Registration number: 06649814

Invesco UK Services Limited

Strategic Report, Directors' Report and Audited Financial Statements

for the Year Ended 31 December 2018

Invesco UK Services Limited

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Invesco UK Services Limited

Company Information

Directors	Gary Buxton
	Katy Walton Jones
	Matthieu Grosclaude
Registered office	Perpetual Park Perpetual Park Drive Henley-on-Thames Oxfordshire RG9 1HH
Independent auditors	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1 Ireland

Invesco UK Services Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report on the affairs of Invesco UK Services Limited ("the company") for the year ended 31 December 2018. The company's ultimate parent is Invesco Ltd and forms part of the Invesco UK Supervisory Group for regulatory purposes. In this report and these financial statements, Invesco Ltd. and its subsidiaries are referred to as "the group" and the Invesco UK Supervisory Group as "the IUK group". In addition, the board of the IUK group is referred to as "the IUK board".

Principal activities
The principal activities of the company are the provision of promotion, marketing and advisory services in relation to exchange traded funds and other exchange traded investment products ("ETPs"). The company is regulated by the Financial Conduct Authority ("FCA") and is authorised in the conduct of its investment business by that organisation.

Purpose and key stakeholders

The company forms part of the wider Invesco group, with a clear purpose: to help people get more out of life by delivering a superior investment experience. The Invesco group focuses on four key strategic objectives that are designed to sharpen focus on client needs, further strengthen the business over time and help ensure its long-term success:

(1) Achieve strong, long-term investment performance across distinct investment capabilities with clearly articulated investment philosophies and processes, aligned with client needs;
(2) Be instrumental to its clients' success by delivering distinctive investment capabilities worldwide to meet their needs;
(3) Harness the power of its global platform by continuously improving executional effectiveness to enhance quality and productivity, and allocating resources to the opportunities that will best benefit clients and the business; and
(4) Perpetuate a high-performance organization by driving greater transparency, accountability, fact-based decision making and execution at all levels.

To further assist in delivering on the group's key strategic objectives, the leadership team has identified key areas of focus or "Growth Drivers". A team consisting of a Senior Managing Director Convener and Team Leader has been appointed for each driver to facilitate execution of the group's strategy.

In delivering in this purpose, and considering the requirements of S172 of the Companies Act 2006, the board have due regard for the key stakeholders of the company and group, as set out below:

Employees are critical to the success of the company, and are considered to be a key source of value to the company. The group continually focusses on talent, including by developing and enhancing capabilities to support current and future business demands; strengthening the capability to attract external talent, promoting internal talent, and planning for succession; and continuing to strengthen a diverse culture.

Clients are fundamental to the company's purpose. The company aims to achieve excellence in client relationships and to build a differentiated, industry-leading reputation. The success of the company is driven by its ability to deliver successful outcomes for its clients - delivering products that meet investors' needs, generating investment returns in line with fund objectives and policies, safekeeping of clients' assets, dealing with their instructions and enquiries in a timely and fair manner, and in the provision of other related services.

Purpose and key stakeholders (continued)

Suppliers are key partners in enabling the company, and the wider Invesco group, to provide services to clients. The company as a subsidiary of Invesco UK Limited (IUK), applies a supplier payment policy and tracks creditor payment days as a metric. From 1 January 2018, IUK has reported its payment practices and performance under the requirements of the Small Business, Enterprise and Employment Act 2015. The company also applies appropriate oversight and monitoring in respect of key outsourced service providers, and has a due diligence and vendor management process in place when taking on new suppliers.

The **industry** is undergoing continual change, and the company continues to increase its focus on more strategic interactions with policy makers and regulators. The company ensures that external engagement, internal assessment, and change management are in place for the Invesco group to be at the forefront of regulatory expectations and industry best practice, and that client and intermediary due diligence is aligned with regulatory expectation.

The wider **community** within which the company operates is also considered to be a key stakeholder. The company supports its local communities through volunteering and charitable fundraising activities, and seeks to minimise its impact on the environment, as set out below.

Business Review

The loss for the financial year was £9,046,923 (2017: loss £13,961,746).

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

Assets under promotion

	2018 £ m	2017 £ m
As at 1 January	6,954	5,700
As at 31 December	6,684	6,954

Financials

	2018 £	2017 £	% change
Revenue	29,155,486	30,418,679	(4.15)%
Net assets	10,683,602	6,725,548	58.85%

The Source group ("Source"), which included Invesco UK Services Limited, was acquired by Invesco (UK) Limited with the transaction completed in August 2017. Sources's range of physical precious metal ETPs and PIMCO-managed fixed income funds are viewed as complementary to that of Invesco's existing exchange-traded fund (ETF) business.

In terms of product performance over the 12 months, Invesco P-ETCs gathered c.£244m (2017: £900m) of net new assets with the Invesco Physical Gold P-ETC remaining the Company's largest product with £3.9bn (2017: £3.4bn) of assets.

The PIMCO Source ETFs net flows in the year were £693m net outflows (2017: £1.7bn net inflows). Shorter-term fixed income strategies were in demand either as a higher yielding alternative to cash or as a way to reduce sensitivity to potential interest rate rises.

During the year, the Company operated a branch in Israel.

Governance

The group has a robust risk governance structure and framework which is considered appropriate to the size, nature and complexity of the business. These arrangements are characterised by a matrix management model across functions and regions. The Invesco UK Limited Board defines and monitors the risk appetite of the EMEA group and oversees a risk management framework designed to ensure that this appetite is adhered to. The risk management framework is supported by an established risk and control self-assessment programme, which informs functional and regional senior management and the Board on the risks managed by the business. These are reviewed by the appropriate Risk Management Committee that has been established to monitor the risks within the business and report to the Board.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are categorised as - strategic, conduct, operational, market, capital and liquidity, and credit risk.

Strategic risk

Strategic risks are those which may impact on the group's ability to deliver its strategic objectives, resulting from poor strategic decision making, or the poor execution of strategic decisions. Strategic risks may threaten the group's purpose - to help people get more out of life by delivering a superior investment experience. The protection of data and client assets is seen as fundamental to the group's purpose, and the group will take steps to avoid any instances of these being threatened. All staff are trained in identifying and reporting potential cyber threats, which are overseen both globally and locally by the Group Security function.

Conduct risk

This is the attitude and behaviours of our people that could negatively influence our actions leading to detrimental outcomes for our clients, employees and shareholders. The management of conduct risk is seen by the group as being fundamental to the delivery of its purpose, with any potential conduct risks receiving a high level of management attention. This category also considers the group's regulatory obligations - proactive engagement with current and future regulatory requirements is aligned with the group's purpose to provide for and protect its clients. All staff are responsible for ensuring that they maintain positive conduct behaviours, with potential conduct risks being identified and escalated through the risk management framework as appropriate.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. The sound management of operational risk is key to the group being able to protect its clients and reputation, and to control its cost base.

Market risk

The level of the company's AUM is influenced by the growth or contraction of the underlying markets. The AUM is also influenced by investment performance and net new flows. Revenue is directly related to AUM, and therefore the principal risk to the company is market risk, representing the movement in AUM due to underlying market movement. Exposure to market risk is monitored by monthly total AUM reporting and considered in the context of relative performance.

Principal risks and uncertainties (continued)

Capital & liquidity risk

Capital risk refers to the company's ability to maintain sufficient capital, at both a group and company level, to meet its regulatory capital obligations at all times. Liquidity risk refers to the risk that a firm, although solvent, does not have available sufficient resources to enable it to meet its obligations on an ongoing basis as they fall due. The company's approach to capital and liquidity risks reflects its approach to balance sheet management, and the need to be able to satisfy any obligations and maintain appropriate regulatory capital levels.

Credit risk

Credit risk is defined as the risk of loss caused by the failure of a counterparty to perform its contractual obligations. The IUK company maintains a high level of oversight over counterparties to which it or its clients or funds may have exposures, and will take action to avoid any circumstances where these may be jeopardised.

Management of principal risks and uncertainties

The management of principal risks and uncertainties involves the following activities:

Quarterly Risk Assessment Process

The Independent Risk Function ("IRF") meets with the business lines and functional areas quarterly to assess and challenge the business units' assessment of their own risks. This ensures that existing and emerging risks are identified, assessed and quantified and that controls are appropriate to reduce the risks to within the risk appetite. Where risks cannot be reduced to this level, they are escalated to the member of the Board responsible for the business unit for discussion. Through this discussion and challenge process risks may be agreed to be escalated to the Board. The IRF uses the individual business line and functional area Risk Profiles to generate a Risk Register. All risks are categorised using the risk categories per the company's Risk Appetite Statements and KRIs.

Capital Scenarios

Capital scenarios are quantified by using all aspects of the risk framework, including input from risk owners and subject matter experts within the business or group. Scenario analysis conclusions are input back into the overall risk framework to determine control, business and process improvements that may be appropriate.

Incident Reporting

The IRF manages the incident reporting process. There is no de minimis threshold with all incidents being reported regardless of whether they result in loss or not. A report is generated for each reported incident which includes details of the incident and action taken to rectify or address it together with the time to resolve and a business owner. The Operational Risk team tracks the status of reported incidents through to completion.

Management of principal risks and uncertainties (continued)

Key Risk Indicators (KRIs)

As part of the IUK group, the company is subject to the KRI's set by the IUK board. These are a series of metrics that measure adherence to the IUK board's risk appetite statement. The IRF collates the metrics from across all the business lines and functional areas on a monthly basis, reporting trends and issues to the board.

The indicators are all quantitative in nature and are monitored within thresholds which identify where risks may be escalating. The KRI's measure whether operationally the risk appetite statements are being met and cover all aspects of the business from finance to investment to product. Each indicator has a red, amber or green status that when triggered, is investigated and reported on by the IRF to the IUK Board, along with any other trends or themes that emerge from the wider operational risk framework. Each KRI links to the operational risk categorisation mechanism which links KRI's and the risk appetite statement to risk assessments and the incident management process.

Control Improvements

One of the key outputs from the risk process relates to making improvements in the control environment. Through the identification of areas of deficiency or indeed, enhancements, the business continues to developenhanced processes and improved risk mitigation techniques.

Impact of Brexit

On 23 June 2016, the UK electorate voted to leave the European Union. There will be a resulting period of uncertainty for the UK economy with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities reported at the balance sheet date of 31 December 2018.

The final terms of the withdrawal are still largely unknown. The IUK group has permanently established and regulated businesses in a number of EU countries. To monitor and mitigate the Brexit risk, Invesco has established a Brexit Steering Committee that is responsible for taking any decisions on the impact of Brexit on the business operations and legal structure. In addition, a Brexit working group is liaising with a number of industry bodies and external consultants to monitor the latest information and consider any impacts on the company.

The group's AUM is primarily sourced and managed within the same region as the domicile of each entity within the group. As a result, the majority of activities are expected to be unaffected by Brexit. Certain product ranges contracted within EU countries receive investment management services from UK companies, and in these cases the future operations may be determined based on whether these services are provided through the benefit of passporting, equivalence or by way of co-operation agreements between the UK and certain member states. The breadth and diversification of the products and investment capabilities across the EMEA group, together with the relatively small proportion of products potentially impacted, means that no impairment to the carrying value of the company's subsidiary entities is anticipated as a result of the Brexit changes.

Going concern

The Company incurred a loss for the year ended 31 December 2018, and has been loss making since inception. The Directors have reviewed the financial projections of the Company to determine if there is material uncertainty that the Company will continue to operate for the foreseeable future. The Directors have determined that on the basis of the support from the group no material uncertainty exists. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Future strategy

The company's long term strategy, as part of the IUK group, is to continue to strengthen its leadership in core markets, execute in high growth areas, and to deliver an elite set of capabilities for the benefit of clients and shareholders. The focus on high growth areas includes concentration on Digital Advice, ETFs, Institutional, Factors and Solutions. In doing so, the company and group will also continue to invest in its key strengths, including its investment platform, distribution expertise, technology and scale.

The group and company will deliver on its strategy by continuing to develop and diversify its product range, whilst being thoughtful and considered in launching new products. It will continue to target growth of market share across the UK and, Cross Border Retail and Institutional businesses, and will continue to build a high performance organisation across EMEA.

Approved by the Board on 3 April 2019 and signed by order of the Board by:

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Gary Buxton
Director

Invesco UK Services Limited

Directors' Report for the Year Ended 31 December 2018

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

Directors of the company

The directors, who held office during the year, were as follows:

Gary Buxton

Katy Walton Jones

Mike Paul (resigned 1 March 2019)

Matthieu Grosclaude

Dividends

There was no interim dividend paid during the year (2017: £Nil). The directors do not recommend the payment of a final dividend (2017: £Nil).

Directors' liabilities

Invesco Ltd., the ultimate parent company, has taken out indemnity insurance for all of the directors of the company in connection with their roles and responsibilities as Director and in accordance with the requirements and limitations of Section 234 of the Companies Act 2006. This indemnity is in force at the date of signing of these financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 3 April 2019 and signed by order of the Board by:

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Gary Buxton
Director

Invesco UK Services Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the members of Invesco UK Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Invesco UK Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic report, directors' report and Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent Auditors' Report to the members of Invesco UK Services Limited (continued)

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the members of Invesco UK Services Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Patricia Johnston

Patricia Johnston (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers,
Chartered Accountants and Statutory Auditors

One Spencer Dock
North Wall Quay
Dublin 1
Ireland

5 April 2019

Invesco UK Services Limited

Income Statement for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Revenue	4	29,155,486	30,418,679
Administrative expenses		(38,181,989)	(44,140,142)
Operating loss	5	(9,026,503)	(13,721,463)
Finance income	6	578	34,689
Finance costs		-	(13,115)
Loss before income tax		(9,025,925)	(13,699,889)
Income tax expense	10	(20,998)	(261,857)
Loss for the year		(9,046,923)	(13,961,746)

The above results were derived from continuing operations.

Invesco UK Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Loss for the year		(9,046,923)	(13,961,746)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gains/(losses)	5	4,977	(9,006)
Total comprehensive income for the year		(9,041,946)	(13,970,752)

The notes on pages 17 to 34 form an integral part of these financial statements.

Invesco UK Services Limited

(Registration number: 06649814)

Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 £	31 December 2017 £
Fixed assets			
Property, plant and equipment	11	225,169	107,222
Investments	12	13,351	13,351
		238,520	120,573
Current assets			
Trade and other receivables	13	3,719,349	9,030,611
Cash and cash equivalents	14	20,729,883	17,403,172
		24,449,232	26,433,783
Creditors: Amounts falling due within one year			
Trade and other payables	15	(13,717,876)	(19,828,808)
Net current assets		10,731,356	6,604,975
Total assets less current liabilities		10,969,876	6,725,548
Provisions	17	(286,274)	-
Net assets		10,683,602	6,725,548
Equity			
Share capital	18	2,305	2,205
Share premium		148,577,151	135,577,251
Retained earnings		(137,895,854)	(128,853,908)
Total equity		10,683,602	6,725,548

Approved by the Board on 3 April 2019 and signed on its behalf by:

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Gary Buxton
Director

Invesco UK Services Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2018	2,205	135,577,251	-	(128,853,908)	6,725,548
Loss for the year	-	-	-	(9,046,923)	(9,046,923)
Other comprehensive income	-	-	-	4,977	4,977
Issuance of share capital and share premium	100	12,999,900	-	-	13,000,000
At 31 December 2018	2,305	148,577,151	-	(137,895,854)	10,683,602

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2017	1,931	115,858,069	2,571,793	(115,194,056)	3,237,737
Loss for the year	-	-	-	(13,961,746)	(13,961,746)
Other comprehensive income/(expense)	-	-	-	(9,006)	(9,006)
Issuance of share capital and share premium	274	16,379,727	-	-	16,380,001
Other share premium reserve movements	-	3,339,455	(3,650,355)	310,900	-
Share based payment transactions	-	-	1,078,562	-	1,078,562
At 31 December 2017	2,205	135,577,251	-	(128,853,908)	6,725,548

1 General information

The company is a private company limited by share capital, incorporated and domiciled in UK.

The address of its registered office is:
Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire
RG9 1HH

These financial statements were authorised for issue by the Board on 3 April 2019.

2 Accounting policies

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

These financial statements are the first financial statements in which the company has adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2018 the company has undergone transition to FRS 101 as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements in terms of recognition and measurement. Disclosures have been amended to comply with the reporting requirements of FRS 101.

The estimates at 1 January 2017 and 31 December 2017 are consistent with those made at the same dates in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with FRS 102 and therefore there are no transition adjustments requiring the reconciliation of FRS 102 to FRS 101 in the financial statements.

The financial statements are prepared under the historic cost convention and in accordance with the Companies Act 2006, as applicable to companies applying FRS 101.

The functional currency of the company is Sterling (£), reflecting the primary currency in which the underlying transactions are undertaken, which is also the presentation currency.

Summary of disclosure exemptions
The company has availed itself of a number of exemptions from the disclosure requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101. In accordance with FRS 101, paragraph 8, the company has claimed an exemption from the following paragraphs of IFRS:

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- Paragraphs 45(b) and 46-52 of IFRS 2 "Share-based Payment" (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined);
- The requirements of IFRS 7 "Financial Instruments: Disclosure";
- Paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities), provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- The requirement of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1 "Presentation of Financial Statements";
  - paragraph 73(e) of IAS 16 "Property, Plant and Equipment";
  - paragraph 118(e) of IAS 38 "Intangible Assets" (reconciliation between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, "Presentation of Financial Statements":
  - 10(d) (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- The requirements under IAS 7 "Statement of Cash Flows";
- Paragraph 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24 "Related Party Disclosures" (key management compensation);
- The requirements in IAS 24, "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group.

Going concern

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

Exemption from preparing group financial statements

The financial statements contain information about Invesco UK Services Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400-402 of the Companies Act 2006, UITF Abstract 43 and the Seventh Directive from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Invesco Ltd., a company incorporated in Bermuda, which prepares financial statements in accordance with US Generally Accepted Accounting Practice.

2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective
The following have been applied for the first time from 1 January 2018 and have had an effect on the financial statements:

IFRS 15 - Revenue from Contracts with Customers

On 1 January 2018 the company adopted the new accounting standard IFRS 15 "Revenue from Contracts with Customers". This revised the revenue accounting rules and expanded the disclosure requirements. The company adopted the standard in accordance with the fully retrospective transitional approach without using the practical expedients available under IFRS 15.

The application of the related new principal versus agent guidance resulted in presentation changes in the Statement of Comprehensive Income whereby certain costs are now reported on a gross basis, when Invesco is acting as principal, and reported on a net basis, when Invesco is acting as an agent.

There were no other impacts as a result of adopting IFRS 15.

IFRS 9 - Financial Instruments

On 1 January 2018, the company adopted IFRS 9 "Financial Instruments". This new standard, addresses the classification, measurement and recognition of financial assets and financial liabilities.

IFRS 9 introduced the expected credit loss impairment model which has been applied when assessing the potential impairment of long term intercompany receivables. This has had no material impact on the financial statements.

There were no other significant impacts as a result of adopting IFRS 9.

None of the other new accounting interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to marketing, deal arranging and advisory in relation to exchange traded funds and other exchange traded products (ETPs). This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

Transaction price

Revenue is determined based on the transaction price negotiated with the customer net of rebates and exclusive of value added tax.

Performance obligations

Investment management services are satisfied over time as the services are provided and are typically based upon a percentage of the value of the client's assets under management. Investment management fees for certain arrangements include fees for distribution and administrative-related services. Any fees collected in advance are deferred and recognised as income over the period in which services are rendered.

Rebates are paid to certain third parties in respect of their initial and continuing investment in the products promoted by the company, which are netted off revenue. These retrocessions are regcognised over time in line with the asscociated management fee.

Principal versus agent

The company utilises third party service providers to fulfil certain performance obligations in its revenue agreements. Generally, the company is deemed to be the principal in these arrangements, because the company controls the investment management and other related services before they are transferred to customers. Such control is evidenced by the company's primary responsibility to customers, the ability to negotiate the third party contract price and select and direct third party service providers, or a combination of these factors. Therefore, investment management fee revenues and the related third party distribution, service and advisory expenses are reported on a gross basis.

Administrative expenses

The company recognises expenses, on an accruals basis, as goods are received or services are provided by the supplier.

Finance income and costs

Finance income and finance costs are recognised on an accruals basis using the effective interest rate method, which allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the company at the rates prevailing on the reporting period date. All monetary foreign exchange differences resulting from the translation of assets and liabilities denominated in foreign currencies are taken to the statement of comprehensive income.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

2 Accounting policies (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax liability of the company may be reduced wholly or in part by the surrender of losses by fellow group companies.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority where the company intends to settle its current tax assets and liabilities on a net basis.

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Assets are recognised at the point where an economic benefit can be derived from the asset by the company as a result of ownership of the asset. Assets are de-recognised when this benefit is transferred to a third party.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Computer equipment	3 years
Fixtures and fittings	3 years
Leasehold premises	3 years

Amortisation

Asset class	**Amortisation method and rate**
Computer software	3 years

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2 Accounting policies (continued)

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding Property, Plant and Equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-
· financial assets/liabilities at amortised cost; or
· financial assets/liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and liabilities and the contractual cash flow characteristics of the financial assets and liabilities, as detailed below:-

2 Accounting policies (continued)

Financial assets/liabilities at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial assets/liabilities at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Derecognition

Financial assets

The company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Measurement of Expected Credit Losses

Financial assets, other than those measured at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events which have occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The company uses the expected credit losses (ECL) model when assessing the impairment of financial assets.

Share capital
Ordinary shares are classified as equity.

2 Accounting policies (continued)

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Share based payments
Invesco Ltd. (the ultimate parent company) issues equity-settled share-based awards to certain employees, which are measured at fair value. The fair value of these share-based awards, determined at the grant date and based on the market value at the grant date, is expensed on a graded approach basis over the vesting period, typically four years, based on Invesco Ltd.'s estimate of the amount of shares that will eventually vest, via an allocation from the parent to the company. The company cash settles this liability monthly with the parent.

Amounts that are awarded under investment management incentive schemes that are deferred, are expensed over the vesting period. Where deferred awards are linked to the market value of underlying funds, the vested proportion of the market movement is recorded within staff costs.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates and judgements utilised in preparing its financial statements are reasonable. Actual results could differ from these estimates.

Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 2 for the useful economic lives for each class of assets.

Impairment of receivables
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Accounting for loans to directors and other employees

As part of the acquisition of the Source Group, which this company was part of, by Invesco (UK) Limited in August 2017 certain Directors and employees of Invesco UK Services Limited were paid loans which reimburse them for guaranteed values for C, D and E shares they held in Source Holdings Limited. This guarantee was issued by certain other sellers who made the payments. These loans are repayable only in the event that certain earnout targets are met. If the targets are not met the employees will be voted notional bonuses to account for the PAYE on the forgiven loans. As the likelihood of the targets being met is currently considered remote the receivable and corresponding payable are not recognised in the Financial Statements as per the guidance in IAS37. This position will be continually reviewed.

4 Revenue

The analysis of the company's revenue for the financial year from continuing operations is as follows:

	2018 £	2017 £
Management fee income net of rebates	14,174,497	12,587,228
Sub-advisory fee income	14,980,989	17,831,451
	29,155,486	30,418,679

Where a service is transferred to the customer before the customer pays consideration, or before payment is due, these amounts are included as accrued income in note 13. Where the company has an unconditional right to consideration for the services supplied and performance obligations delivered, these amounts are include as trade receivables in note 13.

5 Operating loss

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	102,011	259,820
Foreign exchange gains	(424,633)	(233,910)
Operating lease expense - property	93,271	601,829
Loss on disposal of property, plant and equipment	5,156	-

6 Finance income

	2018 £	2017 £
Interest income on bank deposits	578	34,689

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	7,983,473	17,304,811
Social security costs	1,258,250	1,849,124
Pension costs, defined contribution scheme	644,940	491,047
Redundancy costs	440,119	-
Share-based payment expenses	1,081,427	1,155,334
Other employee expense	155,188	585,652
	11,563,397	21,385,968

The staff costs for 2017 include bonuses totalling c£6.4m paid to four directors and one member of key management which were reimbursed by one or more of the former shareholders. These amounts are therefore not shown as a cost in the Income statement.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Administration and support	37	49
Marketing	19	22
	56	71

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	3,013,320	7,786,303
Directors amount under long term incentive schemes in respect of qualifying services	53,756	382,916
	3,067,076	8,169,219

8 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Received or were entitled to receive shares under long term incentive schemes	4	5
Exercised share options	-	3
Accruing benefits under money purchase pension scheme	4	4

In respect of the highest paid director:

	2018 £	2017 £
Remuneration	1,844,714	5,666,634
Benefits under long-term incentive schemes (excluding shares)	14,152	80,963
Defined benefit accrued pension entitlement at the end of the period	-	-

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

9 Auditors' remuneration

	2018 £	2017 £
Auditors' remuneration		
Audit of these financial statements	23,493	49,906
Other non-audit services	21,251	31,012
	44,744	80,918
Other audit services		
Taxation compliance services	38,930	87,552
All other tax advisory services	201,358	-
	240,288	87,552

In addition to the fees noted above, £21,251 (2017: £31,011) was incurred relating to the costs of the audit for the funds managed by the company.

The other tax advisory services provided during the year are in relation to product development.

All fees payable to the company's auditors include amounts in respect of expenses.

10 Income tax expense

Tax charged in the income statement

	2018 £	2017 £
Foreign tax	20,998	214,750
Foreign tax adjustment to prior periods	-	47,107
	20,998	261,857

The tax expense for the year is lower than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £	2017 £
Loss before income tax	(9,025,925)	(13,699,889)
Loss multiplied by the standard rate of tax in the UK of 19% (2017: 19.25%)	(1,714,926)	(2,636,763)
Increase (decrease) from effect of capital allowances depreciation	19,382	50,006
Increase (decrease) from effect of revenues exempt from taxation	(3,928)	(50,399)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	36,521	811,728
Increase (decrease) from effect of unrelieved tax losses carried forward	-	1,325,695
Increase (decrease) arising from group relief tax reconciliation	1,662,951	761,535
Increase (decrease) from effect of foreign tax rates	20,998	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	55
Total tax charge	20,998	261,857

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017. Further reductions to the UK Corporation tax rate was enacted as part of the Finance Act 2016 which will reduce the main rate to 17% from 1 April 2020.

The company has surrended a total of £8,752,373 (2017: £3,956,729) of losses to other companies within the ultimate parent's group.

Deferred tax

Deferred tax assets are recognised in respect of tax losses carried forward to the extent that it is probable that the losses will be capable of being offset against taxable profits in future periods. The value attributed to them takes into account the uncertainty or otherwise of their recoverability. Their recoverability is measured against anticipated taxable profits.

10 Income tax expense (continued)

There are £116,733,940 of unused tax losses (2017 - £116,593,530) for which no deferred tax asset is recognised in the statement of financial position.

The amount of unrecognised deferred tax at 31 December 2018 in respect of these cumulative tax losses was £19,844,770 (2017: £19,820,900).

11 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Computer software £	Total £
Cost				
At 1 January 2018	671,289	1,094,903	8,137,990	9,904,182
Additions	-	-	225,169	225,169
Disposals	(671,289)	(1,060,378)	-	(1,731,667)
At 31 December 2018	-	34,525	8,363,159	8,397,684
Depreciation				
At 1 January 2018	671,027	988,182	8,137,753	9,796,962
Charge for the year	262	101,510	237	102,009
Eliminated on disposal	(671,289)	(1,055,167)	-	(1,726,456)
At 31 December 2018	-	34,525	8,137,990	8,172,515
Carrying amount				
At 31 December 2018	-	-	225,169	225,169
At 31 December 2017	262	106,723	237	107,222

12 Investments

Subsidiaries	£
Cost	
At 1 January 2018	13,351
At 31 December 2018	13,351
Carrying amount	
At 31 December 2018	13,351
At 31 December 2017	13,351

12 Investments (continued)

Details of the subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2018	2017
Source Schweiz GmbH*	Non trading	Takacker 34, CH-8001 Zurich, Switzerland	100%	100%

* indicates direct investment of the company

All of the above holdings consist entirely of Ordinary shares.

13 Trade and other receivables

	31 December 2018 £	31 December 2017 £
Trade receivables	428,828	-
Amounts due from group undertakings	756,811	2,520,847
Accrued income	1,161,822	3,376,604
Prepayments	73,139	1,631,538
Other receivables	1,298,749	1,501,622
Total current trade and other receivables	3,719,349	9,030,611

The amounts due from other group undertakings are unsecured, interest free and repayable on demand. The carrying value of receivables approximates fair value.

14 Cash and cash equivalents

	31 December 2018 £	31 December 2017 £
Cash at bank	20,729,883	17,403,172

15 Creditors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Trade creditors	264,687	585,486
Accrued expenses	8,407,810	12,496,125
Amounts owed to group undertakings	3,323,217	5,598,619
Taxation and social security	550,341	332,105
Outstanding defined contribution pension costs	1,679	113
Other creditors	1,170,142	816,360
	13,717,876	19,828,808

The amounts owed to group undertakings are unsecured, interest free and repayable on demand. The carrying value of creditors approximates to fair value.

16 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	31 December 2018 £	31 December 2017 £
Within one year	-	118,387

The amount of non-cancellable operating lease payments recognised as an expense during the year was £93,271 (2017 - £601,829)

Following the expiry of the operating lease for office space in March 2018 the company moved to the premises of another group company and therefore no longer have an operating lease committment.

17 Provisions

	Other provisions £	Total £
Additional provisions	286,274	286,274
At 31 December 2018	286,274	286,274

The provision relates to the requirements under the operating lease which expired in March 2018 to restore the property previously occupied by the company to its original state.

18 Share capital

Allotted, called up and fully paid shares

	No.	31 December 2018 £	No.	31 December 2017 £
Sterling ordinary shares of £0.50 each	4,608	2,304	4,408	2,304
Euro ordinary shares of €1 each	1	1	1	1
	4,609	2,305	4,409	2,205

New shares allotted
During the year 200 Sterling ordinary shares having an aggregate nominal value of £100 were allotted for an aggregate consideration of £13,000,000. The shares were issued to provide additional capital to the company.

19 Risks and uncertainties

The company's primary financial risk factors and the approach to their management is set out below.

Credit risk
The amounts due from clients are subject to counterparty credit risk. The company manages counterparty credit risk by accepting mandates only from reputable institutions and by operating strict credit control procedures.

The trade receivables include amounts due from clients that are subject to counterparty credit risk. The company's normal payment terms are 30 days for trade receivables. Of the trade receivables (net of provisions) at 31 December 2018, £428,828 (2017: £Nil) was past due. The amount over one month past due is £Nil (2017: £Nil). All receivables have been considered individually for impairment and a provision of £Nil (2017: £Nil) has been recognised. No provision has been raised against clients with no history of default. The company regularly monitors amounts past normal payment terms.

The amounts due from and due to other group undertakings are settled on a monthly basis and are not past due or impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in note 14 and cash balances held at banks. The company does not hold any collateral as security. The credit ratings of banks to which the company has exposure is assessed in accordance with the group's investment policy.

Interest rate risk
The company earns interest on cash balances. The rate of interest is dependent on commercial banking interest rates.

If interest rates increased/decreased by 100 basis points, based on the closing balances as at 31 December 2018, the annualised interest earned by the company would increase by £207,299 (2017: £174,032) which would translate through to profits and net assets.

19 Risks and uncertainties (continued)

Foreign exchange risk

The company has exposure to foreign exchange risk due to £10.8m (2017: £13.7m) of foreign currency denominated assets that are held primarily in cash and within the amounts due from other group undertakings.

The foreign exchange exposure split by currency is as follows:

	2018 £	2017 £
CHF	431,160	42,404
EUR	5,617,849	10,617,071
USD	4,566,252	2,965,416
Other	(57,360)	-
	10,557,901	13,624,891

Sensitivity analysis

Assuming a 5% increase in exchange rates against pounds sterling, the profit and net assets of the company arising from the foreign exchange exposure by currency will change by the following:

	2018 £	2017 £
CHF	21,558	2,120
EUR	280,892	530,854
USD	228,313	148,271
Other	(2,868)	-
	527,895	681,245

Market risk

The level of the company's AUM, in the absence of any new mandates or redemptions, is determined by investment performance and market movements. Revenue is directly charged as a function of the market value of AUM. If markets were to increase/decrease by 10%, the revenue of the company would increase/decrease by £2,915,549 (2017: £3,083,684) which would translate through to profits and net assets.

Liquidity risk

The company maintains sufficient cash and liquid investments such that the liquidity and cash flow risks are negligible.

Maturity analysis

2018	Within 6 months £	Between 6 months and 1 year £	Total £
Creditors: amounts falling due within one year	11,997,394	1,720,482	13,717,876

19 Risks and uncertainties (continued)

2017	Within 6 months £	Between 6 months and 1 year £	Total £
Creditors: amounts falling due within one year	18,680,343	1,148,465	19,828,808

Capital risk management

Under Financial Conduct Authority capital requirements, the company must maintain, at all times, a minimum capital level of €50,000.

20 Related party transactions

As a subsidiary undertaking of Invesco Ltd., the company has taken advantage of the exemption in FRS 101 not to disclose transactions with other wholly-owned members of the group headed by Invesco Ltd., whose consolidated financial statements are made publicly available.

The company is the arranger and portfolio advisor of Invesco Physical Markets Plc (IPM) and receives management fees from and pays expenses of IPM. The following summarises the transactions between the company and the IPM fund range during the year:

	2018 £	2017 £
Management fee income	10,265,608	9,920,590
Fund expenses	1,464,293	1,128,043

The balances as at 31 December 2018 due from/(due to) the Invesco Physical Markets (IPM) fund range are as follows:

	2018 £	2017 £
Fees accrued	1,059,035	903,378

21 Ultimate controlling party and ultimate and immediate parent company

The company's ultimate controlling party, ultimate parent company and the parent undertaking of the only group of undertakings for which consolidated financial statements are drawn up and of which the company is a member is Invesco Ltd., which is registered in Bermuda. The company's immediate parent company is Source Holdings Limited. Copies of the group consolidated financial statements can be obtained from Two Peachtree Pointe, 1555 Peachtree Street, N.E. Atlanta, Georgia 30309, U.S.A.

22 Commitments and contingent liabilities

The company does not have any capital commitments as at 31 December 2018 (2017: £Nil).

The company does not have any contingent liabilities as at 31 December 2018 (2017: £Nil).