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Insight Investment Funds Management Limited

Directors' report and financial statements

Year ended 31 December 2018

Registered No: 1835691

A BNY MELLON COMPANY℠

Insight INVESTMENT

Contents

Directors' report

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

Result and dividends

The Company recorded a profit before tax for the financial year of £67.8 million (2017: £46.3 million). Dividends totalling £76.9 million (2017: £Nil) have been approved and paid by the Directors to Insight Investment Management Limited during the year.

Principal activities and business review

The principal activity of the Company is to act as the Authorised Corporate Director (ACD) of UK domiciled open ended investment companies ("OEICs") and the delegated investment manager for Insight's Irish fund range. The Company is a wholly owned subsidiary undertaking of Insight Investment Management Limited, which is registered in England and Wales and operates in the United Kingdom.

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 final dividend.

Audit information

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

Auditor

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

Political and charitable contributions

The Company made no political contributions during the year (2017: £nil). Donations to UK charities amounted to £nil (2017: £nil), however Insight staff worked closely with some of our chosen charitable partners, with various fund raising events organised throughout the year.

Employees

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

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

Directors

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

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

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 2018.

By order of the Board

Atul Manek
Director

Registered Office:
160 Queen Victoria Street
London
EC4V 4LA

20 March 2019

Strategic report

The Directors present their strategic report for the year ended 31 December 2018.

Business update

Insight Investment Funds Management Limited experienced continued year over year growth in assets under management during the course of the year against a backdrop of challenging market conditions. This growth was predominantly within the Financial Solutions, Cash, Multi Asset and Fixed Income product ranges. We maintain close partnerships with our clients to devise tailored and effective solutions for their investment needs.

We continue working with BNY Mellon's distribution channels in selling our products to new markets. We have enhanced our investment management capability and presence through the launch of new strategies, new hires and relocation of people.

The operating model with our shareholder preserves Insight's autonomy and ensures that the business can continue to focus on its principal investment and client service activities.

Strategy and targets

Since launch, our aim has been to create a resilient business model which is focused on our clients' needs and is well-positioned for all market conditions. We have ambitious targets for future growth and seek to retain and grow our client base by evolving our investment capabilities to meet our clients' needs and to offer them tailored solutions, as well as through new distribution channels and geographies. Having worked hard to establish our investment pedigree in the UK and building a recognisable brand, we continue to grow our global presence: notably in Europe and the USA and Australia.

By leveraging BNY Mellon's reach, continuing to capitalise on the 2013 acquisition of Pareto, working closely with the Cutwater group of companies acquired by BNY Mellon in January 2015, we are executing a targeted international expansion currently focused on North America. BNY Mellon's acquisition of the Cutwater group of companies, a US-based fixed income and solutions specialist with a 20 year track record, has supported Insight's North American growth agenda as Cutwater's products and investment solutions are complementary to those of Insight and the business is now fully aligned with Insight's. This has been complemented by the BNYM decision to integrate the Standish LDI business into Insight North America. .

Insight Investment Funds Management Limited remains central to Insight's fund business. It is the ACD for the UK OEIC funds and the delegated investment manager for Insight's Irish fund range. Insight continues to grow its revenue and assets under management (AUM) from funds, particularly in the Irish range.

In 2018, a German branch of Insight Investment Management (Global) Limited was set up to facilitate enhanced distribution and marketing to German clients, further details are in the Brexit section.

The key aspects of our strategy are described below:

Provide superior investment solutions and repeatable performance

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

Maintain and enhance our reputation as a quality investment brand

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

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

Increase profitability, revenues and shareholder value

The business's assets under management ("AUM") amounted to £45.8 billion as at 31 December 2018 (2017: £46.3 billion). We are conscious of the potential impact markets can have on our AUM, which is the basis on which we earn our investment management fees. As a result, we maintained the longstanding revenue hedging programme, which seeks to offset some of the effect markets have on our revenues.

Financial performance and highlights

At a high level our 2018 financial performance, together with the comparison for 2017, is as follows:

Financials	2018	2017
Profit/loss before tax	£67.8 million	£46.3 million
Total assets under management (AUM)	£45.8 billion	£46.3 billion
New fund inflows (£bn)	£3.4 billion	£7.1 billion

Profit before tax has risen through revenues earned as delegated investment manager of the Irish funds as the business has grown through a combination of new investment into funds and market growth of existing AUM.

Capital management

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

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

The principal forms of capital are included in the following balances on the statement of financial position: called up issued capital, share premium account and retained earnings. The Company held total capital of £73.6 million as at 31 December 2018 (2017: £95.6 million).

The FCA supervises the Company on an individual basis. It complied with the FCA's capital adequacy requirements throughout 2018 and 2017.

During 2010 Insight implemented an Internal Capital Requirement Process ("ICR") and continued this again in 2018, identifying inherent risks within the business and the probability of these arising; assessing the capital required to manage the financial impact if these risks were to materialise; determining how much capital should be held going forward through stress testing and scenario analysis. At the statement of financial position date, Insight as a group had a significant surplus on this internal capital requirement.

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

Corporate governance

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

- Executive Management Committee (EMC) is the key business management committee for the Company and its subsidiaries responsible for strategy and execution, operational management and finance.
- The Risk Committee oversees the management of risks within the Company and manages the production of statutory and regulatory financial information. Membership consists of two Non-Executive Directors and two Independent Non-Executive Directors and the Chief Risk Officer of the Company also attends all meetings. The Risk Committee receives reports on the overall business environment and key business trends and the processes and procedures for the identification, evaluation and management of the risks facing the business.
- Remuneration Committee considers recommendations and where appropriate recommends to the relevant employing entity, items in relation to terms, conditions, remuneration and incentives for staff employed within the Insight group. Where appropriate, the Remuneration Committee will ensure that recommendations are consistent with regulatory requirements. The Remuneration Committee comprises of one Director representing the BNY Mellon Group and two independent non-executive Directors.

Key risks and uncertainties

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

People risk

Without the capability to attract, motivate and retain key staff, combined with instilling the right culture for the business to succeed, the Group will not be able to capitalise on its commercial advantages and the opportunities arising therefrom. This risk is mitigated by having a comprehensive performance management system, competitive remuneration including the operation of long term incentive schemes, reward benchmarking and a focus on training and development.

Strategic risk

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

Investment performance

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

Financial and liquidity risk

Further details on how the Company manages the financial and liquidity risks that it faces are disclosed in note 16 to the financial statements.

Future prospects

Brexit

As part of the BNY Mellon Brexit Programme, the Company continues to monitor the UK's withdrawal from the European Union and is proactively engaging with clients on their key concerns and considerations. The programme's analysis and planning has taken into account a range of potential economic scenarios and impact on the Company's operating model, aligned with regulatory and supervisory guidance which has been communicated industry-wide.

Specific risks to the Company's business include the impact of potential regulatory changes and retention of AUM by the Company. By working closely with regulators, and establishing a full Communications and Client Engagement work stream as part of the wider BNY Mellon Brexit programme, a proactive approach has been taken to mitigate these risks wherever possible. Other risks due to the implications of Brexit include the ability to recruit and retain qualified employees due to the impact on the freedom of movement of labour from the European Union, potential changes to the legal framework in which the Company operates and the impact of potential adverse movements in financial market values on the Company's financial performance and liquidity. Liquidity of all Sub-Funds is constantly reviewed to ensure portfolios are being managed in line with the redemption terms offered.

As Brexit negotiations progress, the BNY Mellon Brexit Programme continues to monitor new developments and any regulatory implications that may impact the Company's services.

In 2018 Insight renamed its Irish entity Insight Investment Management (Europe) Limited; and also set up a German branch to enable greater distribution presence in continental Europe. Insight is considering a number of options due to the uncertainty, the primary one being an expansion of the regulatory permissions of the Irish entity to grant Mifid permissions. Insight could then novate European client mandates to this entity. Insight continues to monitor the situation very carefully, at this stage the entity plans to continue as delegated investment manager for the Irish funds.

In spite of a challenging industry background during 2018, the business managed to produce strong year financial results. We expect 2019 to be another challenging year with continued regulatory requirements, pressure on fees and political uncertainty, particularly on Brexit; however we believe our business model is well equipped to continue to grow even in this difficult environment.

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

We aim to improve upon our existing strategies and bring appealing new strategies to investors in the coming period. Being a part of the BNY Mellon multi-boutique structure provides Insight with the attractive combination of business autonomy, long-term financial stability and distribution opportunities through BNY Mellon's global network. This provides an ideal platform for the continued development of our investment services to both existing and new clients and a potential route to previously untapped markets. We will continue to aim to retain and grow our client base by matching Insight's investment capability to our clients' needs across distribution channels and geographies.

Dividend declaration

During 2018 two dividends were paid to Insight Investment Management Limited: £18,760,000 was declared and paid in February 2018 and a further £58,155,000 was declared and paid in September 2018. No further dividends are proposed.

For and on behalf of the Board

Atul Manek
Director

Registered Office:
160 Queen Victoria Street
London
EC4V 4LA

20 March 2019

Statement of Directors' responsibilities

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

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

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of Insight Investment Funds Management Limited ("the company") for the year ended 31 December 2018 which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

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

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

Strategic report and directors' report

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

PJM^cKechnie

Paul McKechnie (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

27 March 2019

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	2	**134,060**	120,363
Cost of sales	3	**(3,565)**	(3,144)
Gross profit		**130,495**	117,219
Administrative expenses		**(62,984)**	(71,383)
Results from operating activities		**67,511**	45,836
Financial income	4	**264**	476
Net financial income		**264**	476
Profit before tax	5	**67,775**	46,312
Tax expense	8	**(12,877)**	(8,913)
Profit for the year		**54,898**	37,399
Total comprehensive income for the year (net of tax)		**54,898**	37,399

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

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

The notes on pages 18 to 42 form part of these financial statements.

Statement of financial position
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Assets			
Other investments	10	**9,802**	29,681
Trade and other receivables	11	**49,847**	48,982
Cash and cash equivalents	12	**28,770**	33,967
Current assets		**88,419**	112,630
Total assets		**88,419**	112,630
Equity			
Issued capital	13	**6,000**	6,000
Retained earnings	13	**67,615**	89,632
Total equity		**73,615**	95,632
Liabilities			
Trade and other payables	14	**14,804**	16,998
Total current liabilities		**14,804**	16,998
Total equity and liabilities		**88,419**	112,630

The notes on pages 18 to 42 form part of these financial statements.

These financial statements were approved by the Board of Directors on 20 March 2019 and were signed on its behalf by:

Atul Manek
Director

Abdallah Nauphal
Director

Company registration number: 1835691

Statement of changes in equity
For the year ended 31 December 2018

	Note	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2016		**6,000**	**52,233**	**58,233**
Total comprehensive income for the year				
Profit		-	37,399	37,399
Total comprehensive income for the year		-	37,399	37,399
Contributions by and distributions to owners of the Group				
Total contributions by and distributions to owners of the Group		-	-	-
Balance at 31 December 2017		**6,000**	**89,632**	**95,632**
Total comprehensive income for the year				
Profit		-	54,898	54,898
Total comprehensive income for the year		-	54,898	54,898
Contributions by and distributions to owners of the Group				
Dividends paid	9	-	(76,915)	(76,915)
Total contributions by and distributions to owners of the Group		-	(76,915)	(76,915)
Balance at 31 December 2018		**6,000**	**67,615**	**73,615**

The notes on pages 18 to 42 form part of these financial statements.

Statement of cash flows
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit for the year		**54,898**	37,399
Adjustments for:			
Tax	8	**12,877**	8,913
Net change in fair value of financial assets and derivative instruments designated at fair value through profit or loss	4	-	(74)
Interest income and foreign exchange gain	4	**(264)**	(402)
		67,511	45,836
Increase in trade and other receivables	11	**(852)**	(26,397)
(Decrease)/Increase in trade and other payables	14	**(6,084)**	7,310
Cash generated from operations		**60,575**	26,749
Taxes paid		**(8,987)**	(8,206)
Net cash from operating activities		**51,588**	18,543
Cash flows from investing activities			
Interest received and foreign exchange gain		**251**	397
Dividends received	9	-	-
Disposal of other current investments	10	**19,879**	(2,502)
Net cash from investing activities		**20,130**	(2,105)
Cash flows from financing activities			
Dividends paid	9	(76,915)	-
Proceeds from issue of share capital		-	-
Net cash from financing activities		(76,915)	-
Net decrease in cash and cash equivalents		**(5,197)**	16,438
Cash and cash equivalents at 1 January	12	**33,967**	17,529
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at 31 December	12	**28,770**	33,967

The notes on pages 18 to 42 form part of these financial statements.

Notes to the financial statements

1. Significant accounting policies

Insight Investment Funds Management Limited (the "Company") is a company domiciled in the United Kingdom. The financial statements were authorised for issue by the Directors on 20 March 2019. The Company and its subsidiaries operate as a single asset management business and consider themselves a single segment investment management business.

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as endorsed by the EU and effective at 31 December 2018.

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2018.

b) Basis of preparation

The financial statements are prepared on a going concern basis.

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

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

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

c) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Other investments

Financial assets at fair value through profit and loss

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

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

e) Trade and other receivables

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

f) 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.

g) Impairment of non-financial assets

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

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

h) Dividends

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

i) 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.

j) Trade and other payables

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

k) Revenue

Revenue comprises of fees arising from investment management and other related services.

Management fees are recognised in the statement of profit or loss and other comprehensive income as they are earned. Performance fees are only recognised on crystallization date when the quantum of the fee can be estimated reliably and it is highly probable that a significant revenue reversal will not occur.

l) Administrative expenses

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

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

Financial expense comprises interest expense on financial liabilities measured at amortised cost.

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

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

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

p) Financial instruments

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

Initial measurement

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

Subsequent measurement

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

Measurement basis	**Accounting policies**
Financial assets at FVTPL	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in profit or loss.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These financial assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI.) On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These financial assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

q) Changes in accounting policy and disclosures

i. New standards, interpretations and amendments effective from 1 January 2018

IFRS 9 Financial Instruments

The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The key changes to the Company's accounting policies resulting from its adoption of IFRS 9 are summarised below.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model also applies to certain loan commitments and financial guarantee contracts, but not to equity investments. The new impairment model applies to debt instruments and financial guarantee contracts issued that are not measured at FVTPL. ECLs on instruments classified as FVOCI are recognised in OCI rather than reducing the value of the instrument. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.

Effect of applying IFRS 9

Changes to classification and measurement of financial assets held at 31 December 2018 were:

- Cash was classified as 'Loans and Receivables' under IAS39, now 'Amortised Cost'
- Current Investments (Financial asset at fair value through profit and loss) were classified as 'Available for Sale', now 'Fair value through profit and loss'
- Trade and other receivables were classified as 'Loans and Receivables', now 'Amortised Cost'
- Trade and other payables were classified as 'Other financial liabilities', now 'Other financial liabilities'

s) Changes in accounting policy and disclosures (continued)

Non-derivative financial assets classification and measurement

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

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

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

The Company generally does not hold assets for trading.

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

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

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

Impairment of financial assets (including trade and other debtors)

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Measurement of ECL

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

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

The Company has determined that the application of IFRS 9's impairment requirements had no material impact on the allowance for impairment as at 1 January 2018.

s) Changes in accounting policy and disclosures (continued)

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

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

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

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

Nature of Services and Revenue Recognition

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

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

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

Disaggregation of Contract Revenue

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

s) Changes in accounting policy and disclosures (continued)

Contract Balances

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

Contract assets represent accrued revenues that have not yet been billed to the customers due to contingent factors other than the passage of time. Contract assets are usually billed on a monthly or quarterly basis in arrears. There were no impairments recorded on contract assets in 2018.

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

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

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

Unsatisfied Performance Obligations

In relation to the revenue the Company has booked, there are no performance obligations outstanding as at year ended 31 December 2018.

Impact of IFRS 15 on Revenue and Retained Earnings

Introduction of this accounting standard had no material impact on the accounting for revenue or on retained earnings for the Company.

t) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective, have not been adopted early in these financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases and its related interpretations for reporting periods beginning on or after 1 January 2019.

The company as lessee: IFRS 16 introduces a 'right of use' model whereby the lessee recognises a right-of-use asset and an associated financial obligation to make lease payments for all leases with a term of more than 12 months. The asset will be amortised over the lease term and the financial liability measured at amortised cost with interest recognised in profit and loss using the effective interest rate method.

There is no anticipated impact of this standard as the entity has no leases.

2. Revenue

	2018	2017
	£'000	£'000
Investment Management Fees	**133,133**	118,604
Performance Fees	**233**	998
Other	**694**	761
	134,060	120,363

The period on period movement in performance fees does not necessarily correlate to the performance of the underlying portfolios. Clients may have a mix of investment management and performance fees and the balance between these fee types can change throughout the financial year or across financial years.

3. Cost of Sales

	2018	2017
	£'000	£'000
Commission payable and other trading expenses	**3,565**	3,144
	3,565	3,144

4. Financial income and financial expense recognised in profit and loss

	2018	2017
	£'000	£'000
Net change in fair value of financial assets designated at fair value through profit or loss	**-**	74
Interest income on other financial assets	**251**	397
Foreign exchange gain	**13**	5
Financial income	**264**	476
Net finance income recognised in profit or loss	**264**	476

5. Profit before tax

	2018	2017
	£'000	£'000
Profit before tax is stated after charging:		
Auditors' remuneration for:		
Audit services	30	34
Audit related assurance fees	90	74

6. Personnel expenses

All employees performing services on behalf of the Company are contractually employed by Insight Investment Management Limited. Costs of £36.8m (2017: £43m) are recharged to the Company and included within administrative expenses.

7. Remuneration of directors

	2018	2017
	£'000	£'000
Aggregate directors' remuneration:		
Directors' emoluments	2,165	1,605
Long term incentive schemes	1,936	724
Pension contributions	55	50
	4,156	2,379
Highest paid director:		
Directors' emoluments	787	521
Long term incentive schemes	735	242
Pension contributions	6	6
	1,528	769

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.

8. Tax expense

	2018	2017
	£'000	£'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	**12,877**	8,913
Adjustments in respect of prior periods	**-**	-
Total current tax	**12,877**	8,913
Reconciliation of effective tax rate		
Profit on ordinary activities before tax	**67,775**	46,312
Tax charge on profit on ordinary activities at standard rate of 19% (2017: 19.25%)	**12,877**	8,913
	12,877	8,913

Factors that may affect future and total tax charges

A reduction in the UK corporate tax rate from 20% to 19% (effective 1 April 2017) was enacted on 26 October 2015 and a further reduction to 17% (effective 1 April 2020) was enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

9. Dividends

	2018	2017
	£'000	£'000
Ordinary dividends:		
Interim dividend paid: 1282 pence per ordinary share (2017: nil)	**76,915**	-
	76,915	-

For more information about the Company's capital management policy, please refer to the capital management policy section within the Strategic Report.

10. Other investments - current

	2018	2017
	£'000	£'000
Financial assets at fair value through profit and loss	**9,802**	29,681
	9,802	29,681

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

11. Trade and other receivables

	2018	2017
	£'000	£'000
Trade receivables	**3,290**	1,045
Amounts receivable from related parties	**41,895**	44,135
Other receivables	**3**	-
Accrued income	**4,659**	3,802
	49,847	48,982

12. Cash and cash equivalents

	2018	2017
	£'000	£'000
Bank balances	**28,770**	33,967
Cash and cash equivalents in the statement of cash flows	**28,770**	33,967

13. Capital and reserves

	Equity: Ordinary shares of £1 each £'000	Total £'000
Allotted, called up and fully paid		
At 1 January 2017	6,000	6,000
Issued during the year	-	-
Cancelled during the year	-	-
At 31 December 2017	6,000	6,000
At 1 January 2018	6,000	6,000
Issued during the year	-	-
Cancelled during the year	-	-
At 31 December 2018	**6,000**	6,000

Issued capital
Issued share capital of the company consists of 6,000,000 shares of £1 each.

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

13. Capital and reserves (continued)

	Share premium £'000	Retained earnings £'000	Other reserves £'000	Total £'000
Reconciliation of movement in capital and reserves				
Balance at 1 January 2017	-	52,233	-	52,233
Total profit	-	37,399	-	37,399
Dividends paid	-	-	-	-
Balance at 31 December 2017	-	**89,632**	-	**89,632**
Balance at 1 January 2018	-	89,632	-	89,632
Total profit	-	54,898	-	54,898
Dividends paid	-	(76,915)	-	(76,915)
Balance at 31 December 2018	-	**67,615**	-	**67,615**

14. Trade and other payables

	2018 £'000	2017 £'000
Trade payables	**1,404**	183
Amounts payable to related parties	**6,149**	13,451
Tax payable	**7,251**	3,361
Other payables	**-**	3
	14,804	16,998

15. Related parties

	2018	2017
	£'000	£'000
At the end of the year, the Company had the following balances with related parties:		
Debtors		
BNY Mellon Group undertakings		
Bank of New York Mellon - London Branch	**829**	
Insight Investment Management (Europe) Limited	**40,446**	44,135
Insight Investment Management Limited	**620**	-
Other related parties	**-**	-
	41,895	44,135
Creditors		
BNY Mellon Group undertakings		
Insight Investment Management Limited	**-**	(3,967)
Insight Investment Management (Global) Limited	**(242)**	(2,254)
Insight Investment Services Limited	**(5,501)**	(7,062)
Other related parties	**(406)**	(167)
	(6,149)	(13,450)

15. Related parties (continued)

	2018	2017
	£'000	£'000

During the year the Company was charged fees for the provision of distribution and other services by its affiliates as follows:

	2018	2017
	£'000	£'000
BNY Mellon Group undertakings		
BNY Mellon Investment Management Hong Kong Limited	**(18)**	(9)
BNY Mellon Investment Management EMEA Limited	**(3,218)**	(1,878)
Insight Investment Management (Global) Limited	**(2,029)**	(2,495)
BNY Mellon Asset Management Japan LTD	**(33)**	(25)
Other related parties	**-**	-
	(5,298)	(4,407)

Costs from other related parties relate substantially to costs incurred by the Company for the distribution of its funds by sister entities within the BNY Mellon Group.

Insight Investment Services Limited is a service company incurring expenses on behalf of the Insight group of companies. During the year the Company was recharged £144,297,000 (2017: £54,519,000) by Insight Investment Services Limited. In addition, the Company's immediate parent, Insight Investment Management Limited recharged overheads amounting to £10,432,000 (2017: £16,818,026).

Pooled funds

During the year the Company acted as Authorised Corporate Director to 6 (2017: 6) open ended investment companies and as delegated investment manager to the various funds on Insight's Irish platform. Total gross fees of £103,793,000 (2017: £101,363,000) were earned and at the statement of financial position date £3,290,100 (2017: £4,847,000) was receivable from the funds.

The funds were charged in accordance with the Investment management agreements drawn up between the funds and their management company Insight Investment (Europe) Limited, the Company and if involved, the delegated sub-advisor, Insight Investment Management (Global) Limited.

15. Related parties (continued)

Senior management personnel

	2018	2017
	£'000	£'000
During the year, senior management personnel's remuneration was as follows:		
Short term employee benefits	**2,812**	1,924
Long term incentive schemes	**2,284**	1,025
Pension contributions	**64**	52
	5,160	3,001

The above includes the costs of annually awarded long term incentive grants amortised over the relevant vesting periods of one to three years.

16. Financial instruments

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

Credit Risk

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

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

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

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

	31-Dec 2018	31-Dec 2017
	£'000	£'000
Trade and other receivables (note 11)	**49,847**	48,982
Cash and cash equivalents (note 12)	**28,770**	33,967
Total	**78,617**	82,949

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

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

	31-Dec 2018	31-Dec 2017
	£'000	£'000
Neither past due nor impaired	**47,960**	48,165
Past due up to 1 month	**178**	48
Past due from 1 month to three months	**577**	354
Past due from three months to one year	**1,013**	415
More than 1 year past due	**119**	-
Total	**49,847**	48,982

16. Financial instruments (continued)

Foreign currency risk

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

	US Dollar	Euro
	£'000	£'000
At 31 December 2018		
Trade and other receivables	239	540
Cash and cash equivalents	94	94
Total	**333**	**633**
At 31 December 2017		
Trade and other receivables	-	1
Cash and cash equivalents	20	51
Total	**20**	**52**

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

Sensitivity analysis

A 10 percent strengthening of Sterling against the following currencies at 31 December 2018 would have increased / (decreased) equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	Impact on equity	Impact on profit or loss
	£'000	£'000
At 31 December 2018		
US Dollar	(33)	(33)
Euro	(63)	(63)
At 31 December 2017		
US Dollar	-	-
Euro	(0)	(0)

A 10 percent weakening of Sterling against the above currencies at 31 December 2018 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

16. Financial instruments (continued)

Interest rate risk

Effective interest rates and maturity analysis

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

	2018		2017	
	Cash and cash equivalents	Current asset investments	Cash and cash equivalents	Current asset investments
Effective rate	0.28%	0.53%	0.24%	0.47%
	£'000	£'000	£'000	£'000
One year or less	28,770	9,802	33,967	29,681

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 £156,000 / (£156,000) (2017: £257,000 / (£257,000)).
This calculation assumes that the change occurs at the statement of financial position date and is applied to risk exposures existing at that date and is stated net of tax assuming the current corporation tax rate of 19% (2017: 19.25%).

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 £9,802,000 / (£9,802,000) (2017: £29,681,000 / (£29,681,000).
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 £40,000 / (£40,000) (2017: £120,000 / (£120,000).
This calculation assumes that the change occurs at the statement of financial position date and is applied to risk exposures existing at that date and is stated net of tax assuming the current corporation tax rate of 19% (2017: 19.25%).

16. Financial instruments (continued)

Liquidity risk

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

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

	31-Dec 2018	31-Dec 2017
	£'000	£'000
One month or less	**1,404**	13,634
Between one month and three months	**6,149**	3
Between three months and one year	**7,251**	3,361
Between one year and five years	**-**	-
Over five years	**-**	-
Total	**14,804**	**16,998**

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

16. Financial instruments (continued)

Fair values

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

	31-Dec 2018	31-Dec 2017
	£'000	£'000
Carrying amount		
Current asset investments designated at fair value through profit and loss (note 10)	9,802	29,681
Trade and other receivables at fair value (note 11)	49,847	48,982
Cash and cash equivalents (note 12)	28,770	33,967
Other financial liabilities measured at fair value – trade and other payables (note 14)	14,804	16,998
Fair value		
Current asset investments designated at fair value through profit and loss (note 10)	9,802	29,681
Trade and other receivables at fair value (note 11)	49,847	48,982
Cash and cash equivalents (note 12)	28,770	33,967
Other financial liabilities measured at fair value – trade and other payables (note 14)	14,804	16,998

Estimation of fair values

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

Current asset investments

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

16. Financial instruments (continued)

Fair values

Trade & other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
At 31 December 2018				
Financial assets designated at fair value through profit or loss	9,802	-	-	9,802
Total	**9,802**	**-**	**-**	**9,802**
At 31 December 2017				
Financial assets designated at fair value through profit or loss	29,681	-	-	29,681
Total	**29,681**	**-**	**-**	**29,681**

During the year there have been no transfers between Levels.

17. Pension schemes

[redacted]

At 31 December 2018 all employees performing services on behalf of the Company were 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 £1,192,000 (2017: £905,000) and is included within administrative expenses.

18. Ultimate parent undertaking

[redacted]

As at 31 December 2018 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 2018 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated financial statements of the ultimate parent company may be obtained from:

The Bank of New York Mellon Corporation
240 Greenwich Street
New York
NY 10286
USA

19. Unconsolidated variable interest entities

[redacted]

The Company is the delegated investment manager for several investment funds. This note provides additional information on the Company's exposure to these funds. The investment funds are open-ended investment companies and professional investment funds, and are financed/ funded by investors. The Company holds interests in these funds through the receipt of management and other fees and through equity interests in certain cases. The following information summarises the size of these funds and the carrying value of the Company's interests at the statement of financial position date where interest in investments have been classified as structured entities per IFRS 12 is the company deemed to be in control of the funds. This value relates to revenue received from funds within Insight Investment (Ireland) Limited. The AUM figures included in the strategic report is lower as some of the assets are contractually managed by Insight Investment Management (Global) Limited and included in its accounts.

	2018	2017
	£'000	£'000
Nature and extent of interest in unconsolidated structured entities		
Net asset value of investment funds in which the Company has an interest	**101,561,189**	94,098,675
Nature of and changes in risks associated with interests in unconsolidated structured entities		
Investment in funds (included in current asset investments)	**9,802**	29,681
Accrued income – fees paid in arrears (included in trade and other receivables)	**521**	3,802

The maximum exposure to loss in these funds of the Company is limited to the total accrued income paid in arrears and the carrying value of investment in the funds.

20. Subsequent events

[redacted]

Brexit will occur subsequent to the signing of the accounts, although the exact path and timing is unclear. Further details on the preparations for Brexit are contained in the strategic report. No other important events affecting the Company have occurred since the end of the financial year.