

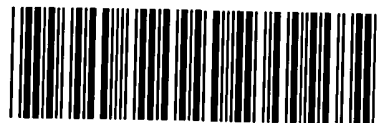
Insight Investment Services Limited

Directors' report and financial statements

Year ended 31 December 2016

Registered No. 4471826

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Directors' report

The Directors present their annual report and financial statements for the year ended 31 December 2016.

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 (2015: 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 (2015: £nil). Donations to UK charities amounted to £nil (2015: £nil), however Insight staff worked closely in 2016 with Alzheimer's Research UK and Haven House Children's Hospice, 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 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' report (continued)

Directors

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

Abdallah Nauphal
Atul Manek
Charles Farquharson

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 2016.

By order of the Board



Atul Manek
Director

Registered office
160 Queen Victoria Street
London
EC4V 4LA
23 March 2017

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 2016.

Business update, strategy and objectives

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

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

The business will continue to invest in and develop its IT systems and front office infrastructure in the coming period as the Insight group continues to expand in all its geographies of operation.

Business review

The Company made a loss before taxation of £3,000 (2015: profit before tax of £1,000).

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 in accordance with parameters set out at a Group level.

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

By order of the Board



Atul Manek
Director

Registered office
160 Queen Victoria Street
London
EC4V 4LA
23 March 2017

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 2016 set out on pages 11 to 28. 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 2016 and of its loss 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 matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 2017

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Administrative expenses		(162,589)	(157,239)
Management service charge		160,872	156,835
Other operating income	2	1,335	397
Results from operating activities		(382)	(7)
Financial income	3	378	9
Financial expense	3	-	(1)
Net financial income		378	8
Loss/(profit) before tax		(3)	1
Tax expense	7	(371)	565
Total comprehensive income/(loss) for the year net of tax		(374)	566

There was no other comprehensive income recognised for the year.

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

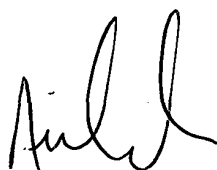
The notes on pages 11 to 28 form part of these financial statements.

Statement of financial position

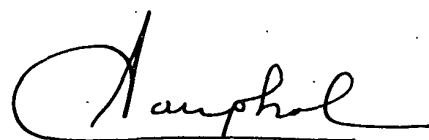
As at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Assets			
Property, plant and equipment	8	1,780	2,194
Intangible assets	9	25,071	20,973
Deferred tax assets	14	1,053	929
Non-current assets		27,904	24,096
Other investments	10	31	31
Trade and other receivables	11	13,256	41,555
Cash and cash equivalents	12	2,723	4,992
Current assets		16,010	46,578
Total assets		43,914	70,674
Equity			
Issued capital	13	-	-
Reserves	13	227	217
Retained earnings	13	(22,580)	(22,206)
Total equity		(22,353)	(21,989)
Liabilities			
Deferred tax liabilities		-	-
Trade and other payables	15	66,267	92,663
Total current liabilities		66,267	92,663
Total equity and liabilities		43,914	70,674

These financial statements were approved by the Board of Directors on 23 March 2017 and were signed on its behalf by:



Atul Manek
Director



Abdallah Nauphal
Director

Company registration number: 4471826

The notes on pages 11 to 28 form part of these financial statements.

Statement of changes in equity

As at 31 December 2016

	Note	Share Capital £'000	Reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2015		-	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 to owners of the Company		-	22	-	22
Balance at 31 December 2015		-	217	(22,206)	(21,989)
Total comprehensive income for the year					
Profit/(loss)		-	-	(374)	(374)
Total comprehensive income for the year		-	-	(374)	(374)
Transactions with owners of the Company recognised directly in equity					
Contributions by and distributions to owners of the Company					
Restricted stock grant	13	-	10	-	10
Total contributions by and distributions to owners of the Company		-	10	-	10
Balance at 31 December 2016		-	227	(22,580)	(22,353)

The notes on pages 11 to 28 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Profit for the year		(374)	566
Adjustments for:			
Tax	7	371	(565)
Depreciation	8	991	1,001
Amortisation of intangibles	9	6,313	4,466
Amortisation of restricted stock grant	13	10	22
Interest income	3	(9)	(9)
		7,302	5,480
(Increase)/decrease in trade and other receivables	11	28,555	627
Increase/(decrease) in trade and other payables	15	(26,396)	8,046
Cash generated from operating activities		9,461	14,153
Interest paid		-	-
Tax paid		(752)	(1,257)
Net cash (used in)/from operating activities		8,709	12,896
Cash flows from investing activities			
Interest received		9	9
Acquisition of property, plant and equipment	8	(577)	(1,356)
Software development expenditure	9	(10,410)	(9,270)
Net cash (used in)/from investing activities		(10,978)	(10,617)
Net (decrease)/ increase in cash and cash equivalents		(2,269)	2,279
Cash and cash equivalents at 1 January	12	4,992	2,712
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at 31 December	12	2,723	4,992

The notes on pages 11 to 28 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 2016.

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2016.

(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.

Notes to the financial statements (continued)

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	Maximum 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.

Notes to the financial statements (continued)

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 or 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 measured at fair value, less provision for impairment, and can be subsequently measured at amortised costs using the effective interest rate method if considered material. 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.

Notes to the financial statements (continued)

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 measured at fair value, less provision for impairment, and can be subsequently measured at amortised costs using the effective interest rate method if considered material.

(m) 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.

(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 Insight 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 recognition. A financial asset is derecognised when:

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

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

(q) Changes in accounting policy and disclosures

At the date of approval of these financial statements, the following standards, amendments to standards, and interpretations, which are relevant to the Company have been issued by the International Accounting Standards Board (IASB).

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The directors anticipate that the adoption of these standards in future periods in their issued form will have no material impact on the financial statements.

2. Other operating income

	2016 £'000	2015 £'000
Other operating income	1,335	397
	1,335	397

3. Financial income and financial expense

Recognised in profit and loss

	2016 £'000	2015 £'000
Interest income on other financial assets	9	9
Foreign exchange gain	369	-
Financial income	378	9
Foreign exchange loss	-	(1)
Financial expense	-	(1)
Net financial income recognised in profit or loss	378	8

4. Profit before tax

	2016 £'000	2015 £'000
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Profit before tax is stated after charging:

Auditor's remuneration for:
Audit services

10 11

Depreciation of property, plant and equipment
Amortisation of intangibles

991 1,001
6,313 4,466

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:

	2016 £'000	2015 £'000
Wages and salaries	79,195	76,347
Compulsory social security contributions	5,482	5,207
Contributions to defined contribution plans	3,155	3,436
Expense arising from share-based payments	1,145	1,876
	88,977	86,866

The above staff costs relate to the employment of staff by Insight Investment Management Limited (contractual party), which are recharged from BNY Mellon Accounts Payable 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

	2016 £'000	2015 £'000
Aggregate directors' remuneration:		
Directors' emoluments	19	7
Long term incentive schemes	31	61
Pension contributions	1	1
	51	69
	2016 £'000	2015 £'000
Highest paid director:		
Directors' emoluments	11	2
Long term incentive schemes	23	25
Pension contributions	1	-
	35	27

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. Previously, only remuneration paid by this Company had been included in the disclosure. The comparatives have therefore been amended.

7. Tax expense

	2016 £'000	2015 £'000
Analysis of the charge for the period		
Taxation is based on profit before tax for the year and comprises:		
Current tax charge for the year at 20.00% (2015: 20.25%)	450	274
Adjustments in respect of prior periods	45	573
Total current tax	495	847
Deferred tax (credit)/ expense		
Origination/ reversal of timing differences	(236)	(422)
Effect of decrease in tax rate	136	49
Adjustments in respect of prior periods	(24)	(1,039)
	(124)	(1,412)
Tax on profit on ordinary activities	371	(565)
Reconciliation of effective tax rate		
	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(4)	-
Tax charge on profit on ordinary activities at standard rate of 20.00% (2015: 20.25%)	-	-
Expenses not deductible for tax purposes	214	450
Impact of change in tax rates	136	-
Foreign taxes	-	(466)
Adjustments in respect of prior periods	21	(549)
	371	(565)

Factors that may affect future and total tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was enacted on 26 October 2015 and a further reduction to 17% (effective 1 April 2020) was enacted on 15 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

Notes to the financial statements (continued)

8. Property, plant and equipment

	Computer equipment £'000	Total £'000
Cost		
Balance at 1 January 2015	5,851	5,851
Acquisitions	1,356	1,356
Balance at 31 December 2015	7,207	7,207
Balance at 1 January 2016	7,207	7,207
Acquisitions	577	577
Balance at 31 December 2016	7,784	7,784
Depreciation and impairment losses		
Balance at 1 January 2015	4,012	4,012
Depreciation charge for the year	1,001	1,001
Balance at 31 December 2015	5,013	5,013
Balance at 1 January 2016	5,013	5,013
Depreciation charge for the year	991	991
Balance at 31 December 2016	6,004	6,004
Carrying amounts		
At 1 January 2015	1,839	1,839
At 31 December 2015	2,194	2,194
At 31 December 2016	1,780	1,780

Notes to the financial statements (continued)

9. Intangible assets

	Software development costs £'000	Software under construction £'000	Total £'000
Cost			
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	31,046	1,037	32,083
Balance at 1 January 2016	31,046	1,037	32,083
Acquisitions - internally developed	1,647	8,764	10,411
Transfers	-	-	-
Disposals	-	-	-
Balance at 31 December 2016	32,693	9,801	42,494
Amortisation and impairment losses			
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
Balance at 1 January 2016	11,110	-	11,110
Amortisation for the year	6,313	-	6,313
Disposals	-	-	-
Balance at 31 December 2016	17,423	-	17,423
Carrying amounts			
At 1 January 2015	14,901	1,268	16,169
At 31 December 2015	19,936	1,037	20,973
At 31 December 2016	15,271	9,801	25,071

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 2016 £'000	31 December 2015 £'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 2016 £'000	31 December 2015 £'000
Trade receivables	-	257
Amounts receivable from related parties	5,301	33,294
Other receivables	2,590	2,387
Prepayments	4,223	4,732
Tax receivable	1,142	885
	13,256	41,555

12. Cash and cash equivalents

	2016 £'000	2015 £'000
Bank balances	2,723	4,992
Cash and cash equivalents in the statement of cash flows	2,723	4,992

Notes to the financial statements (continued)

13. Capital and reserves

	Equity: Ordinary shares of £1 each £	Total £
Allotted, called up and fully paid		
At 1 January 2015	1	1
Issued during the year	-	-
At 31 December 2015	1	1
At 1 January 2016	1	1
Issued during the year	-	-
At 31 December 2016	1	1

Reconciliation of movement in capital and reserves

	Reserves £'000	Retained earnings £'000	Total £'000
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)
Balance at 1 January 2016	217	(22,206)	(21,989)
Total recognised income and expenses	-	(374)	(374)
Restricted stock grant	10	-	10
Balance at 31 December 2016	227	(22,580)	(22,353)

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.

Notes to the financial statements (continued)

14. Deferred tax asset

	31 December 2016 £'000	31 December 2015 £'000
Deferred tax asset	1,053	929
Net position	1,053	929
Movement in temporary differences during the year:	2016 £'000	2015 £'000
At 1 January	929	(483)
(Credit)/ charge to income during the year	260	1,363
Prior year adjustments	(136)	49
Impact of rate change	-	-
Balance carried forward as at 31 December	1,053	929
Deferred tax has been recognised in full and consists of the following	31 December 2016 £'000	31 December 2015 £'000
Excess of depreciation over capital allowances	397	404
Real equity scheme	112	118
Other	544	407
Net position	1,053	929

15. Trade and other payables

	31 December 2016 £'000	31 December 2015 £'000
Amounts payable to related parties	9,411	36,606
Other payables	941	794
Accruals and deferred income	55,915	55,263
	66,267	92,663

Notes to the financial statements (continued)

16. Related party disclosures

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

	2016 £'000	2015 £'000
Debtors		
BNY Mellon Group undertakings		
Insight Investment Management Limited	1,711	-
Insight Investment Funds Management Limited	166	29,863
Insight Investment Management (Global) Limited	1,908	-
Pareto Investment Management Limited	1,266	873
Other related parties	250	2,558
	5,301	33,294
Creditors		
BNY Mellon Group undertakings		
Insight North America	(2,205)	-
Insight Investment Management Limited	-	(22,389)
Insight Investment Management (Global) Limited	-	(7,963)
Other related companies	(7,206)	(6,254)
	(9,411)	(36,606)

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

	2016 £'000	2015 £'000
Insight Investment Management (Global) Limited	116,489	112,223
Insight Investment Funds Management Limited	34,122	31,860
Pareto Investment Management Limited	10,262	10,518
	160,873	154,601

During the year the Company incurred costs recharged from BNY Mellon International Asset Management Group Limited of £156,245,000 (2015: £151,338,000) relating to payroll costs, pensions and accounts payable services.

During the year the Company incurred costs from BNY Mellon (International) Limited totalling £5,347,000 (2015: £4,249,000) in respect of outsourced Third Party Administration services.

Notes to the financial statements (continued)

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:

	2016 £'000	2015 £'000
Trade and other receivables (note 11)	13,256	41,555
Cash and cash equivalents (note 12)	2,723	4,992
Total	15,979	46,547

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:

	2016 £'000	2015 £'000
Neither past due nor impaired	14,501	41,512
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	14,501	41,555

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

	2016		2015	
	Cash and cash equivalents	Current asset investments	Cash and cash equivalents	Current asset investments
Effective rate	0.24%	0.47%	0.25%	0.56%
	£'000	£'000	£'000	£'000
One year or less	2,723	31	4,992	31
	2,723	31	4,992	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 £11,016/ (£11,016) (2015: £20,029/ (£20,029)). 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 20.00% (2015: 20.25%).

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 (2015: £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) (2015: £124/ (£124)). 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 20.00% (2015: 20.25%).

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.

Notes to the financial statements (continued)

17. Financial instruments (continued)

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

	2016 £'000	2015 £'000
One month or less	10,657	36,606
Between one month and three months	56,856	56,057
Between three months and one year	-	-
Between one year and five years	-	-
Over five years	-	-
Total financial liabilities	67,513	92,663

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 2016 £'000	31 December 2015 £'000
Carrying amount		
Current asset investments designated at fair value through profit and loss (note 10)	31	31
Trade and other receivables at fair value (note 11)	14,501	41,555
Cash and cash equivalents (note 12)	2,723	4,992
Other financial liabilities measured at fair value - trade and other payables (note 15)	67,513	92,663
Fair value		
Current asset investments designated at fair value through profit and loss (note 10)	31	31
Trade and other receivables at fair value (note 11)	14,501	41,555
Cash and cash equivalents (note 12)	2,723	4,992
Other financial liabilities measured at fair value - trade and other payables (note 15)	67,513	92,663

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.

Notes to the financial statements (continued)

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 2016				
Financial assets designated at fair value through profit or loss	31	-	-	31
At 31 December 2015				
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 2016 all employees performing services on behalf of the Company are contractually employed by Insight Investment Management Limited 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 £3,155,000 (2015: £3,436,000) and is included within administrative expenses.

19. Ultimate parent undertaking

As at 31 December 2016 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 2016 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

20. Subsequent events

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