Insight Investment Services Limited

Directors' report and financial statements

Year ended 31 December 2015

Registered No. 4471826

Contents

Directors' report

The Directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of Insight Investment Services Limited ("the Company") is the provision of business and other related services to Insight Investment Management Limited and its subsidiaries.

The Directors do not envisage any change in the Company's activity in the foreseeable future.

Going concern

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

Proposed dividend

The Directors do not recommend the payment of a dividend (2014: Nil).

Audit information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's 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 (2014: £nil). Donations to UK charities amounted to £nil (2014: £nil), however Insight staff worked closely in 2015 with Alzheimer's Research UK, our chosen charitable partner, 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 the BNY Mellon International Limited Directors' report for further information.

Significant changes in fixed assets

Additions and disposals of fixed assets are detailed in the notes to the financial statements.

Directors

The Directors who held office during the year were as follows:

Charles Farquharson
Atul Manek
Abdallah Nauphal

International financial reporting standards

These accounts are prepared in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) and its interpretations as endorsed by the EU and effective at 31 December 2015.

By order of the Board

Charles Farquharson
Director

Registered office
160 Queen Victoria Street
London
EC4V 4LA
23 March 2016

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 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 and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping 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 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.

Strategic report

The Directors present their strategic report for year ended 31 December 2015.

Business update, strategy and objectives

The Company continued to operate as the service company within the Insight group.

The Company invested in infrastructure development to support the business during a period of substantial growth in its lifecycle and with a view to ensuring its systems and technology can accommodate the needs of a strategy for international expansion.

The business will continue to develop its IT, systems and front office infrastructure in the coming period as the Insight group continues to grow domestically and in geographies where it is previously had a limited presence.

Further details on the wider Insight group's strategy and risks can be found in Insight Investment Management Limited's strategic report.

Business review

The Company made a profit before taxation of £1,000 (2014: £19,000)

The immediate parent company, Insight Investment Management Limited, has confirmed its intention to provide financial support, if required, to the Company.

Key risks and uncertainties

The Directors have identified financial and liquidity risk as the most pressing for the Company. Further details on how the Company manages the financial and liquidity risks that it faces are disclosed in note 17 to the financial statements.

Capital management

The capital of the Company is equivalent to total shareholders' equity. The distributable reserves of the Company are managed through the Group Capital and Funding Policy in order to maximise capital efficiency within the Group. When relevant, dividends would be paid from reserves available for distribution to the immediate parent undertaking twice a year according to parameters set out at a Group level so as to avoid any build-up of reserve balances within the Company.

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

By order of the Board

Charles Farquharson
Director

Registered office
160 Queen Victoria Street
London
EC4V 4LA
23 March 2016

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

We have audited the financial statements of Insight Investment Services Limited for the year ended 31 December 2015 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Insight Investment Services Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Neil Palmer, **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
23 March 2016

Statement of Profit or Loss and other comprehensive income
For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Administrative expenses		**(157,239)**	(132,280)
Management service charge		**156,835**	132,491
Other operating income	2	**397**	(20)
Results from operating activities		**(7)**	191
Financial income	3	**9**	26
Financial expense	3	**(1)**	(198)
Net financial income		**8**	(172)
Profit before tax	4	**1**	19
Tax expense	7	**565**	(500)
Profit/ (loss) for the year		**566**	(481)

There are no gains and losses other than the loss for the year shown above; accordingly no statement of other comprehensive income has been prepared.

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

The notes on pages 11 to 27 form part of these financial statements.

Statement of financial position

As at 31 December 2015

	Note	**31 December 2015 £'000**	31 December 2014 £'000
Assets			
Property, plant and equipment	8	**2,194**	1,839
Intangible assets	9	**20,973**	16,169
Deferred tax assets	14	**929**	-
Non-current assets		**24,096**	18,008
Other investments	10	**31**	31
Trade and other receivables	11	**41,555**	41,772
Cash and cash equivalents	12	**4,992**	2,712
Current assets		**46,578**	44,515
Total assets		**70,674**	62,523
Equity			
Issued capital	13	**-**	-
Reserves	13	**217**	195
Retained earnings	13	**(22,206)**	(22,772)
Total equity		**(21,989)**	(22,577)
Liabilities			
Deferred tax liabilities		**-**	483
Trade and other payables	15	**92,663**	84,617
Total current liabilities		**92,663**	85,100
Total equity and liabilities		**70,674**	62,523

These financial statements were approved by the Board of Directors on 23 March 2016 and were signed on its behalf by:

Charles Farquharson
Director

Abdallah Nauphal
Director

Company registration number: 4471826

The notes on pages 11 to 27 form part of these financial statements.

Statement of changes in equity
As at 31 December 2015

	Note	Share Capital £'000	Reserves £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2013		-	166	(22,291)	(22,125)
Total comprehensive income for the year					
Loss		-	-	(481)	(481)
Total comprehensive income for the year		-	-	(481)	(481)
Transactions with owners of the Company recognised directly in equity					
Contributions by and distributions to owners of the Company					
Restricted stock grant	13	-	29	-	29
Total contributions to owners of the Company		-	29	-	29
Balance at 31 December 2014		-	195	(22,772)	(22,577)
Total comprehensive income for the year					
Profit		-	-	566	566
Total comprehensive income for the year		-	-	566	566
Transactions with owners of the Company recognised directly in equity					
Contributions by and distributions to owners of the Company					
Restricted stock grant	13	-	22	-	22
Total contributions by and distributions to owners of the Company		-	22	-	22
Balance at 31 December 2015		**-**	**217**	**(22,206)**	**(21,989)**

The notes on pages 11 to 27 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit for the year		**566**	(481)
Adjustments for:			
Tax	7	**(565)**	500
Depreciation	8	**1,000**	909
Amortisation of intangibles	9	**4,466**	4,250
Loss on disposal of intangible assets	4	**-**	20
Amortisation of restricted stock grant	13	**22**	29
Interest income	3	**(9)**	(26)
		5,480	5,201
(Increase)/decrease in trade and other receivables	11	**627**	(9,542)
Increase/(decrease) in trade and other payables	15	**8,046**	(3,219)
Cash generated from operating activities		**14,153**	(7,560)
Interest paid		**-**	-
Tax paid		**(1,257)**	(203)
Net cash (used in)/from operating activities		**12,896**	(7,763)
Cash flows from investing activities			
Interest received		**9**	26
Acquisition of property, plant and equipment	8	**(1,356)**	(568)
Software development expenditure	9	**(9,270)**	(7,093)
Acquisition of other current investments	10	**-**	-
Net cash (used in)/from investing activities		**(10,617)**	(7,635)
Net (decrease)/ increase in cash and cash equivalents		**2,280**	(15,397)
Cash and cash equivalents at 1 January	12	**2,712**	18,109
Effect of exchange rate fluctuations on cash held		**-**	-
Cash and cash equivalents at 31 December	12	**4,992**	2,712

The notes on pages 11 to 27 form part of these financial statements.

Notes to the financial statements

1. Significant accounting policies

Insight Investment Services Limited (the "Company") is a company domiciled in the United Kingdom. The financial statements were authorised for issue by the Directors on 23 March 2016. The Company operates as a service company for the Insight Investment Management Limited group of companies which operates as a single asset management business and considers itself to be a single segment investment management business.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Insight Investment Management Limited, the immediate parent company. Insight Investment Management Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

(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 2015.

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2015.

(b) Basis of preparation

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

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 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 Financial Statements. Actual results may differ from these estimates.

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

1. Significant accounting policies (continued)

(c) Property, plant and equipment

Owned assets

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

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

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

Depreciation

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

Computer equipment	3/4 years
Purchased software	3 years/lesser of the estimated useful life or 5 years
Fixtures, fittings and equipment	5 years

(d) Intangible assets

Software development costs

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

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

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

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

Subsequent expenditure

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

1. Significant accounting policies (continued)

(e) Other investments

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

(f) Trade and other receivables

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

(g) 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.

(h) Impairment

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

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

(i) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

(j) Dividends

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

1. Significant accounting policies (continued)

(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 subsequently measured at amortised cost using the effective interest rate method.

(m) Tax

Tax on the profit and 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 to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates at the statement of financial position date.

(n) Financial income and financial expense

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

Financial expense comprises interest expense on borrowings and bank overdrafts.

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

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

(o) Pension schemes

All employees performing services on behalf of the group are contractually employed by Insight Investment Management Limited and employees are members of a defined contribution scheme, the Mellon Group Pension Plan.

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

(o) Pension schemes (continued)

Obligations for contributions to defined contribution pension plans recognised as an employee expense in the statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees.

(p) Financial instruments

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

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

Financial liabilities are measured either at fair value through profit or loss or at amortised cost depending on their categorisation on initial recognitionA financial asset is derecognised when:

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

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

(q) Changes in accounting policy and disclosures

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

IFRS 9 Financial Instruments (effective date 1 January 2018)

IFRS 14 Regulatory Deferral Accounts (effective date 1 January 2016)

IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2018)

Defined Benefit Plans: Employee Contributions – Amendments to IAS 19 (effective date 1 July 2014)

Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (effective date 1 January 2016)

Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective date 1 January 2016)

Equity Method in Separate Financial Statements – Amendments to IAS 27 (effective date 1 January 2016)

Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective date 1 January 2016)

Annual Improvements to IFRSs – 2012-2014 Cycle (effective date 1 January 2016)

2. Other operating income/ (expense)

	2015 £'000	2014 £'000
Other operating income/ (expense)	**397**	(20)
	397	(20)

3. Financial income and financial expense

Recognised in profit and loss

	2015 £'000	2014 £'000
Interest income on other financial assets	**9**	26
Financial income	**9**	26
Net foreign exchange loss	**(1)**	(198)
Financial expense	**(1)**	(198)
Net financial income recognised in profit or loss	**8**	(172)

4. Profit before tax

Profit before tax is stated after charging:

	2015 £'000	2014 £'000
Profit before tax is stated after charging:		
Auditor's remuneration for:		
Audit services	**11**	11
Depreciation of property, plant and equipment	**1,000**	909
Amortisation of intangibles	**4,466**	4,250
Loss on disposal of intangible assets	**-**	20

The majority of administration expenses borne by the Company have been allocated to fellow subsidiary undertakings through a management service charge.

5. Personnel expenses

Included within Administrative Expenses are the following aggregate payroll costs:

	2015 £'000	2014 £'000
Wages and salaries	**76,347**	58,848
Compulsory social security contributions	**5,207**	8,830
Contributions to defined contribution plans	**3,436**	3,262
Expense arising from share-based payments	**1,876**	2,467
	86,866	73,407

The above staff costs relate to the employment of staff by Insight Investment Management Limited (contractual party), which are recharged from BNY Mellon AP to Insight Investment Services Limited and then subsequently recharged to Insight Investment Management (Global) Limited, Insight Investment Funds Management Limited and Pareto Investment Management Limited. It must be noted that Insight Investment Services Limited employs no staff.

Notes to the financial statements (continued)

6. Remuneration of directors

None of the Directors received any emoluments from Insight Investment Services Limited in respect of *their services to the Company during the year.*

7. Tax expense

Analysis of the charge for the period	**2015 £'000**	2014 £'000
Taxation is based on profit before tax for the year and comprises:		
Current tax charge for the year at 20.25% (2014: 21.50%)	**274**	119
Adjustments in respect of prior periods	**573**	(69)
Total current tax	**847**	50
Deferred tax (credit)/ expense		
Origination/ reversal of timing differences	**(422)**	379
Effect of decrease in tax rate	**49**	-
Adjustments in respect of prior periods	**(1,039)**	71
	(1,412)	450
Tax on profit on ordinary activities	**(565)**	500

Reconciliation of effective tax rate

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	**-**	19
Tax charge on profit on ordinary activities at standard rate of 20.25% (2014: 21.50%)	**-**	4
Expenses not deductible for tax purposes	**450**	523
Short-term timing differences	**-**	(29)
Foreign taxes	**(466)**	-
Adjustments in respect of prior periods	**(549)**	2
	(565)	498

Factors that may affect future and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

8. Property, plant and equipment

	Computer equipment £'000	Total £'000
Cost		
Balance at 1 January 2014	5,283	5,283
Acquisitions	568	568
Balance at 31 December 2014	**5,851**	**5,851**
Balance at 1 January 2015	5,851	5,851
Acquisitions	1,356	1,356
Balance at 31 December 2015	**7,207**	**7,207**
Depreciation and impairment losses		
Balance at 1 January 2014	3,103	3,103
Depreciation charge for the year	909	909
Balance at 31 December 2014	**4,012**	**4,012**
Balance at 1 January 2015	4,012	4,012
Depreciation charge for the year	1,000	1,000
Balance at 31 December 2015	**5,013**	**5,013**
Carrying amounts		
At 1 January 2014	2,180	2,180
At 31 December 2014	1,839	1,839
At 31 December 2015	**2,194**	**2,194**

Notes to the financial statements (continued)

9. *Intangible assets*

	Software development costs £'000	Software under construction £'000	Total £'000
Cost			
Balance at 1 January 2014	13,460	2,343	15,804
Acquisitions - internally developed	725	6,368	7,093
Transfers	7,443	(7,443)	-
Disposals	(29)	-	(29)
Balance at 31 December 2014	21,599	1,268	22,867
Balance at 1 January 2015	21,599	1,268	22,867
Acquisitions - internally developed	368	8,902	9,270
Transfers	9,133	(9,133)	-
Disposals	(54)	-	(54)
Balance at 31 December 2015	**31,045**	**1,037**	**32,083**
Amortisation and impairment losses			
Balance at 1 January 2014	2,448	-	2,448
Amortisation for the year	4,250	-	4,250
Balance at 31 December 2014	6,698	-	6,698
Balance at 1 January 2015	6,698	-	6,698
Amortisation for the year	4,466	-	4,466
Disposals	(54)		(54)
Balance at 31 December 2015	**11,110**	-	**11,110**
Carrying amounts			
At 1 January 2014	11,012	2,343	13,356
At 31 December 2014	14,901	1,268	16,169
At 31 December 2015	**19,936**	**1,037**	**20,973**

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

Notes to the financial statements (continued)

10. Other investments

	31 December 2015 £'000	31 December 2014 £'000
Other investments	**31**	31

Other investments relate to holdings in the Insight Liquidity Funds plc ("ILF"). The ILF is an umbrella open ended investment company listed on the Irish Stock Exchange. The 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 & Poors and has same day settlement terms.

11. Trade and other receivables

	31 December 2015 £'000	31 December 2014 £'000
Trade receivables	**257**	-
Amounts receivable from related parties	**33,294**	33,746
Other receivables	**2,387**	2,175
Prepayments	**4,732**	5,376
Tax receivable	**885**	475
	41,555	41,772

12. Cash and cash equivalents

	2015 £'000	2014 £'000
Bank balances	4,992	2,712
Cash and cash equivalents in the statement of cash flows	4,992	2,712

13. Capital and reserves

	Equity: Ordinary shares of £1 each	Total
	£	£
Allotted, called up and fully paid		
At 1 January 2014	1	1
Issued during the year	-	-
At 31 December 2014	1	1
At 1 January 2015	1	1
Issued during the year	-	-
At 31 December 2015	**1**	**1**

Reconciliation of movement in capital and reserves

	Reserves	Retained earnings	Total
	£'000	£'000	£'000
Balance at 1 January 2014	166	(22,291)	(22,125)
Total recognised income and expenses	-	(481)	(481)
Restricted stock grant	29	-	29
Balance at 31 December 2014	**195**	**(22,772)**	**(22,577)**
Balance at 1 January 2015	195	(22,772)	(22,577)
Total recognised income and expenses	-	566	566
Restricted stock grant	22	-	22
Balance at 31 December 2015	**217**	**(22,206)**	**(21,989)**

The amounts shown above in respect of equity capital are to the nearest pound Sterling. The statement of financial position of the Company shown on page 8 is disclosed to the nearest thousand pounds Sterling.

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. There has been no movement in the issued share capital during the year.

For more information about the Company's capital management policy, please refer to the capital management policy section within the Strategic report on page 4.

During 2011, The Bank of New York Mellon Corporation launched a share ownership scheme for staff it identifies as key to the continued success of The Bank of New York Mellon's asset management offering. This restricted stock scheme grants shares in The Bank of New York Mellon Corporation to employees, with the intention being that these instruments will track The Bank of New York Mellon's share price. Shares are held in Trust for the first three years before being transferred to employees. As these are essentially shares held in a parent, the Company recognises them as treasury stock and at recognition recorded the cost of the grant within other reserves together with an equal and opposite credit capturing the fact that the parent was funding this with a capital contribution.

14. Deferred tax asset

	31 December 2015 £'000	31 December 2014 £'000
Deferred tax asset	**929**	483
Net position	**929**	483

Movement in temporary differences during the year:	**2015 £'000**	2014 £'000
At 1 January	**(483)**	33
(Credit)/ charge to income during the year	**1,363**	450
Impact of rate change	**49**	-
Balance carried forward as at 31 December	**929**	483

Deferred tax has been recognised in full and consists of the following	**31 December 2015 £'000**	31 December 2014 £'000
Excess of depreciation over capital allowances	**404**	368
Real equity scheme	**118**	197
Other	**407**	(82)
Net position	**929**	483

15. Trade and other payables

	31 December 2015 £'000	31 December 2014 £'000
Amounts payable to related parties	**36,606**	38,363
Other payables	**794**	1,021
Accruals and deferred income	**55,263**	45,233
	92,663	84,617

16. Related party disclosures

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

	2015 £'000	2014 £'000
Debtors		
BNY Mellon Group undertakings		
Insight Investment Funds Management Limited	**29,863**	17,835
Insight Investment Management (Global) Limited	**-**	15,485
Pareto Investment Management Limited	**873**	256
Other related parties	**2,558**	170
	33,294	33,746
Creditors		
BNY Mellon Group undertakings		
Insight Investment Management Limited	**(22,389)**	(28,434)
Insight Investment Management (Global) Limited	**(7,963)**	-
Other related companies	**(6,254)**	(9,929)
	(36,606)	(38,363)

The Company incurs costs on behalf of the Insight Investment Management Limited group of companies. During the year the Company recharged the following amounts:

	2015 £'000	2014 £'000
Insight Investment Management (Global) Limited	**112,223**	95,536
Insight Investment Funds Management Limited	**31,860**	26,321
Pareto Investment Management Limited	**10,518**	10,634
	154,601	132,491

During the year the Company incurred costs recharged from BNY Mellon International Asset Management Group Limited of £151,338,000 (2014: £126,080,000) relating to payroll costs, pensions and accounts payable services.

During the year the Company incurred costs from BNY Mellon (International) Limited totalling £4,249,000 (2014: £3,568,000) in respect of outsourced Third Party Administration services.

17. 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 trade and other receivables, amounts owed by Lloyds Banking Group undertakings and cash at banks. At the statement of financial position date there were no significant concentrations of credit risk to third parties external to the BNY Mellon 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 wherever practicable. 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 historical incidence of default has not been significant and in the majority of cases the receivable is due from a fellow Insight group undertaking.

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

	2015 £'000	2014 £'000
Trade and other receivables (note 11)	**41,555**	41,772
Cash and cash equivalents (note 12)	**4,992**	2,712
Total	**46,547**	44,484

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

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

	2015 £'000	2014 £'000
Neither past due nor impaired	**41,512**	41,772
Past due up to 1 month	**-**	-
Past due from 1 month to three months	**34**	-
Past due from three months to one year	**9**	-
More than 1 year past due	**-**	-
Total	**41,555**	41,772

Notes to the financial statements (continued)

17. Financial instruments (continued)

Foreign currency risk

The Company has minimal exposure to foreign currency risk in relation to services received that are invoiced by suppliers in a currency other than Sterling. The currencies that give rise to this risk are primarily U.S. Dollars and Euros.

The Company does not have other monetary assets and liabilities held in currencies other than Sterling. Therefore the Company's currency risk as at the Statement of Financial Position date was immaterial and accordingly no sensitivity analysis has been presented.

Interest rate risk

Effective interest rates and maturity analysis

All cash and cash equivalent assets/ 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.

Effective interest rates and maturity analysis

	2015		2014	
	Cash and cash equivalents	**Current asset investments**	Cash and cash equivalents	Current asset investments
Effective rate	**0.25%**	**0.56%**	0.25%	0.35%
	£'000	**£'000**	£'000	£'000
One year or less	**4,992**	**31**	2,712	31
	4,992	**31**	2,712	31

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 £20,029/ (£20,029) (2014: £10,800/ (£10,800). 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 20.25% (2014: 21.50%).

Market price risk

The Company holds investments in the Insight Liquidity Funds plc (see Note 10) 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 £31,000 (2014: £31,000).

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 £124/ (£124) (2014: £122/ (£122)). This calculation assumes that the change occurs at the statement of financial position date and is applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 20.25% (2014: 21.50%).

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 which together exceed total equity on the statement of financial position.

17. Financial instruments (continued)

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

	2015 £'000	2014 £'000
One month or less	36,606	38,363
Between one month and three months	56,057	46,254
Between three months and one year	-	-
Between one year and five years	-	-
Over five years	-	-
Total financial liabilities	92,663	84,617

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

Fair values

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

	31 December 2015 £'000	31 December 2014 £'000
Carrying amount		
Current asset investments designated at fair value through profit and loss (note 10)	31	31
Trade and other receivables at amortised cost (note 11)	41,555	41,772
Cash and cash equivalents (note 12)	4,992	2,712
Other financial liabilities measured at amortised cost - trade and other payables (note 15)	92,663	84,617
Fair value		
Current asset investments designated at fair value through profit and loss (note 10)	31	31
Trade and other receivables at amortised cost (note 11)	41,555	41,772
Cash and cash equivalents (note 12)	4,992	2,712
Other financial liabilities measured at amortised cost - trade and other payables (note 15)	92,663	84,617

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.

Trade and other receivables / payables

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

17. Financial instruments (continued)

Fair value hierarchy

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 December 2015				
Financial assets designated at fair value through profit or loss	**31**	-	-	**31**
At 31 December 2014				
Financial assets designated at fair value through profit or loss	31	-	-	31

During the year there have been no transfers between Levels.

18. Pension schemes

At 31 December 2015 all employees performing services on behalf of the Company are contractually employed by Insight Investment Management Limited and are members of the Mellon Group Personal Pension Plan (the "Plan"). This Plan is a defined contribution scheme and the Plan's assets are held independently from those of the Company under a separately administered trust. The pension cost charge in respect of the Plan amounted to £3,445,000 (2014: £3,262,000) and is included within administrative expenses.

19. Ultimate parent undertaking

As at 31 December 2015 the Company's immediate parent company was Insight Investment Management Limited. Copies of the financial statements for Insight Investment Management Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent company as at 31 December 2015 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated financial statements of the ultimate parent company may be obtained from:

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