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Insight Investment Management Limited

Directors' report and financial statements

Year ended 31 December 2019

Registered No: 2111149

Insight INVESTMENT

A BNY MELLON COMPANY℠

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Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Structure of these accounts

The Company is exempt by virtue of s. 401 of the Companies Act 2006 from the requirement to prepare group financial statements. The Directors availed themselves of this exemption last year and have continued this year. These financial statements present information about the Company as an individual undertaking and not about its group, except where stated.

Result and dividends

The Company recorded a profit before tax for the financial year of £116,390,000 (2018: £229,342,000). Dividends totalling £100,000,000 (2018: £251,000,000) have been approved and paid by the Directors to Bank of New York Mellon Corporation during the year.

Principal activities and business review

The principal activity of the Company is to act as parent to the UK Insight operating entities.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 6 to 13. In addition, the Directors' report on pages 3 to 5 includes the Company's objectives, policies and processes for managing its capital; its financial risk management objective and its exposures to credit and liquidity risk.

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

Due to COVID-19, management has performed an assessment to determine whether there are any material uncertainties arising due to the pandemic that could cast significant doubt on the ability of the Company to continue as a going concern. No significant issues have been noted. In reaching this conclusion, management considered:

- The financial impact of the uncertainty on the Company's balance sheet;
- Stress tests on reasonable plausible scenarios such as significant reduction in revenue overtime. This incorporates a reduced level of management and performance related fees charged on assets under management and maintaining these reduced levels for at least a year with the expectation that the volume of assets under management could fall due to COVID-19;
- Liquidity position based on current and projected cash resources. The Company's current cash/liquidity position is able to sustain its current operational costs for at least a year even with a significantly reduced revenue scenario;
- Reverse stress tests, and;
- The Company's operational resilience with respect to the impact of the pandemic on existing processes and key stakeholders such as suppliers, employees, customers and its existing IT systems and infrastructure.

Based on the above assessment of the Company's financial position, COVID-19 impact, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Proposed dividend

The directors do not recommend the payment of a final dividend.

Audit information

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Auditor

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

Political and charitable contributions

The Company made no political contributions during the year (2018: £nil). Donations to UK charities amounted to £nil (2018: £nil), however Insight staff worked closely in 2019 with some of our chosen charitable partners, with various fund raising events organised throughout the year.

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

The Directors who held office during the period and at date of approval of the financial statements are as follows:

- Abdallah Nauphal
- Andrew Giles
- Atul Manek
- Adrian Grey
- Jonathan Eliot
- Angus Woolhouse
- Eric Anstee (non-executive)
- Mitchell Harris (non-executive)

- Gregory Brisk (non-executive)
- Sir Brian Ivory (non-executive)
- Anne Grim (non-executive) appointed on 19th December 2019

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 European Union (EU) and effective at 31 December 2019.

By order of the Board

Atul Manek
Director

Registered Office:
160 Queen Victoria Street
London
EC4V 4LA

23 April 2020

Strategic report

The Directors present their strategic report for the year ended 31 December 2019.

Business update

The Group's business experienced continued year over year growth in assets under management during the course of the year, even though general market conditions were challenging. This growth was predominantly within the Financial Solutions, and Fixed Income product ranges. We maintain close partnerships with our clients to devise tailored and effective solutions for their investment needs.

We continue working with the Group's distribution channels in selling our products to new markets. We continually review our investment management capabilities and refresh these through the launch of new strategies and new hires.

The operating model with our shareholder 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 a recognisable brand, we continue to grow our global presence: notably in Europe, USA, Asia and Australia.

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 range of pooled fund solutions 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.

Maintain and enhance our reputation as a quality investment brand

Insight has established a pedigree for the provision of innovative investment solutions in the 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 infrastructure and the recruitment, retention and training of quality professionals. To enable the retention of our staff, we operate long term incentive schemes, 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.

Increase profitability, revenues and shareholder value

The overall Insight UK group business has successfully grown its assets under management ("AUM") to £638 billion as at 31 December 2019 (2018: £599.1 billion). We are conscious of the potential impact markets can have on our AUM, which is the basis on which we earn our investment management fees. As a result, we maintained the longstanding revenue hedging programme, which seeks to offset some of the effect markets have on our revenues.

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, liquidity and multi-asset strategies.

Financial performance and highlights

At a high level our 2019 IIML financial performance, together with the comparison for 2018, is as follows:

Financials	2019	2018
Company profit/loss before tax	£116.4 million	£229.3 million
UK Group wide assets under management (AUM)	£638.0 billion	£599.1 billion

Profit before tax includes a £161 million dividend received from its subsidiaries.

Capital management

The Company's capital is managed via the Board through the Shareholder's Funds Policy and the annual Business Planning process. The day to day management of the Company's capital is delegated to the Chief Financial Officer and the Head of Finance.

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

The principal forms of capital are included in the following balances on the statement of financial position: called up issued capital, share premium account and retained earnings. The Company held total capital of £95.4 million as at 31 December 2019 (2018: £80.9 million).

The FCA supervises the Company's three main UK operating subsidiaries on an individual basis and, as such, receives information on the capital adequacy of, and sets capital requirements for, Insight Investment Management (Global) Limited, Insight Investment Funds Management Limited and Insight Investment International Limited. All three subsidiaries complied with the FCA's capital adequacy requirements throughout 2019 and 2018. Insight Investment Management (Europe) Limited is supervised by the Central Bank of Ireland (CBI) and also complied with all capital adequacy requirements throughout 2019.

Insight has an Internal Capital Requirement Process ("ICR"), which identifies inherent risks within the within the business and the probability of these arising; assessing the capital required to manage the financial impact if these risks were to materialise; determining how much capital should be held going forward through stress testing and scenario analysis. At the statement of financial position date, Insight as a group had a significant surplus on this internal capital requirement.

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

Corporate governance

Governance of the Company is carried out through the Board of Directors. The Board has legal and regulatory responsibility for all aspects of the business and ancillary activities of the various legal entities within the Insight group. A number of committees support the Board, including:

- Executive Management Committee (EMC) is the key business management committee for the Company and its subsidiaries responsible for strategy and execution, operational management and finance.
- The Risk Committee oversees the management of risks within the Company and manages the production of statutory and regulatory financial information. Membership consists of two Non-Executive Directors and three Independent Non-Executive Directors and the Chief Risk Officer of the Company also attends all meetings. The Risk Committee receives reports on the overall business environment and key business trends and the processes and procedures for the identification, evaluation and management of the risks facing the business.
- 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. The Remuneration Committee aims to ensure that recommendations are consistent with regulatory requirements. The Remuneration Committee comprises of two non-executive Directors representing the BNY Mellon Group and one independent non-executive Director.

Section 172 Statement

Under section 414 of the UK 2006 Companies Act (the "Act"), the Company is required to include a section 172 statement, describing how it has had regard to those matters set out in section 172 of the Act during the period in question. In addressing these matters, we would like to expand on the following:

Business Relationship with suppliers, customers and others

Insight considers its clients to be one of the most important stakeholders of our business model. In an environment where the needs of clients are rapidly evolving, Insight considers client engagement as a key element of promoting the success of the Company. Insight aims to achieve a deep understanding of clients' needs.

From the Greenwich Associates UK Investment Consultant Research study (the "Study"), Insight was voted the 2019 Greenwich Associates Quality Leader for 'Overall U.K. Institutional investment Management Service Quality' having achieved a high score based on positive citations from a significant number of institutional clients. A large part of Insight's success stems from effective engagement with clients, an approach that is heavily endorsed by the Board.

Similarly, consultants are seen as a key source of success for the business. They typically act as advisors to pension schemes, insurance companies, wealth platforms and other types of financial institutions. Insight's consultant engagement continues to be very high, as evidenced by the 2019 Greenwich Consultant Survey. In the 2019 study, UK consultants surveyed ranked Insight first for Overall LDI Quality for the ninth consecutive year and first for Overall Fixed Income Quality for the sixth year running.

Insight continues to engage with clients, either directly or via our network of consultants, in a deep and meaningful way using strategies and processes developed over several years to help find solutions that are of material value to our clients.

Suppliers

Insight's Payment Practices policy stipulates that the Company should aim to pay suppliers for their goods and services within 30 business days from the date of receipt of their invoices. The Company is satisfied that the bulk of invoices meet this target as reflected within Insight's publicly available payment practice reports.

Insight recognises that key stakeholders can have a material impact on the long-term success of the business and so incorporates the interests of these stakeholders when making strategic long-term decisions.

The Company believes that having due regard to the interests of its stakeholders is a dynamic and ongoing process which requires thoughtful monitoring and assessment.

Employees

Another critical stakeholder is, of course, Insight's staff base. New members of staff receive induction training and the opportunity to meet the CEO and the Head of Human Resources. This typically takes place a few weeks after joining Insight which gives new joiners the opportunity to review how Insight does things and make suggestions of how things could be improved, which is then taken on board by HR representatives.

Insight is a strong believer in developing its staff. This is visible through the training programs available which are designed to encourage staff and manager development.

Insight also operates a structured graduate scheme. For the period in question, the graduate scheme that was in progress included investment, business management and technology - key areas of the business. The graduate intakes will be rotating between different areas of the business for six months at a time between November 2019 and September 2020.

Insight completed a staff survey during the period; the results showed a range of 80-89% of colleagues having confidence in the leadership of Insight, believing that Insight sets high standards of performance and that colleagues enjoyed working at Insight and would recommend Insight as a place to work with there being confidence in the long-term growth prospects of our business.

Insight recognises that diversity of thought, talent and experience is critical to the continued success of our business, industry and society. We understand that diversity is multi-dimensional, from national origin and disability, to gender and social background; it needs to be tackled all the way from school age all the way up to Board level; and we still have much to do in many areas if we want to make a difference at the industry level. Throughout the year, there have been multiple initiatives to push for greater diversity addressing education for culture, development, selection and leadership.

Impact on the Community and Environment

Insight's Parent Company, BNY Mellon earned a position on the Climate Change 'A List' by CPD for the seventh year in a row in recognition of its efforts to cutting emissions, mitigating climate risks and developing the low carbon economy, all of which Insight are adopting.

Insight is committed to contributing to a sustainable world where people succeed and economies thrive. We do this by providing quality services to clients, supporting stability in a constantly changing world, and using our resources to deliver positive impact for stakeholders, communities and society. Some of our recent initiatives include moving to environmentally friendly printing, carbon neutral flights, reducing plastics in our offices and charity engagement.

During the period, Insight continued to review the various ESG working groups in addition to the formalisation of the CSR committee to ascertain how best the Company can play a meaningful role in these issues.

The Board are focusing on finding solutions to make key CSR/ESG activities embedded into the operations of the Company and for them to form part of the Company's culture.

High Standards of Business Conduct

The directors recognise that as part of the objective to promote the success of the business, maintaining a high standard of business conduct when dealing with stakeholders such as regulatory bodies and vendors is vital. Insight's interactions with these stakeholders throughout the period are set out below.

Regulatory/Trade bodies

Due to the breadth of the business as well as Insight's position in the market in which it operates, the Company recognises the importance of keeping up to date with industry regulations and best practices. To this end, the Company maintains regular interaction with key regulatory bodies such as the FCA and the CBI in Ireland. Insight strives to maintain a flexible and open relationship with these and other regulatory bodies that have an interest in the Company's operations.

During the period, Insight has met with the FCA to discuss issues such as the cessation of LIBOR, Operational Resilience, levels of liquidity as well as Brexit. Each meeting with regulatory bodies provides the Company with an opportunity to express how it is tackling various issues and gain some insight into the expectations from these bodies.

Insight has taken a leading role in increasing awareness around UK government proposals to reform the Retail Price Index (RPI) methodology. If the proposed changes were to go ahead, future returns for RPI-linked assets and pension benefits would decline by around 1% per annum. Many pension scheme members are likely to be disadvantaged without being fully aware of the proposed changes or the consultation which commenced on 11 March 2020. There is also the potential for a significant impact on the funding position of pension schemes that have CPI-linked benefits and have hedged those using index-linked gilts. To raise awareness, we have published a detailed white paper, and engaged with clients and the broader press to ensure that a wide range of stakeholders understand the proposed changes and are able share their views within the consultation.

In addition to this, as a way to represent its clients' interests, Insight also has meaningful engagement with other key organisations such as the Bank of England, the Investment Association, ISDA Working Group and Pensions Europe. The Company has been active in forums held by key organisations to help tackle issues such as LIBOR replacement and clearing exemption for pension funds.

Acting fairly between members of the company in a Shareholder relationship

Insight's Board of Directors includes representatives from its corporate shareholder BNY Mellon. It maintains an open relationship with BNY Mellon where ideas and strategic objectives are exchanged and shared. The Insight board are fully committed to ensuring due regard to the interests of other stakeholders as described above.

Revenue hedging activities

During 2019 the Company continued to operate a revenue hedging programme designed to mitigate the impact on future revenue streams of movements in macroeconomic drivers such as interest and inflation rates, and equity and currency markets. This continued during the year. Gains and losses arising on the hedge portfolio, which comprises various Over-the-Counter (OTC) derivatives such as interest rate and inflation swaps, swaptions, centrally cleared interest and inflation swaps, equity index futures and FX forward contracts, are recognised in full when they arise. The derivative positions are collateralised on a daily basis. During 2018, as a result of AUM and revenue growth, a decision was taken to further extend the hedges and additional interest and inflation rate swaps were executed through the London Clearing House. In 2019 Insight reduced some of the OTC swaps but replaced them with a swaption to provide similar hedging.

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 the business to succeed, the Group will not 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 long term incentive schemes, 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 forum. We also consider the risks from the wider macro environment to take account of external risks such as Brexit or US tax reform.

Investment performance

Failure to deliver investment performance reduces the appeal of the business'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.

Financial and liquidity risk

Further details on how the Company manages the financial and liquidity risks that it faces are disclosed in note 19 to the financial statements.

Other macro environmental risks

Other macro environmental risks include global hazards and health risks to which employees and the Company's other stakeholders are exposed to on a periodic basis. These include health outbreaks such as Coronavirus disease ("COVID-19"), hazards such as fire outbreaks and weather related events such as storms and floods. These risks have challenging impacts on the Company's operations including employees' health and safety, restrictions on travel and mobility, global markets performance among others. The risks are carefully monitored and mitigated on an ongoing basis to minimise exposure.

COVID-19 considerations

Subsequent to 31 December 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and has led to an increased level of uncertainty among Companies and global financial markets. Management has concluded that the impact of COVID-19 is a non-adjusting post balance sheet event in respect of the financial statements for the year ended 31 December 2019. Below is a consideration of the impact of the uncertainty on the Company's financial statements and operational resilience.

Financial statement consideration

Particular focus has been on the Company's key areas of significant judgment and estimation uncertainty.

- As at Q1 2020, there has been no material change in management fee revenue.
- The Company continues to closely monitor the impact of market volatility on its balance sheet. The Company currently has sufficient liquidity in excess of its regulatory requirement to absorb any short-term needs
- No provisions have arisen as a result of management's actions in response to the pandemic.

Company's operational resilience

Management has assessed the impact of COVID-19 on the Company's existing operational processes and its potential impact on its key stakeholders.

- Employees: The Company's employees including offshore workforce are remotely working from home supported by the Company's enhanced existing technology and IT infrastructure.
- Customers: There has been no significant interruptions on customer related processes and activities. The Company has continued to sufficiently administer services to its customers.
- Suppliers: Through the Company's proactive outreach programme to its third party providers, management has continued to assess and monitor its contractual risk resulting from the COVID 19 pandemic. No significant issues have been noted to-date.
- The Company is adequately financed and is able to utilise existing cash. As at Q1 2020, the Company had sufficient headroom above regulatory capital requirements.
- The Company's key information technology systems and infrastructure including those outsourced have not been significantly impacted as a result of COVID-19 and continues to operate as expected.

Impairment of subsidiary

In 2013 Insight acquired Pareto Investment Management. The UK legal entity Pareto Investment Management Limited (which was renamed to Insight Investment International Limited (IIIL) in 2018) was purchased and held at a book value of £60.6m.

The 2019 net asset value of IIIL is £35.6m, the reduction is a result of dividends paid out since 2013. In the years since the acquisition, the revenue did not grow as anticipated and in recent years the revenue has been declining. As a result, the Directors have taken a decision to impair the value of IIIL held in IIML, this decision is not related to Covid-19.

In order to calculate the impairment, a 5 year financial forecast was prepared and 4 different valuation techniques were applied, using multiples consistent with the externally provided valuation of Insight (for the long term incentive plan):

- Price / Earnings (P/E)
- Earnings before interest and taxes (EBIT)
- Earnings before interest, taxes, depreciation and amortisation (EBITDA)
- Discounted cash flow (DCF)

A combination of EBITDA and DCF was utilised to determine the appropriate valuation and subsequent impairment impact. Further details can be found in note 5.

Locations

In late 2018 Insight opened its Irish office in Dublin. In 2019 this expanded with a number of new hires to oversee the Irish management company.

Insight also opened a technology hub in Manchester to provide access to an additional talent pool. This has also expanded in 2019

Future prospects

Brexit

The UK's withdrawal from the European Union ("Brexit") is expected to have a lower impact following the results of the UK General election. Additionally, the majority of the Company's customers continue to be domiciled outside the European Union.

The Company continues to monitor the UK's withdrawal from the European Union and is proactively engaging with clients on their key concerns and considerations.

Covid-19

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors consider this to be a non-adjusting subsequent event and do not believe there is any financial impact to the Financial Statements as at 31 December 2019 as a result of this subsequent event. No other important events affecting the Company have occurred since the end of the financial year.

Dividend declaration

During 2019 a dividend of £100,000,000 was paid to BNY Mellon (2018 £251,000,000). No further dividends are proposed.

For and on behalf of the Board

Atul Manek
Director

Registered Office:
160 Queen Victoria Street
London
EC4V 4LA

23 April 2020

Statement of Directors' responsibilities

In respect of the strategic report and the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

Opinion

We have audited the financial statements of Insight Investment Management Limited ("the company") for the year ended 31 December 2019 which comprise the statement of profit and loss and other comprehensive income, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

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

Strategic report and directors' report

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

PJMcKechnie

Paul McKechnie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

24 April 2020

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Administrative expenses		**(41,007)**	(19,119)
Management service charge		**55,249**	15,334
Operating profit		**14,242**	(3,785)
Interest receivable and similar income	2	**168,503**	233,216
Interest payable and similar charges	2	**(21,755)**	(89)
Net financial income		**146,748**	233,127
Net impairment losses on shares in group undertakings	5	**(44,600)**	-
Profit before tax	3	**116,390**	229,342
Tax expense	8	**(1,922)**	(2,362)
Total comprehensive income for the year (net of tax)		**114,468**	226,980

There are no items of other comprehensive income during the year therefore no statement of other comprehensive income has been presented.

All amounts in the statement of profit or loss and other comprehensive income are in respect of continuing operations.

The notes on pages 21 to 52 form part of these financial statements.

Statement of financial position
As at 31 December 2019

	Note	31-Dec 2019 £'000	31-Dec 2018 £'000
Assets			
Other investments	10	**105,144**	149,744
Deferred tax asset	12	**11,345**	10,114
Non-current assets		**116,489**	**159,858**
Other investments	11	**81,490**	86,962
Financial Assets	13	**12,508**	7,918
Trade and other receivables	14	**4,967**	2,877
Cash and cash equivalents	15	**56,563**	210
Current assets		**155,528**	97,967
Total assets		**272,018**	**257,825**
Equity			
Issued capital	16	**10,012**	10,012
Share premium	16	**62,653**	62,653
Retained earnings	16	**22,674**	8,207
Total equity		**95,339**	80,872
Liabilities			
Financial Liabilities	17	**47,174**	46,896
Trade and other payables	18	**129,505**	130,057
Total current liabilities		**176,679**	176,953
Total equity and liabilities		**272,018**	257,825

The notes on pages 21 to 52 form part of these financial statements.

These financial statements were approved by the Board of Directors on 23 April 2020 and were signed on its behalf by:

Atul Manek
Director

Abdallah Nauphal
Director

Company registration number: 2111149

Statement of changes in equity
For the year ended 31 December 2019

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Treasury shares £'000	Total £'000
Balance at 31 December 2017		**10,012**	**63,593**	**30,780**	**(822)**	**103,563**
Total comprehensive income for the year						
Profit after tax		-	-	226,980	-	226,980
Purchase of treasury stock		-	-	-	822	822
Share scheme adjustment		-	(940)	1447	-	507
Total comprehensive income/(loss) for the year		**-**	**(940)**	**228,427**	**822**	**228,309**
Contributions by and distributions to owners of the Company						
Dividends paid	16	-	-	(251,000)	-	(251,000)
Total contributions by and distributions to owners of the Group		**-**	**-**	**(251,000)**	**-**	**(251,000)**
Balance at 31 December 2018		**10,012**	**62,653**	**8,207**	**-**	**80,872**
Total comprehensive income/(loss) for the year						
Profit after tax		-	-	114,468	-	114,468
Total comprehensive income/(loss) for the year		**-**	**-**	**114,468**	**-**	**114,468**
Contributions by and distributions to owners of the Company						
Dividends paid	16	-	-	(100,000)	-	(100,000)
Total contributions by and distributions to owners of the Group		**-**	**-**	**(100,000)**	**-**	**(100,000)**
Balance at 31 December 2019		**10,012**	**62,653**	**22,674**	**-**	**95,339**

The notes on pages 21 to 52 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit for the year		**114,468**	226,980
Adjustments for:			
Tax charge	8	**1,922**	2,362
Dividend income	2	**(161,000)**	(229,021)
Net change in fair value of derivatives	2	**13,098**	(4,162)
Interest receivable and similar income	2	**(352)**	(33)
Interest payable and similar charges	2	**1,449**	89
Net impairment losses on shares in group undertakings	5	**44,600**	-
		14,185	(3,785)
Decrease/(Increase) in trade and other receivables	14	**(3,321)**	13,620
Increase/(Decrease) in trade and other payables	18	**(753)**	(15,035)
Cash generated from operations		**10,111**	(5,200)
Interest paid		**(1,449)**	(89)
Taxes paid		**(1,722)**	(7,711)
Net cash from operating activities		**6,940**	(13,000)
Cash flows from investing activities			
Interest receivable and similar income		**352**	33
Dividends received		**161,000**	229,021
Net settlement of derivative assets and derivative liabilities	13, 17	**(17,410)**	-
Disposal of other current investments	11	**5,471**	(696)
Net cash from investing activities		**149,413**	228,358
Cash flows from financing activities			
Dividends paid	9	**(100,000)**	(251,000)
Redemption of treasury shares		**-**	822
Net cash from financing activities		**(100,000)**	**(250,178)**
Net increase in cash and cash equivalents		**56,353**	**(34,820)**
Cash and cash equivalents at 1 January	15	**210**	35,030
Cash and cash equivalents at 31 December	**15**	**56,563**	**210**

The notes on pages 21 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 financial statements were authorised for issue by the Directors on 23 April 2020. The Company and its subsidiaries operate as a single asset management business and consider themselves a single segment investment management business.

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 2019.

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2019.

b) Basis of preparation

The financial statements are prepared on a going concern basis.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 6 to 13. In addition, the Directors' report on pages 3 to 5 includes the Company's objectives, policies and processes for managing its capital; its financial risk management objective and its exposures to credit and liquidity risk.

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

Due to COVID-19, management has performed an assessment to determine whether there are any material uncertainties arising due to the pandemic that could cast significant doubt on the ability of the Company to continue as a going concern. No significant issues have been noted. In reaching this conclusion, management considered:

- The financial impact of the uncertainty on the Company's balance sheet;
- Stress tests on reasonable plausible scenarios such as significant reduction in revenue over time. This incorporates a reduced level of management and performance related fees charged on assets under management and maintaining these reduced levels for at least a year with the expectation that the volume of assets under management could fall due to COVID-19;
- Liquidity position based on current and projected cash resources. The Company's current cash/liquidity position is able to sustain its current operational costs for at least a year even with a significantly reduced revenue scenario;
- Reverse stress tests, and;
- The Company's operational resilience with respect to the impact of the pandemic on existing processes and key stakeholders such as suppliers, employees, customers and its existing IT systems and infrastructure.

Based on the above assessment of the Company's financial position, COVID-19 impact, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements are presented in Sterling, rounded to the nearest thousand. They are prepared on the historical cost basis except for financial assets and derivative assets or liabilities used for hedging revenues, which are stated at their fair value through profit and loss.

The preparation of financial statements in conformity with IFRS 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 on-going basis. Revisions to accounting estimates are recognised in the period on 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) Use of estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets/liabilities. Actual results in future periods could differ for such estimates. Estimates and assumptions are mainly used in the following areas of the financial statements and are disclosed in the corresponding notes:

- Determining fair values of financial instruments;
- Measurement and timing of provisions;
- Measurement of deferred tax assets; and
- Determining fair value of Long-term Incentive payments (LTIPs);

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 profit or loss and other 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) Basis of non-consolidation

The Company is exempt by virtue of s. 401 of the Companies Act 2006 from the requirement to prepare group financial statements and the Directors have availed this exemption this year. These financial statements present information about the Company as an individual undertaking and not about its group.

f) Offsetting

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

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

g) Other investments

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises financial assets at fair value through profit and loss when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets are designated as fair value through profit and loss with gains and losses taken to the statement of profit or loss and other comprehensive income as they arise. Fair value is determined by reference to quoted market prices on the statement of financial position date.

Investments in subsidiaries

The investments in subsidiary undertakings in the Company's financial statements are stated at cost less impairment, accounted for using the equity method.

Investments in subsidiary undertakings 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 profit or loss and other comprehensive income.

Current asset investments

Current asset investments are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises current asset investments when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Current asset investments are designated as fair value through profit and loss with gains and losses taken to the statement of profit or loss and other 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 can be subsequently measured at amortised costs using the effective interest rate method if considered material.

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) Dividends

Dividend income is recognised in the Statement of profit and loss and other comprehensive income on the date the entity's right to receive payments is established.

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

k) 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.

l) Trade and other payables

Trade and other payables are initially measured at fair value, and can be subsequently measured at amortised costs using the effective interest rate method if considered material.

m) Financial instruments

Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents and financial liabilities, trade payables, and borrowings. Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. The company derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the company. A financial liability is derecognised when, and only when the liability is extinguished.

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

Subsequent measurement

Under IFRS 9, for the purpose of subsequent measurement, a financial asset is classified, on initial recognition, as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") debt instrument; FVOCI-equity investment; or FVTPL. The classification of financial assets depends on (i) the purpose for which they were acquired, (ii) the business model in which a financial asset is managed, and (iii) its contractual cash flow characteristics. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

Measurement basis	**Accounting policies**
Financial assets at FVTPL	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in profit or loss.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Debt investments at FVOCI	These financial assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI.) On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These financial assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial assets classification and measurement

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

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

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

The Company generally does not hold assets for trading.

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

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

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

Impairment of financial assets (including trade and other debtors)

The economic useful life impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

Measurement of Expected Credit losses (ECL)

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

- Financial assets that are not credit impaired at the reporting date: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit impaired at the reporting date – the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Financial guarantee contracts – the expected payments to reimburse the holder less any amounts that the Company expects to recover.

n) Revenue

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

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

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

Nature of Services and Revenue Recognition

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

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

Performance fees are generally calculated as a percentage of the applicable portfolio's performance in excess of a benchmark index or a peer group's performance. Performance fees are only recognised on crystallization date when the quantum of the fee can be estimated reliably and it is highly probable that a significant revenue reversal will not occur. No other performance fee revenue is recognised during the financial year as it is possible that a significant revenue reversal could subsequently occur.

Disaggregation of Contract Revenue

Contract revenue is included in fee revenue on the Statement of profit and loss. Revenue within the scope of the IFRS 15 standard is reported in the revenue line. Certain fee and other revenue is covered under accounting guidance other than IFRS 15, primarily foreign exchange and other trading revenue, investment and other income.

Contract Balances

The Company's customers are billed based on fee schedules that are agreed upon in each customer contract.

Contract assets represent accrued revenues that have not yet been billed to the customers due to contingent factors other than the passage of time. Contract assets are usually billed on a monthly or quarterly basis in arrears. There were no impairments recorded on contract assets in 2019.

Both receivables from customers and contract assets are included in trade and other receivables on the balance sheet.

Changes in contract assets and liabilities primarily relate to either party's performance under the contracts.

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

Unsatisfied Performance Obligations

In relation to the revenue the Company has booked, there are no performance obligations outstanding as at year ended 31 December 2019.

o) Administrative expenses

Certain expenses relating to the Company are incurred and paid by Insight Investment Services Limited. These expenses are re-charged to the Company at cost and recognised in the Company's accounts on an accrual basis. The recharge is predominantly calculated on a pro-rata basis based on income in the subsidiaries within the Insight Group Companies (Insight Investment Funds Management Limited, Insight Investment Management Limited, Insight Investment Management (Global) Limited, Insight Investment International Limited ,formerly Pareto Investment Management Limited, and Insight Investment Services Limited).

p) Tax

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

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 which are deemed as capital items for tax purposes and therefore will be subject to that regime. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is calculated using the enacted future tax rate at the date of the financial statement.

q) Interest receivable and similar income/Interest payable and similar charges

Interest receivable and similar income comprises income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Interest payable and similar charges comprise of interest expense on financial liabilities measured at amortised cost.

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) Impairment of non-financial assets

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 assets 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 profit or loss and other comprehensive income.

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 Insight 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.

t) Long-Term Incentive Plans (LTIPs)

LTIPs form a large part of the company's remuneration policy to employees such that the company participates in a number of LTIP plans concurrently. When LTIP payments are made to employees, the fair value of these payments at the grant date serves as the basis for calculating the personnel expenses. LTIPs that are subject to the completion of a service period are expensed over the respective service period.

LTIPs are valued based on the fair value of Insight as calculated by a third party. LTIPs are settled through payments of cash and are recognised as a liability and are adjusted through the income statement for changes in fair value of the underlying instrument until final settlement.

u) Derivatives

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Those that are in-the-money are disclosed within current assets on the face of the statement of financial position while those out-the-money are disclosed within current liabilities on the face of the statement of financial position. The derivatives are used to hedge future revenue streams from their exposure to FX, interest rates and inflation.

Any maintenance margin posted with the derivative counterparty in relation to the derivative instrument remains an asset of the Company until the instrument matures or an event of default is triggered.

In the event of a gain on the derivative, margin collateral received would not be recognised as a current asset as the counterparty retains the risks and rewards of ownership and the right of substitution. Only at the point of maturity or default would the Company recognise the collateral received as a financial asset.

Hedge accounting cannot be applied as future revenues do not represent an eligible hedged item per criteria in IFRS 9, 'Financial Instruments'.

v) Changes in accounting policy and disclosures

New standards, interpretations and amendments effective from 1 January 2019

IFRS 16 Leases
IFRS 16 replaces IAS 17 Leases and introduces a single on-balance sheet accounting model for lessees. Lessor accounting remains similar to previous accounting policies.

Lessee

Lessees recognise a right-of-use ("ROU") asset and a corresponding lease liability representing its obligation to make lease payments. The asset is depreciated over the lease term, and the financial liability measured at amortised cost using the effective interest method.

As a result of recognising operating leases on-balance sheet, assets increased by £ nil and increased financial liabilities by the same amount with no effect on net assets or opening profit and loss account.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4 Determining whether an arrangement contains a lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Transition

The Company applied the modified retrospective approach and there was no impact on the net assets or opening profit and loss account as the assets and liabilities increased by the same amounts.

Leases classified as operating leases under IAS 17

At transition, lease liabilities are measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate (IBR) as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company assessed the following when applying IFRS 16 to determine whether leases previously classified as operating leases under IAS 17 were to be reclassified as finance leases under the new standard:

- The Company's internal-use software does not meet the definition of a lease under IFRS 16 as the contract conveys only the right to receive access to the supplier's software over the contract term and therefore does not contain a lease.
- Intangible assets to be recognised as a result of the internal-use software under IFRS 16 do not meet the definition of an asset as the Company does not have exclusive ownership and control over the software products.
- The Company sub-leases part of the premises located on 160 Queen Victoria Street from the ultimate parent company. Under IAS 17, the sub-lease contracts were classified as operating leases. On transition to IFRS 16, the sub-lease contracts remain classified as operating leases.

Leases classified as finance leases under IAS 17

The Company did not recognise any finance leases under IAS 17.

2. Interest receivable and similar income/Interest payable and similar charges

	2019	2018
	£'000	£'000
Interest income on other financial assets	**352**	-
Foreign exchange gain	**-**	33
Net change in fair value of derivative financial instruments	**7,151**	4,162
Dividends received	**161,000**	229,021
Interest receivable and similar income	**168,503**	233,216
Interest expense on financial liabilities measured at amortised cost	**(1,449)**	(89)
Net change in fair value of derivative financial instruments	**(20,249)**	-
Foreign exchange loss	**(57)**	-
Interest payable and similar charges	**(21,755)**	(89)
	146,748	233,127

3. Profit before tax

	2019	2018
	£'000	£'000
Profit before tax is stated after charging:		
Auditors' remuneration for:		
Audit services	**25**	22

4. Personnel expenses

Included within administrative expenses are the following aggregate payroll costs:

	2019	2018
	£'000	£'000
Wages and salaries	**82,839**	90,120
Compulsory social security contributions	**7,135**	6,369
Contributions to defined contribution plans	**4,516**	4,248
Expense/(Income) arising from share-based payments	**(16)**	(1,134)
	94,474	99,603

The staff costs shown above have been incurred by another group entity and allocated among fellow subsidiary undertakings through a management service charge.

The average number of persons employed by Insight Investment Management Limited (including directors) during the year was 555 (2018: 547).

5. Net impairment losses on shares in group undertakings

	2019	2018
	£'000	£'000
Net impairment losses on shares in group undertakings	**44,600**	-
	44,600	-

In 2013 Insight acquired Pareto Investment Management. The UK legal entity Pareto Investment Management Limited (which was renamed to Insight Investment International Limited (IIIL) in 2018) was purchased and held at a book value of £60.6m.
In the years since the acquisition, revenue did not grow as anticipated with current forecast revenue amounts also declining. As a result, the investment held in IIIL has been identified as being impaired.

As at 31 December 2019 we determined the recoverable amount to be £16m on a post-tax basis which resulted in an impairment charge of £44.6m recognised in the statement of profit or loss and other comprehensive income against the investment held in IIIL.
A discounted cash flow model and competitor analysis was used to value the business and then generate an implied, normalised multiple based on earnings before interest, tax, depreciation and amortisation (EBITDA).

The proposed IIIL valuation uses a combination of these two valuations, placing greater emphasis on the implied, normalised EBITDA multiple which is also the more conservative approach.

We continue to monitor developments in IIIL's ability to generate revenue. No further adjustment has been recorded to the impairment charge recognised at 31 December 2019.

6. Shared based payment and deferred cash arrangements

Share Schemes

The Company operates cash-settled long term incentive schemes ensuring a competitive remuneration strategy and to align the interests of management and staff with the long term objectives of shareholders.

Valuations are performed on the Company using a discounted cash flow model with an imputed interest rate in September and December of each year and are undertaken by external valuation specialists.

6. Shared based payment and deferred cash arrangements (continued)

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 or acquire shares. The intention is to make a new grant each year in March or if required, and at the sole discretion of the Insight Remuneration Committee, an off-cycle grant at another time.

Scheme participants have been allocated ordinary C shares of nominal value 1p each, which carry neither rights to dividends nor any voting rights (see note 15).

The vesting period for the participant's interest in the shares ranges from one 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.

In accordance with the FCA Remuneration Code the March 2012 and March 2013 JOE grant for Identified Code Staff vest in three equal instalments annually. For the purposes of these financial statements, such grants have been included within the JOE scheme details.

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.

Employees are offered ordinary D shares of nominal value 1p each and the shares carry neither rights to dividends nor any voting rights (see note 15). The award of free shares is subject to a minimum holding period commencing on the date of award and culminating three years later, 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 the vesting date the Trustee will purchase the participant's shares at the price determined during the most recent valuation.

6. Shared based payment and deferred cash arrangements (continued)

Movement in shares

2018	JOE Units	LTIP Units
Outstanding at 1 January 2018	20,169,771	335,228
Granted during the year	4,951,873	209,420
Exercised during the year	(9,541,406)	(109,067)
Forfeited during the year	(230,144)	(32,181)
Outstanding at 31 December 2018	**15,350,094**	**403,400**

2019	JOE Units	LTIP Units
Outstanding at 1 January 2019	15,350,094	403,400
Granted during the year	6,446,134	201,919
Exercised during the year	(4,626,200)	(107,743)
Forfeited during the year	(301,782)	(40,167)
Outstanding at 31 December 2019	**16,868,246**	**457,409**

Shares exercised during the year related to certain individuals deemed as good leavers (at the sole discretion of the Insight Remuneration Committee) and to those eligible to exercise fully vested JOE shares where the minimum holding period has elapsed.

There were two opportunities to exercise during the year; in March 2019 at a price of £5.46 and in December 2019 at a price of £6.13.

Shares forfeited during the year relate to staff who had left the Company and lost the right to beneficial interest in shares granted under these schemes.

	2019	2018
	£'000	£'000
Cash settled share based payment expense	**40,841**	18,567
Total carrying amount of liabilities	**72,452**	63,732

The cost of share based payments is amortised over the vesting period of each scheme. These costs are recharged by the Company to its operating subsidiaries, Insight Investment Management (Global) Limited, Insight Investment Funds Management Limited and Insight Investment International Limited.

6. Shared based payment and deferred cash arrangements (continued)

FCA Remuneration Code

In response to the Company falling within the scope of the FCA Remuneration Code, the following reward schemes were launched during 2012 as applied to the deferral of remuneration for Identified Code Staff (now commonly referred to as Material Risk Material Takers) where applicable:

Deferred Cash Scheme

Awards are deferred in three equal instalments over three years with interest earned on a compound basis, with grants being made in March each year since the inception of the scheme. The interest rate is set by The Bank of New York Mellon each year and all accrued interest is paid out in full at the time an annual instalment falls due for settlement. The value of the accrued awards outstanding at the end of the year is £802,479 (2018: £1,128,000), based on the value of awards being spread one third over a one year period; one third over a two year period and one third over a three year period. This expense was incurred by one of the Company's subsidiaries, Insight Investment Services Limited.

Retained Share Plan

An element of a participant's cash incentive is awarded in the form of Insight shares that vest immediately on award but are held for at least six months and one day before they are exercised. The awards are approved at a cash value and then converted into shares by dividing the cash value by the Insight valuation prevailing at that time. Any increase in value is accounted for by the Company as cash-settled and expensed through the profit and loss account when the latest valuation price has been approved.

At the point of award the shares are held by the Insight EBT as nominee for the individual. The beneficial interest of the shares resides with the individual until exercise whereupon it is the intention of the Insight EBT to acquire the shares and beneficial interest from the participants.

The maximum holding period for the shares following the end of the stated vesting period is seven years.

For the 2019 performance year, no Retained Share awards were required to be granted to identified Code Staff due to Insight being reclassified as a proportionality Level 3 firm (detailed below).

Retained Share Plan

In November 2015, the FCA formally approved a re-tiering application for Insight to be treated as a proportionality Level 3 firm on the basis that neither Insight nor any other BNYM group company will offer capital support to the constant NAV funds being operated across the BNYM platform.

As a Level 3 firm, Insight does not have to apply deferral rules and bonus cap provisions to identified Material Risk Takers for the 2019 performance year.

7. Remuneration of directors

	2019	2018
	£'000	£'000
Aggregate directors' remuneration:		
Directors' emoluments	**8,379**	7,467
Long term incentive schemes	**4,904**	6,736
Pension contributions	**192**	190
	13,475	14,393
Highest paid director:		
Directors' emoluments	**3,034**	2,724
Long term incentive schemes	**1,950**	2,546
Pension contributions	**23**	22
	5,007	5,292

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

8. Tax Expense

	2019	2018
	£'000	£'000
Analysis of the charge for the period		
Taxation is based on profit/(loss) before tax for the year and comprises:		
Current tax charge for the year at 19.00% (2018: 19%)	**2,978**	-
Adjustments in respect of prior periods	**175**	39
	3,153	39
Deferred tax charge/ (credit)		
Origination/ reversal of timing differences	**(1,377)**	2,614
Effect of decrease in tax rate	**-**	(275)
Adjustments in respect of prior periods	**146**	(16)
	(1,231)	2,323
Tax on profit on ordinary activities	**1,922**	2,362
Reconciliation of effective tax rate		
Profit on ordinary activities before tax	**116,390**	229,342
Tax charge on profit on ordinary activities at standard rate of 19.00% (2018: 19%)	**22,114**	43,575
Non-deductible expenses	**8,474**	-
Income not subject to tax	**(30,590)**	(43,575)
Impact of change in rates	**145**	(275)
Effects of group relief	**-**	4,146
Adjustments in respect of prior periods	**175**	23
Movement on LTIP	**1,604**	(1,532)
	1,922	2,362

Factors that may affect future and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £1,334,745.

9. Dividends

	2019	2018
	£'000	£'000
Ordinary dividends:		
Dividend paid	**100,000**	251,000
	100,000	251,000

In September 2019 the company declared and paid a dividend totalling £100,000,000 to its immediate parent company. During 2018 dividends totalling £251,000,000 were paid.

10. Other investments – non-current

	2019	2018
	£'000	£'000
Shares in group undertakings		
At the beginning of the year	**149,744**	149,744
Net impairment losses on shares in group undertakings	**(44,600)**	-
At 31 December 2019	**105,144**	149,744
Total non-current assets at 31 December 2019	**105,144**	149,744

11. Other investments - current

	2019	2018
	£'000	£'000
Financial assets at fair value through profit and loss	**81,490**	86,962
	81,490	86,962

Other investments relate to holdings in the Insight Liquidity Funds plc ("ILF") and the net collateral posted on the derivative positions. The ILF is an umbrella open ended investment company. The Company'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 & Poor's and has same day settlement terms.

12. Deferred tax asset

	2019	2018
	£'000	£'000
Deferred tax asset	**11,345**	10,114
	11,345	10,114
Deferred tax is made up of:		
At 1 January	**10,114**	12,436
Credit/ (charge) to income during the year	**1,231**	(2,338)
Adjustments in respect of prior periods	**-**	16
	11,345	10,114
Deferred tax has been recognised in full & consists of the following		
Long term incentive charged in profit and loss	**11,345**	10,114
	11,345	10,114

13. Financial assets at fair value through profit and loss

	2019	2018
	£'000	£'000
Interest rate and inflation swaps	**9,976**	7,437
Equity futures	**1,622**	481
Swaptions	**240**	-
FX Forward Contracts	**670**	-
	12,508	7,918

Unrealised gains on derivative financial instruments are marked to market through profit and loss and are disclosed separately on the face of the balance sheet to unrealised losses on financial instruments as no right of offset exists between the two. Refer to note 17 for disclosure of the impact of marking-to-market derivative instruments at a loss during the course of the year.

14. Trade and other receivables

	2019	2018
	£'000	£'000
Amounts receivable from related parties	**4,962**	2,871
Other receivables	**5**	6
	4,967	2,877

15. Cash and cash equivalents

	2019	2018
	£'000	£'000
Bank balances	**56,563**	210
Cash and cash equivalents in the statement of cash flows	**56,563**	210

16. Capital and reserves

	Equity: Ordinary shares of £1 each	Equity: Ordinary B shares of 1p each	Equity: Ordinary C shares of 1p each	Equity: Ordinary D shares of 1p each	Equity: Ordinary E shares of 1p each	Equity: Ordinary F shares of 1p each	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Allotted, called up and fully paid*							
At 1 January 2018	10,007	-	5	-	-	-	10,012
At 31 December 2018	10,007	-	5	-	-	-	10,012
At 1 January 2019	10,007	-	5	-	-	-	10,012
At 31 December 2019	**10,007**	**-**	**5**	**-**	**-**	**-**	**10,012**

Issued Share Capital

Issued share capital of the company consists of the following ordinary shares:	**Number of shares**
Ordinary Shares of £1	10,006,505
B Class Ordinary Shares of 0.001p each	2,097,642
C Class Ordinary Shares of 0.001p each	46,837,352
D Class Ordinary Shares of 0.001p each	1,490,893
E Class Ordinary Shares of 0.001p each	522,143
F Class Ordinary Shares of 0.001p each	473,098

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, D, E and F shares have no right to dividends or to vote in general meetings of the Company. Holders of B, C, D, E and F Shares shall be entitled to 3.9138p for each £1.00 payable in respect of an ordinary share in the event of a winding-up of the Company.
For more information about the Company's capital management policy, please refer to the capital management policy section within the Strategic Report.

**Value of paid up capital rounds to zero but is not zero as each share is worth 1p*

16. Capital and reserves (continued)

	Share premium £'000	Retained earnings £'000	Total £'000
Reconciliation of movement in capital and reserves			
Balance at 1 January 2018	63,593	30,780	94,373
Total recognised income and expenses	-	226,980	226,980
Share scheme adjustment	(940)	1,447	507
Dividends paid	-	(251,000)	(251,000)
Balance at 31 December 2018	**62,653**	**8,207**	**70,860**
Balance at 1 January 2019	62,653	8,207	70,860
Total recognised income and expenses	-	114,467	114,467
Dividends paid	-	(100,000)	(100,000)
Balance at 31 December 2019	**62,653**	**22,674**	**85,327**

16. Capital and reserves (continued)

	Number	£'000
Treasury shares		
At 1 January 2018	422	822
Redemption of treasury shares	(422)	(822)
At 31 December 2018	-	-
At 1 January 2019	-	-
At 31 December 2019	**-**	**-**

The treasury shares related to the fair value of shares purchased by the Insight EBT from participants in the retained Share Plan

17. Financial liabilities at fair value through profit and loss

	2019	2018
	£'000	£'000
Interest rate and inflation swaps	**47,121**	46,000
FX Forward Contracts	**53**	896
	47,174	46,896

Out-of-the-money financial assets are marked to market through profit and loss and are disclosed separately on the face of the balance sheet as no right of offset exists with in-of-the-money financial assets.

The total mark-to-market adjustment recognised in finance income/expense for the period ended 31 December 2019 was a loss of £13.1m (2018: gain of £4.2m). This amount is recharged by the Company to its operating subsidiaries, Insight Investment Management (Global) Limited, Insight Investment Funds Management Limited and Insight Investment International Limited.

18. Trade and other payables

	2019	2018
	£'000	£'000
Amounts payable to related parties	**50,345**	61,908
Tax payable	**1,235**	1,035
Other payables	**515**	1,210
Accrued expenses	**77,410**	65,904
	129,505	130,057

An amount of £1,762,419 (2018: £1,702,855) is accrued within other payables in relation to a liability for the repurchase of class F shares issued to Insight North America LLC, previously Pareto New York LLC, a sister entity in the wider BNY Mellon group of companies and not part of the Insight sub-group.

19. Related party disclosures

	2019	2018
	£'000	£'000
At the end of the year, the Company had the following balances with related parties:		
Debtors		
BNY Mellon Group undertakings		
Insight North America	**4,962**	2,233
Other related parties	**-**	638
	4,962	2,871
Creditors		
BNY Mellon Group undertakings		
Insight Investment Funds Management Limited	**(41)**	(620)
Insight Investment Management (Global) Limited	**(25,144)**	(31,395)
Insight Investment Services Limited	**(2,432)**	(2,723)
Insight Investment International Limited	**(20,069)**	(22,179)
Bank of New York Mellon - London Branch	**(2,482)**	-
Other related parties	**-**	(4,991)
	(50,168)	(61,908)

The company recharged costs to its subsidiaries during the year of £25,152,000 (2018: £15,334,000).The decrease year on year was due to positive (rather than negative) P&L on the revenue hedges and also a P&L credit as a result of the reduction in price on the employee JOE LTIP scheme

20. Financial instruments

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

Credit Risk

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

The credit risk policy for cash and cash equivalents is to maintain bank accounts with Lloyds Bank Plc and to invest surplus cash in the Insight Liquidity Funds plc. At the statement of financial position date the Standard and Poor's credit rating for Lloyds Bank Plc was A+.

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-Dec 2019	31-Dec 2018
	£'000	£'000
Other investments - current (note 11)	**81,490**	86,962
Financial assets at fair value through profit and loss (note 13)	**12,508**	7,918
Trade and other receivables (note 14)	**4,967**	2,877
Cash and cash equivalents (note 15)	**56,563**	210
Total	**155,528**	97,967

The carrying amounts of financial assets represent the maximum credit exposure.

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

	31-Dec 2019	31-Dec 2018
	£'000	£'000
Neither past due nor impaired	**4,967**	2,877
Past due up to 1 month	**-**	-
Past due from 1 month to three months	**-**	-
Past due from three months to one year	**-**	-
More than 1 year past due	**-**	-
Total	**4,967**	2,877

20. Financial instruments (continued)

Foreign currency risk

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

	US Dollar
	£'000
At 31 December 2019	
Trade and other receivables	384
Cash and cash equivalents	6
Total	**389**
At 31 December 2018	
Trade and other receivables	317
Cash and cash equivalents	2
Total	**319**

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 Company manages this risk through a proactive debtor management process and by sweeping surplus foreign currency cash balances into Sterling on a periodic basis.

Sensitivity analysis

A 10 percent strengthening of Sterling against the following currencies at 31 December 2019 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 2018.

	Impact on equity	Impact on profit or loss
	£'000	£'000
At 31 December 2019		
US Dollar	(39)	(39)
At 31 December 2018		
US Dollar	(32)	(32)

A 10 percent weakening of Sterling against the above currencies at 31 December 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

20. Financial instruments (continued)

Interest rate risk

Effective interest rates and maturity analysis

Income-earning financial assets and interest-bearing financial liabilities earn/bear interest on a floating rate basis. Management deem interest rate risk immaterial and do not actively manage this risk. The following table indicates the periods in which they mature and the effective interest rate earned/ borne.

	2019		2018	
	Cash and cash equivalents	Current asset investments	Cash and cash equivalents	Current asset investments
Effective rate	1.24%	0.13%	0.28%	0.53%
	£'000	£'000	£'000	£'000
One year or less	56,563	81,490	210	86,962

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 £559,000 / (£559,000) (2018: £353,000 / (£353,000).
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 tax assuming the current corporation tax rate of 19.00% (2018: 19%).

The derivative positions held are impacted by changes to future expectations of real interest rate levels. The impact of a 50 basis points increase in the real interest rate swap curve at the statement of financial position date would be to increase equity and profit or loss by £6,075,000

Market price risk

The Company holds investments in the Insight Liquidity Funds plc (see note 11) 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 £81,490,000 / (£81,490,000) (2018: £86,962,000 / (£86,962,000).
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 £330,000 / (£330,000) (2018: £352,000 / (£352,000).
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 tax assuming the current corporation tax rate of 19.00% (2018: 19%).

Equity market risk

The company has taken out index-linked derivatives as part of its strategy to neutralise the impact of equity market movements on its future revenues. The instruments are linked to the MSCI EAFE and MSCI US indices. A 50 basis point (0.05%) increase / (decrease) across the underlying indices would (decrease) / increase equity and profit or loss by £(40,000)/£40,000

20. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company 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. The Company 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 on the statement of financial position.

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

	31-Dec 2019	31-Dec 2018
	£'000	£'000
One month or less	**50,861**	53,301
Between one month and three months	**-**	9,817
Between three months and one year	**1,235**	1,035
Between one year and five years	**77,409**	65,904
Over five years	**-**	-
Total	**129,505**	130,057

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

20. Financial instruments (continued)

Fair values

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

	31-Dec 2019	31-Dec 2018
	£'000	£'000
Carrying amount		
Current asset investments designated at fair value through profit and loss (note 11)	81,490	86,962
Financial assets (note 12)	12,508	7,918
Trade and other receivables at fair value (note 14)	4,967	2,877
Cash and cash equivalents (note 15)	56,563	210
Financial liabilities (note 17)	47,174	46,896
Other financial liabilities measured at fair value – trade and other payables (note 18)	129,505	130,057
Fair value		
Current asset investments designated at fair value through profit and loss (note 11)	81,490	86,962
Financial assets (note 12)	12,508	7,918
Trade and other receivables at fair value (note 14)	4,967	2,877
Cash and cash equivalents (note 15)	56,563	210
Financial liabilities (note 17)	47,174	46,896
Other financial liabilities measured at fair value – trade and other payables (note 18)	129,505	130,057

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.

Current asset investments

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

Financial assets

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

20. Financial instruments (continued)

Trade & 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.

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	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
At 31 December 2019				
Financial assets designated at fair value through profit or loss	138,053	12,508	-	150,561
Financial liabilities designated at fair value through profit or loss	-	(47,174)	-	(47,174)
Total	**138,053**	**(34,666)**	**-**	**103,387**
At 31 December 2018				
Financial assets designated at fair value through profit or loss	87,172	7,918	-	95,090
Financial liabilities designated at fair value through profit or loss	-	(46,896)	-	(46,896)
Total	**87,172**	**(38,978)**	**-**	**48,194**

During the year there have been no transfers between levels.

21. Pension Schemes

[redacted]

At 31 December 2019 all employees performing services on behalf of the Company are contractually employed by the Company and are members of the Insight 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 £4,516,000 (2018:£4,248,000).

The cost was incurred by one of the Company's subsidiaries, Insight Investment Services Limited which in turn recharged the cost to Insight Investment Management (Global) Limited, Insight Investment Funds Management Limited and Insight Investment International Limited.

22. Ultimate parent undertaking

[redacted]

As at 31 December 2019 the Company's immediate parent company was BNY Mellon International Asset Management Group Limited.

The Company's ultimate parent company as at 31 December 2019 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 Bank of New York Mellon Corporation

240 Greenwich Street

New York

NY 10286

USA

23. Subsequent events

[redacted]

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors consider this to be a non-adjusting subsequent event and do not believe there is any financial impact to the Financial Statements as at 31 December 2019 as a result of this subsequent event.

No other important events affecting the Company have occurred since the end of the financial year.