

COMPANY REGISTRATION NUMBER: 02081191

Millbank Financial Services Limited
Financial Statements
31 December 2016

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Millbank Financial Services Limited

Financial Statements

Year ended 31 December 2016

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Millbank Financial Services Limited

Officers and Professional Advisers

The board of directors	M W Burrell (Chairman) The Hon C A Pearson The Hon H M T Gibson The Hon W K Gibson The Hon M T Stopford Sackville H H J Carter B H M Hollond A M Burrell S H Troughton J de la Hunty M P Harris E M Roberts
Company secretary	F Magowan
Registered office	4th Floor, Swan House 17-19 Stratford Place London W1C 1BQ
Bankers	The Royal Bank of Scotland 119/121 Victoria Street London SW1E 6RA
Auditors	Nexia Smith & Williamson Chartered Accountants 25 Moorgate London EC2R 6AY
Solicitors	Currey & Co LLP 33 Queen Anne Street London W1G 9HY
Registered number	02081191

Millbank Financial Services Limited

Directors' Report

Year ended 31 December 2016

The directors present their report and the financial statements of the group for the year ended 31 December 2016.

Principal activities

The principal activity of the group is to carry on the business of providing a management and advisory service for individuals, trustees and companies.

Results for the year and future activities

The group profit for the year after taxation was £14,231 (2015: £149,252). The group will continue to provide management and advisory services.

Directors

The directors who served the company during the year were as follows:

M W Burrell (Chairman)
The Hon C A Pearson
The Hon H M T Gibson
The Hon W K Gibson
The Hon M T Stopford Sackville
H H J Carter
B H M Hollond
A M Burrell
S H Troughton
J de la Hunty
M P Harris
E M Roberts

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Financial risk management

Details of the group's financial instruments and its policies with regard to financial risk management are given in note 21 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
 - make judgments and accounting estimates that are reasonable and prudent;
-

Millbank Financial Services Limited

Directors' Report *(continued)*

Year ended 31 December 2016

- 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

This report was approved by the board of directors on 12 April 2017 and signed on behalf of the board by:



F. Magowan
Company Secretary

Registered office:
4th Floor, Swan House
17-19 Stratford Place
London
W1C 1BQ

Millbank Financial Services Limited

Independent Auditor's Report to the Members of Millbank Financial Services Limited

Year ended 31 December 2016

We have audited the financial statements of Millbank Financial Services Limited for the year ended 31 December 2016 which comprise the consolidated statement of income and retained earnings, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Millbank Financial Services Limited

Independent Auditor's Report to the Members of Millbank Financial Services Limited *(continued)*

Year ended 31 December 2016

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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
- the directors were not entitled to the advantage of the small companies exemption from the requirement to prepare a strategic report.

Nexia Smith & Williamson

Giles Murphy (Senior Statutory Auditor)
For and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

26 May 2017

Millbank Financial Services Limited

Consolidated Statement of Income and Retained Earnings

Year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	3,870,744	3,789,493
Gross profit		<u>3,870,744</u>	<u>3,789,493</u>
Administrative expenses		(3,840,748)	(3,611,232)
Operating profit	5	<u>29,996</u>	<u>178,261</u>
Other interest receivable and similar income	9	150	175
Interest payable and similar expenses	10	(3,350)	(5,575)
Profit before taxation		<u>26,796</u>	<u>172,861</u>
Tax on profit	11	(12,565)	(23,609)
Profit for the financial year and total comprehensive income		<u>14,231</u>	<u>149,252</u>
Retained earnings at the start of the year		1,302,297	1,153,045
Retained earnings at the end of the year		<u>1,316,528</u>	<u>1,302,297</u>

Profit and total comprehensive income for the financial year is attributable to the owners of the company.

The notes on pages 10 to 20 form part of these financial statements.

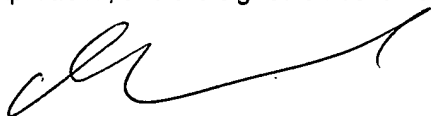
Millbank Financial Services Limited

Consolidated Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	103,928	136,581
Current assets			
Debtors	14	1,225,951	1,229,388
Cash at bank and in hand		933,650	787,504
		2,159,601	2,016,892
Creditors: amounts falling due within one year	15	(946,001)	(850,176)
Net current assets		1,213,600	1,166,716
Net assets		1,317,528	1,303,297
Capital and reserves			
Share capital	18	1,000	1,000
Retained earnings	19	1,316,528	1,302,297
		1,317,528	1,303,297

These financial statements were approved by the board of directors and authorised for issue on 12 April 2017, and are signed on behalf of the board by:



M P Harris
Director

Company registration number: 02081191

The notes on pages 10 to 20 form part of these financial statements.

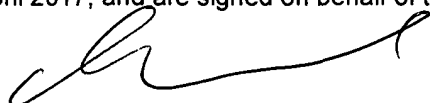
Millbank Financial Services Limited

Company Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	103,928	136,581
Investments	13	<u>50,000</u>	<u>50,000</u>
		153,928	186,581
Current assets			
Debtors	14	862,123	917,111
Cash at bank and in hand		<u>331,331</u>	<u>274,394</u>
		1,193,454	1,191,505
Creditors: amounts falling due within one year	15	<u>(886,554)</u>	<u>(930,854)</u>
Net current assets		306,900	260,651
Net assets		<u>460,828</u>	<u>447,232</u>
Capital and reserves			
Share capital	18	1,000	1,000
Retained earnings	19	<u>459,828</u>	<u>446,232</u>
		<u>460,828</u>	<u>447,232</u>

These financial statements were approved by the board of directors and authorised for issue on 12 April 2017, and are signed on behalf of the board by:



M P Harris
Director

Company registration number: 02081191

The notes on pages 10 to 20 form part of these financial statements.

Millbank Financial Services Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	14,231	149,252
<i>Adjustments for:</i>		
Depreciation of tangible assets	35,604	35,073
Other interest receivable and similar income	(150)	(175)
Interest payable and similar expenses	3,350	5,575
Tax on profit	12,565	23,609
<i>Changes in:</i>		
Trade and other debtors	3,437	(14,805)
Trade and other creditors	106,869	(118,849)
Cash generated from operations	175,906	79,680
Tax paid	(23,609)	(11,870)
Net cash from/(used in) operating activities	<u>152,297</u>	<u>67,810</u>
Cash flows from investing activities		
Interest received	150	175
Purchase of tangible assets	(2,951)	(62,757)
Net cash used in investing activities	<u>(2,801)</u>	<u>(62,582)</u>
Cash flows from financing activities		
Interest paid	(3,350)	(5,575)
Loan repayments	–	(131,666)
Net cash used in financing activities	<u>(3,350)</u>	<u>(137,241)</u>
Net increase/(decrease) in cash and cash equivalents	146,146	(132,013)
Cash and cash equivalents at beginning of year	<u>787,504</u>	<u>919,517</u>
Cash and cash equivalents at end of year	<u>933,650</u>	<u>787,504</u>

The notes on pages 10 to 20 form part of these financial statements.

Millbank Financial Services Limited

Notes to the Financial Statements

Year ended 31 December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 4th Floor, Swan House, 17-19 Stratford Place, London, W1C 1BQ.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Going concern

The directors have identified that there are no material uncertainties that cast significant doubt over the group and the company's ability to continue as a going concern. The group and the company have adequate financial resources to pay their liabilities as they fall due. This is not expected to change in the near future. For these reasons it is considered appropriate to use the going concern basis in preparing the accounts.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The group financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) prepared to 31 December each year. Control is achieved where the company has the power to govern the financial and operational policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT.

Where fees for management and advisory services to trustees and other clients have been unconditionally earned but not invoiced at the period end, these amounts are included within accrued income.

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

2. Accounting policies *(continued)*

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of income and retained earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred 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 tax liabilities are recognised for timing differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Tangible assets

Tangible fixed assets comprise furniture and equipment and tenant's improvements. Furniture and equipment and tenant's improvements are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation

Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Furniture and equipment	- 25% per annum
Tenants' improvements	- 10 years

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

2. Accounting policies *(continued)*

Impairment of non-financial assets

At each balance sheet date, tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the group's cash management.

Financial liabilities and equity instruments issued by the group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidence a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded as the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Employee benefits

Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the balance sheet.

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting practice requires management to make judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

The trade debtor balance of £6,022 and £6,022 and accrued income of £595,102 and £372,605 are recorded in the group's and company's balance sheet respectively. Whilst every attempt is made to ensure that any bad debt provision is as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

4. Turnover

Turnover arises from:

	2016 £	2015 £
Rendering of services	3,832,514	3,754,976
Commissions	38,230	34,517
	<u>3,870,744</u>	<u>3,789,493</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	<u>35,604</u>	<u>35,073</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>11,409</u>	<u>10,180</u>
Fees payable to the company's auditor and its associates for other services:		
Audit of the financial statements of subsidiary	<u>8,636</u>	<u>8,478</u>

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016 No.	2015 No.
Administrative staff	<u>21</u>	<u>22</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	1,728,119	1,727,425
Social security costs	208,346	205,746
Other pension costs	276,380	255,302
	<u>2,212,845</u>	<u>2,188,473</u>

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	751,637	659,892
Company contributions to defined contribution pension plans	<u>71,637</u>	<u>59,464</u>
	<u>823,274</u>	<u>719,356</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016 No.	2015 No.
Defined contribution plans	<u>3</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	392,198	347,824
Company contributions to defined contribution pension plans	<u>35,000</u>	<u>35,000</u>
	<u>427,198</u>	<u>382,824</u>

9. Other interest receivable and similar income

	2016 £	2015 £
Interest on cash and cash equivalents	<u>150</u>	<u>175</u>

10. Interest payable and similar expenses

	2016 £	2015 £
Interest payable on loans from Pearson Family	<u>3,350</u>	<u>5,575</u>

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

11. Tax on profit

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	12,565	23,609
Tax on profit	<u>12,565</u>	<u>23,609</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	26,796	172,861
Profit on ordinary activities multiplied by rate of tax	5,359	34,572
Effect of expenses not deductible for tax purposes	3,747	395
Effect of capital allowances and depreciation	3,459	(9,283)
Unrecognised deferred tax	–	(2,075)
Tax on profit	<u>12,565</u>	<u>23,609</u>

12. Tangible assets

Group and company	Furniture and equipment £	Tenants' improvement £	Total £
Cost			
At 1 January 2016	261,355	170,166	431,521
Additions	2,951	–	2,951
At 31 December 2016	<u>264,306</u>	<u>170,166</u>	<u>434,472</u>
Depreciation			
At 1 January 2016	209,855	85,085	294,940
Charge for the year	18,588	17,016	35,604
At 31 December 2016	<u>228,443</u>	<u>102,101</u>	<u>330,544</u>
Carrying amount			
At 31 December 2016	<u>35,863</u>	<u>68,065</u>	<u>103,928</u>
At 31 December 2015	<u>51,500</u>	<u>85,081</u>	<u>136,581</u>

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

13. Investments

The group has no investments.

Company	Shares in group undertaking £
Cost	
At 1 Jan 2016 and 31 Dec 2016	<u>50,000</u>
Impairment	
At 1 Jan 2016 and 31 Dec 2016	<u>—</u>
Carrying amount	
At 1 Jan 2016 and 31 Dec 2016	<u>50,000</u>

The company owns 100% of the share capital of Millbank Investment Managers Limited, a company incorporated in Great Britain and registered in England and Wales. The principal activity of the company is to carry on the business of providing investment management services.

14. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Rent deposit	240,000	240,000	240,000	240,000
Pershing custodian deposit	100,000	100,000	—	—
Trade debtors	6,022	170,401	6,022	18,007
Other debtors	14,711	10,205	14,711	10,205
Prepayments and accrued income	865,218	708,782	601,390	648,899
	<u>1,225,951</u>	<u>1,229,388</u>	<u>862,123</u>	<u>917,111</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Rent deposit	240,000	240,000	240,000	240,000
Pershing custodian deposit	—	100,000	—	—
	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

15. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	49,594	138,643	37,428	24,759
Corporation tax	12,565	23,609	11,971	15,651
Social security and other taxes	241,004	226,873	241,004	226,873
Accruals and deferred income	262,853	126,051	137,205	114,921
Other creditors	44,985	–	44,985	–
Amounts owed to group undertakings	–	–	78,961	213,650
Unsecured loans from individuals and trusts to whom the company provides services	240,000	240,000	240,000	240,000
Unsecured and interest free loan from The Dickinson Trust Limited	95,000	95,000	95,000	95,000
	<u>946,001</u>	<u>850,176</u>	<u>886,554</u>	<u>930,854</u>

Interest is payable on the unsecured loans from individuals and trusts to whom the company provides services at 1% above the Bank of England Bank Rate.

16. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £169,839 (2015: £169,115).

17. Financial instruments

Group

The group's financial instruments comprise cash and cash equivalents, unsecured loans from individuals and trusts to whom the group provides services, and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the group's operations.

The group's operations expose it to a variety of financial risks including liquidity risk and interest rate risk. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Liquidity risk

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure it has sufficient available funds for operations. The group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The group's financial liabilities (none of which are derivative financial liabilities) comprise trade creditors, unsecured loans from individuals and trusts to whom the company provides services and an unsecured and interest free loan from The Dickinson Trust Limited, which are measured at amortised cost. The contractual maturity of the loans are shown at amortised costs. The trade creditors are all payable within six months.

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

17. Financial instruments *(continued)*

Interest rate risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate.

Details of the terms of the group's borrowings are disclosed in note 15. The group is exposed to interest rate risk as a result of positive cash balances, denominated in sterling, which earn interest at a variable rate.

Company

The company's financial instruments comprise trade debtors and creditors, intercompany balances, cash and cash equivalents and unsecured loans from individuals and trusts.

The carrying amount of financial assets represents the maximum credit exposure.

The company's financial liabilities, which are all non-derivatives, comprise trade creditors, unsecured loans from individuals and trusts, an unsecured and interest free loan from The Dickinson Trust Limited and amounts owed to group undertakings which are recorded at amortised cost. The carrying amount of these liabilities equals the gross contractual cash flows of £874,583 (2015: £915,203) all of which are payable within six months.

18. Share capital

Issued and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

19. Reserves

Retained earnings - This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

20. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Not later than 1 year	235,078	235,078	235,078	235,078
Later than 1 year and not later than 5 years	822,773	940,312	822,773	940,312
Later than 5 years	—	117,539	—	117,539
	<u>1,057,851</u>	<u>1,292,929</u>	<u>1,057,851</u>	<u>1,292,929</u>

The rental cost to the group and company for the year was £321,329 (2015: £188,230).

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

21. Related party transactions

The company makes interest free season ticket loans to its employees, including Mr M P Harris who is a director. The amount outstanding at 31 December 2016 was £1,041 (2015: £1,032). The maximum outstanding during the year was £4,168 (2015: £4,128).

The company provides management and advisory services in relation to the taxation and financial affairs of approximately 300 trusts, the majority of which have as beneficiaries and settlors members of the Pearson family, including the following directors: Mr M W Burrell, The Hon C A Pearson, Mr H H J Carter, The Hon W K Gibson, The Hon H M T Gibson, The Hon Mrs Stopford Sackville, Mr A M Burrell and Mrs S H Troughton.

The Cowdray Trust Limited and The Dickinson Trust Limited are trustees of these trusts. Fees are payable by The Cowdray Trust Limited and The Dickinson Trust Limited to the company for services performed by the company for the trusts.

The Cowdray Trust Limited and The Dickinson Trust Limited cover the costs for the fees by invoicing the individual trusts themselves.

The Cowdray Trust Limited and The Dickinson Trust Limited are related parties with the company due to there being directors in common with the company.

Fees charged to The Cowdray Trust Limited during 2016 were £294,190 (2015: £278,600). The balance owed to the company by The Cowdray Trust Limited at the year end was £2,190 (2015: £10,600).

Fees charged to The Dickinson Trust Limited during 2016 were £487,810 (2015: £466,400). The balance owed to The Dickinson Trust Limited by the company at the year end was £2,190 (2015: £10,600).

Fees charged to Blair Charitable Trust during 2016 on behalf of The Dickinson Trust Limited were £19,856 (2015: £19,320). This amount was owed to the company by Blair Charitable Trust and the same amount was owed to The Dickinson Trust Limited by the company at the year end.

As disclosed in note 15, there is an unsecured interest free loan from The Dickinson Trust Limited to the company.

Unsecured loans of £240,000 have been made by Third Lord Cowdray's 1983 Grandchildrens' Settlement, C A Pearson Children.

Interest is payable on the loans at 1% above the Bank of England Bank Rate.

Loans made by Burrell Expenses Fund £55,000 and Rosanna Taylor's Childrens' Settlement £76,666 were repaid in the prior year. Loans made by The Hon Mrs Stopford Sackville £33,334 were repaid in 2014.

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the group, or in relation to the company, the company. In the opinion of the board the group and company's key management are N Eagle, M P Harris, J de la Hunty, B H M Hollond, and E M Roberts. Information regarding their compensation is given below in aggregate for each of the categories specified under FRS 102:

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

21. Related party transactions *(continued)*

Group	2016 £	2015 £
Short-term employee benefits	768,000	723,575
Post employment benefits	87,187	71,955
	<u>855,187</u>	<u>795,530</u>

22. Ultimate controlling party

In the opinion of the directors, there is no ultimate controlling party.