	<b>97,261</b>

#### Company

	Share premium account £000	Retained earnings £000	Total £000
Balance at 1 January 2009	1,000	2,812	3,812
Total recognised income and expenses	-	46,195	46,195
Dividends paid	-	(46,500)	(46,500)
Balance at 31 December 2009	1,000	2,507	3,507
Balance at 1 January 2010	1,000	2,507	3,507
Premium on issue of shares	2,098	-	2,098
Total recognised income and expenses	-	115	115
Dividends paid	-	-	-
<b>Balance at 31 December 2010</b>	<b>3,098</b>	<b>2,622</b>	<b>5,720</b>

## Notes to the financial statements (continued)

### 22. Trade and other payables

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
Trade payables	18,168	13,833
Amounts owed to related parties	16,282	8,194
Income tax payable	5,651	14,615
Other payables	7,365	8,336
Accruals and deferred income	41,829	29,869
	<b>89,295</b>	<b>74,847</b>
<b>Company</b>		
Amounts owed to related parties	51,028	45,432
Income tax payable	1,696	6,138
Other payables	142	1
Accruals and deferred income	10,803	-
	<b>63,669</b>	<b>51,571</b>

Deferred income relates to the net position of up front fees and commissions. In accordance with IAS 18, they have been deferred upon payment / receipt and recognised over the average life of investment in the funds.

### 23. Financial instruments

Exposure to credit risk, market risk (which combines foreign currency risk, interest rate risk and market price risk) and liquidity risk arises in the normal course of the Group's business.

#### Credit risk

The credit risk to the Group is limited to the non-payment of investment management fees, amounts owed by related parties together with cash at banks. At the statement of financial position date there were no significant concentrations of credit risk external to the BNY Mellon group other than cash balances at Bank of Scotland.

The credit risk policy for cash and cash equivalents is to maintain bank accounts with Bank of Scotland wherever practicable. At the statement of financial position date the Standard and Poor's credit rating for Bank of Scotland was A-1.



## Notes to the financial statements (continued)

### 23. Financial instruments (continued)

#### Credit risk (continued)

The credit risk policy for trade and other receivables is to monitor the level of past due receivables on a regular basis. The policy does not require collateral in respect of financial assets because for the majority of client accounts Insight has the right to deduct its management fees from the client's investment portfolio. The historical incidence of default has not been significant and in the majority of cases there is an ongoing relationship with the client.

The maximum exposure to credit risk at the statement of financial position date was as follows:

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
Trade and other receivables (note 19)	65,592	53,317
Cash and cash equivalents (note 20)	39,657	43,152
	<b>105,249</b>	<b>96,469</b>
<b>Company</b>		
Trade and other receivables (note 19)	8,449	2
Cash and cash equivalents (note 20)	4,007	2,076
	<b>12,456</b>	<b>53,317</b>

The above amounts are based on the carrying value of all assets exposed to credit risk.

The ageing of trade and other receivables at the reporting date was as follows:

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
Neither past due nor impaired	59,350	46,337
Past due up to 1 month	790	3,476
Past due from 1 month to three months	4,586	3,234
Past due from three months to one year	866	238
More than 1 year past due	-	32
	<b>65,592</b>	<b>53,317</b>

## Notes to the financial statements (continued)

### 23. Financial instruments (continued)

#### Credit risk (continued)

	31 December 2010 £000	31 December 2009 £000
<b>Company</b>		
Neither past due nor impaired	8,445	2
Past due up to 1 month	-	-
Past due from 1 month to three months	-	-
Past due from three months to one year	4	-
More than 1 year past due	-	-
	<b>8,449</b>	<b>2</b>

#### Foreign currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts

	Swiss Franc £000	Yen £000	US Dollar £000	Euro £000	Australian Dollar
<b>At 31 December 2010</b>					
Trade and other receivables	-	642	296	767	242
Cash and cash equivalents	-	-	397	556	-
Investment in joint venture	-	-	-	633	-
<b>Total exposure</b>	<b>-</b>	<b>642</b>	<b>693</b>	<b>1,956</b>	<b>242</b>
<b>At 31 December 2009</b>					
Trade and other receivables	27	787	571	624	-
Cash and cash equivalents	-	-	-	109	-
Investment in joint venture	-	-	-	734	-
<b>Total exposure</b>	<b>27</b>	<b>787</b>	<b>892</b>	<b>1,467</b>	<b>-</b>

This risk arises as a result of outstanding fees (either billed or unbilled) due for settlement and the operation of foreign currency bank accounts. The Group manages this risk through a proactive debtor management process and by sweeping surplus foreign currency cash balances into Sterling on a periodic basis.

## Notes to the financial statements (continued)

### 23. Financial instruments (continued)

#### Sensitivity analysis

A 10 percent strengthening of Sterling against the following currencies at 31 December would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

	Impact on equity £000	Impact on profit or loss £000
<b>At 31 December 2010</b>		
Swiss Franc	-	-
Yen	(58)	(58)
US Dollar	(63)	(63)
Euro	(178)	(178)
Australian Dollar	(22)	(22)
<b>At 31 December 2009</b>		
Swiss Franc	(2)	(2)
Yen	(72)	(72)
US Dollar	(81)	(81)
Euro	(66)	(66)

A 10 percent weakening of Sterling against the above currencies at 31 December would have had the equal but opposite effect on the above currencies of the amounts shown above, on the basis that all other variables remain constant.

#### Interest rate risk

##### Effective interest rates and maturity analysis

All income-earning financial assets and interest-bearing financial liabilities earn / bear interest on a floating rate basis. Management deems interest rate risk immaterial and does not actively manage this risk. The tables below indicate the periods in which they mature and the effective interest rate earned / borne.

	2010		2009	
	Cash and cash equivalents	Current asset investments	Cash and cash equivalents	Current asset investments
<b>Group</b>				
Effective rate	0.23%	0.54%	0.7%	1.3%
	£000	£000	£000	£000
One year or less	39,657	46,960	43,152	18,226
	39,657	46,960	43,152	18,226
<b>Company</b>				
Effective rate	0.23%	0.54%	0.7%	1.2%
	£000	£000	£000	£000
One year or less	4,007	1,609	2,076	601
	4,007	1,609	2,076	601

## Notes to the financial statements (continued)

### 23. Financial instruments (continued)

#### Interest rate risk (continued)

##### Effective interest rates and maturity analysis (continued)

The annualised impact of an increase or decrease of 50 basis points in interest rates at the statement of financial position date would be to increase / (decrease) equity and profit or loss by £312,000/ (£312,000) (2009 £221,000 / (£221,000)) This calculation assumes that the change occurs at the statement of financial position date and is applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 28% (2009 28%)

#### Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-statement of financial position instruments. Insight monitors liquidity risk and does not have any borrowings or overdrafts and therefore has negligible liquidity risk especially given the large cash balances and liquid current asset investments which together represent 81% of the total equity on the consolidated statement of financial position (2009 78%)

The following are the contractual maturities of financial liabilities at the statement of financial position date

	<b>31 December 2010 £000</b>	<b>31 December 2009 £000</b>
<b>Group</b>		
One month or less	<b>39,301</b>	32,507
Between one month and three months	<b>29,319</b>	25,376
Between three months and one year	<b>7,743</b>	13,955
Between one year and five years	<b>12,438</b>	3,009
Over five years	<b>494</b>	-
	<b>89,295</b>	<b>74,847</b>
<b>Company</b>		
One month or less	<b>51,028</b>	45,433
Between one month and three months	-	800
Between three months and one year	<b>1,696</b>	5,338
Between one year and five years	<b>10,945</b>	-
Over five years	-	-
	<b>63,669</b>	<b>51,571</b>

The above amounts are based on the undiscounted value of trade and other payables and subordinated loans

## Notes to the financial statements (continued)

### 23. Financial instruments (continued)

#### Market price risk

The Group holds investments in the Insight Liquidity Funds plc (see note 18) as part of its capital management policy. Market price risk is managed by monitoring the holding and the rating of the fund. Exposure at the year end was £46,960,000 (2009 £18,226,000).

The annualised impact of an increase or decrease of 50 basis points in interest rates at the statement of financial position date would be to increase / (decrease) equity and profit or loss by £169,000/ (£169,000) (2009 £66,000 / (£66,000)). This calculation assumes that the change occurs at the statement of financial position date and is applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 28% (2009 28%).

The Group holds equity investments through the operation of the Managers box (note 18). The Manager's box is a small stock of shares in the OEICs to which the Group acts as the Authorised Corporate Director. It is the Group's policy not to take positions in the market and only hold the minimum holding required for the smooth operation of the running of the funds. Accordingly the Group's direct exposure to equity risk is immaterial and no sensitivity analysis has been produced.

#### Fair values

The fair values together with carrying amounts shown in the statement of financial position are as follows

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
<b>Carrying amount</b>		
Current asset investments designated at fair value through profit and loss (note 18)	47,090	18,415
Trade and other receivables at amortised cost (note 19)	65,592	53,317
Cash and cash equivalents (note 20)	39,657	43,152
Other financial liabilities measured at amortised cost – trade and other payables (note 22)	89,295	74,847
<b>Fair value</b>		
Current asset investments designated at fair value through profit and loss (note 18)	47,090	18,415
Trade and other receivables at amortised cost (note 19)	65,592	53,317
Cash and cash equivalents (note 20)	39,657	43,152
Other financial liabilities measured at amortised cost – trade and other payables (note 22)	89,295	74,847

## Notes to the financial statements (continued)

### 23. Financial instruments (continued)

#### Fair values (continued)

	31 December 2010 £000	31 December 2009 £000
<b>Company</b>		
<b>Carrying amount</b>		
Current asset investments designated at fair value through profit and loss (note 18)	1,609	601
Trade and other receivables at amortised cost (note 19)	8,449	2
Cash and cash equivalents (note 20)	4,007	2,076
Other financial liabilities measured at amortised cost – trade and other payables (note 22)	63,669	51,571
<b>Fair value</b>		
Current asset investments designated at fair value through profit and loss (note 18)	1,609	601
Trade and other receivables at amortised cost (note 19)	8,449	2
Cash and cash equivalents (note 20)	4,007	2,076
Other financial liabilities measured at amortised cost – trade and other payables (note 22)	63,669	51,571

#### Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table

#### Other investments

Fair value is based on quoted market prices at the statement of financial position date without any deduction for transaction costs

#### Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables greater than one year are discounted at the BNY Mellon base rate to determine the fair value.

## Notes to the financial statements (continued)

### 23. Financial instruments (continued)

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Group</b>				
<b>At 31 December 2010</b>				
Financial assets designated at fair value through profit or loss	47,090	-	-	47,090
	<b>47,090</b>	-	-	<b>47,090</b>
<b>At 31 December 2009</b>				
Financial assets designated at fair value through profit or loss	18,415	-	-	18,415
	<b>18,415</b>	-	-	<b>18,415</b>
<b>Company</b>				
<b>At 31 December 2010</b>				
Financial assets designated at fair value through profit or loss	1,609	-	-	1,609
	<b>1,609</b>	-	-	<b>1,609</b>
<b>At 31 December 2009</b>				
Financial assets designated at fair value through profit or loss	601	-	-	601
	<b>601</b>	-	-	<b>601</b>

During the year there have been no transfers between Levels

## Notes to the financial statements (continued)

### 24. Related party disclosures

At the end of the year, the Group and Company had the following balances with related parties

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
<b>Debtors</b>		
<b>Lloyds Banking Group undertakings</b>		
Scottish Widows Investment Partnership Limited	-	3,040
Clerical Medical Investment Group Limited	-	342
Halifax Investment Fund Managers Limited	-	67
St Andrews Life Assurance plc	-	407
Clerical Medical International Asset Management		
Luxembourg SA	-	36
Halifax Life Limited	-	25
Other related companies	-	69
	-	3,986
<b>BNY Mellon Group undertakings</b>		
Valletta Fund Management Limited	-	192
	-	192
<b>Company</b>		
<b>Debtors</b>		
<b>Lloyds Banking Group undertakings</b>		
Insight Investment Management (Mediterranean) Limited	-	-
Other related companies	-	2
	-	2
<b>BNY Mellon Group undertakings</b>		
Insight Investment Management (Global) Limited	3,615	-
Insight Investment BV	-	-
Insight Investment Funds Management Limited	31	-
Insight Investment Services Limited	4,799	-
	8,445	-



## Notes to the financial statements (continued)

### 24. Related party disclosures (continued)

	31 December 2010 £000	31 December 2009 £000
<b>Group</b>		
<b>Creditors</b>		
<b>Lloyds Banking Group undertakings</b>		
Bank of Scotland plc	-	(2,682)
HBOS Financial Services (Holdings) Limited	-	-
Bank of Scotland Treasury	-	-
Halifax plc	-	(4,812)
HBOS plc	-	-
HBOS Insurance and Investment Group Limited	-	-
Other related companies	-	(70)
	-	(7,564)
<b>BNY Mellon Group undertakings</b>		
Bank of New York Mellon International Asset Management Group Limited	(12,744)	(630)
Other related parties	(3,538)	-
	(16,282)	(630)
<b>Company</b>		
<b>Creditors</b>		
<b>Lloyds Banking Group undertakings</b>		
Bank of Scotland plc	-	(4)
Halifax plc	-	-
HBOS plc	-	-
Insight Investment Management Holdings (Malta) Limited	-	-
Other related companies	-	-
	-	(4)
<b>BNY Mellon Group undertakings</b>		
Bank of New York Mellon International Asset Management Group Limited	(5,579)	-
Insight Investment Management (UK) Holdings Limited	(45,401)	(45,402)
Insight Investment Management (International) Limited	-	-
Insight Fund Management Limited	-	-
Insight Investment Services Limited	(48)	-
Insight Investment BV	-	(26)
	(51,028)	(45,428)

## Notes to the financial statements (continued)

### 24. Related party disclosures (continued)

During the year, income was received from the following related parties for the provision of investment management services

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Lloyds Banking Group undertakings</b>				
Clerical Medical Investment Group Limited	-	26,135	-	-
Clerical Medical Managed Funds Limited	-	6,409	-	-
Halifax Investment Fund Managers Limited	-	20,487	-	-
Halifax Life Limited	-	2,490	-	-
St Andrews Life Assurance plc	-	7,587	-	-
Clerical Medical International Asset Management Luxembourg SA	-	3,884	-	-
Scottish Widows Investment Partnership Limited	-	2,793	-	-
Other related companies	-	1,001	-	-
	-	70,786	-	-
<b>BNY Mellon Group undertakings</b>				
Valletta Fund Management Limited	695	738	-	-
	695	738	-	-

During the year the following related parties received investment management fee rebates

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Lloyds Banking Group undertakings</b>				
Clerical Medical Investment Group Limited	-	(6,457)	-	-
Other related companies	-	(196)	-	-
	-	(6,653)	-	-

During the year, the Group incurred sub-advisory fees from other related companies within the BNY Mellon Group of £34,000

The Company recharged costs to its subsidiaries during the year of £10,610,000 (2009 £28,222,000)

During the year the Group incurred costs from Bank of New York Mellon International Asset Management Group Limited totalling £3,215,000 (2009 £3,181,000) in respect of outsourced Third Party Administration services. In addition the Group incurred costs recharged from BNY Mellon International Asset Management Group Limited of £46,674,000 relating to payroll costs, pensions and accounts payable services

During the year the Group incurred costs of £561,000 (2009 Nil) for the distribution of certain of its funds by Bank of New York Mellon Asset Management International Limited, a related party by virtue of being within the BNY Mellon group

## Notes to the financial statements (continued)

### 24. Related party disclosures (continued)

#### Key management personnel

During the year, the cost of key management personnel's remuneration was as follows

	2010 £000	2009 £000
Short term employee benefits	5,550	9,742
Long term incentive schemes <sup>1</sup>	3,144	3,617
Pension contributions	163	182
	<b>8,857</b>	<b>13,541</b>

(1) During 2009 two change of control events occurred that gave rise to additional charges in the statement of comprehensive income as incentive scheme units vested, accelerating future charges into 2009. The accelerated charges are included in the 2009 numbers disclosed above.

### 25. Pension schemes

At 31 December 2010 all employees performing services on behalf of the Company are contractually employed by Insight Investment Management Limited and are members of the Mellon Group Personal Pension Plan (the "Plan"). This Plan is a defined contribution scheme and the Plan's assets are held independently from those of the Company under a separately administered trust. The pension cost charge in respect of the Plan amounted to £2,589,000 (£420,000).

The schemes' assets, liabilities and any associated costs are fully disclosed in the financial statements of The Bank of New York Mellon Corporation in accordance with IAS 19.

## **Notes to the financial statements** (continued)

### **26. Ultimate parent undertaking**

As at 31 December 2010 the Company's immediate parent company was BNY Mellon International Asset Management Group Limited. Copies of the financial statements for Insight Investment Management Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent company as at 31 December 2010 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated financial statements of the ultimate parent company may be obtained from:

The Secretary  
The Bank of New York Mellon Corporation  
One Wall Street  
New York  
NY 10286  
USA