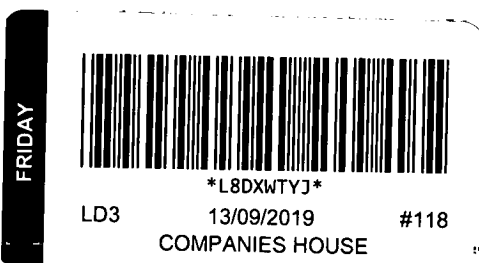


COMPANY REGISTRATION NUMBER: 02081191

Millbank Financial Services Limited
Annual Report
31 December 2018



Millbank Financial Services Limited

Annual Report

Year ended 31 December 2018

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Millbank Financial Services Limited

Officers and Professional Advisers

The board of directors	The Hon C A Pearson The Hon H M T Gibson The Hon W K Gibson B H M Hollond A M Burrell S H Troughton M P Harris
Company secretary	F Magowan
Registered office	4th Floor 10 Bruton Street London W1J 6PX
Bankers	The Royal Bank of Scotland 119/121 Victoria Street London SW1E 6RA
Auditors	Nexia Smith & Williamson 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 2018

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

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 loss for the year after taxation was £98,159 (2017: £42,460 profit). The group will continue to provide management and advisory services.

Directors

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

The Hon C A Pearson	
The Hon H M T Gibson	
The Hon W K Gibson	
B H M Hollond	
A M Burrell	
S H Troughton	
M P Harris	
M W Burrell (Chairman)	(Resigned 12 December 2018)
The Hon M T Stopford Sackville	(Resigned 23 July 2018)
H H J Carter	(Resigned 13 June 2018)
J de la Hunty	(Resigned 30 August 2018)
E M Roberts	(Resigned 30 August 2018)

Dividends

The directors do not recommend the payment of a dividend (2017: £nil).

Financial risk management

Details of the group's financial instruments and its policies with regard to financial risk management are given in note 20 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

Year ended 31 December 2018

Directors responsibilities statement (*continued*)

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 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 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 group and 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 group and 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.

Small companies' exemption

The above report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

This report was approved by the board of directors on 11 September 2019 and signed on behalf of the board by:



M P Harris
Director

Registered office:
4th Floor
10 Bruton Street
London
W1J 6PX

Millbank Financial Services Limited

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

Year ended 31 December 2018

Opinion

We have audited the financial statements of Millbank Financial Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Income and Retained Earnings, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of the group's loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Millbank Financial Services Limited

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

Year ended 31 December 2018

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in 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 applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a strategic report.

Millbank Financial Services Limited

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

Year ended 31 December 2018

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.

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

Date: *12 September 2019*

Millbank Financial Services Limited

Consolidated Statement of Income and Retained Earnings

Year ended 31 December 2018

	Note	2018 £	2017 (restated) £
Turnover	4	2,413,856	4,226,874
Gross profit		<u>2,413,856</u>	<u>4,226,874</u>
Administrative expenses		(2,508,167)	(4,288,107)
Other operating income	5	<u>—</u>	<u>117,144</u>
Operating (loss)/profit	6	(94,311)	55,911
Other interest receivable and similar income	10	1	125
Interest payable and similar expenses	11	<u>(3,849)</u>	<u>(3,135)</u>
(Loss)/profit before taxation		(98,159)	52,901
Tax on (loss)/profit	12	<u>—</u>	<u>(10,441)</u>
(Loss)/profit for the financial year and total comprehensive income		<u>(98,159)</u>	<u>42,460</u>
Retained earnings at the start of the year		1,358,988	1,316,528
Retained earnings at the end of the year		<u>1,260,829</u>	<u>1,358,988</u>

The notes on pages 11 to 22 form part of these financial statements.

Millbank Financial Services Limited

Consolidated Statement of Financial Position

31 December 2018

	Note	2018 £	2017 (restated) £
Fixed assets			
Tangible assets	13	36,893	70,295
Current assets			
Debtors	15	1,416,226	1,302,127
Cash at bank and in hand		497,621	964,871
		<u>1,913,847</u>	<u>2,266,998</u>
Creditors: amounts falling due within one year	16	(375,911)	(737,305)
Net current assets		<u>1,537,936</u>	<u>1,529,693</u>
Total assets less current liabilities		<u>1,574,829</u>	<u>1,599,988</u>
Creditors: amounts falling due after more than one year	17	(240,000)	(240,000)
Provisions	18	(73,000)	–
Net assets		<u>1,261,829</u>	<u>1,359,988</u>
Capital and reserves			
Share capital	21	1,000	1,000
Retained earnings	22	1,260,829	1,358,988
		<u>1,261,829</u>	<u>1,359,988</u>

These financial statements were approved by the board of directors and authorised for issue on 11 September 2019, and are signed on behalf of the board by:



M P Harris
Director

Company registration number: 02081191

The notes on pages 11 to 22 form part of these financial statements.

Millbank Financial Services Limited

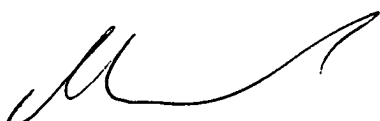
Company Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	36,893	70,295
Investments	14	50,000	50,000
		<u>86,893</u>	<u>120,295</u>
Current assets			
Debtors	15	1,362,658	1,019,151
Cash at bank and in hand		434,622	282,799
		<u>1,797,280</u>	<u>1,301,950</u>
Creditors: amounts falling due within one year	16	(724,798)	(714,947)
Net current assets		<u>1,072,482</u>	<u>587,003</u>
Total assets less current liabilities		<u>1,159,375</u>	<u>707,298</u>
Creditors: amounts falling due after more than one year	17	(240,000)	(240,000)
Provisions	18	(73,000)	—
Net assets		<u>846,375</u>	<u>467,298</u>
Capital and reserves			
Share capital	21	1,000	1,000
Retained earnings	22	845,375	466,298
		<u>846,375</u>	<u>467,298</u>

The profit for the financial year of the parent company was £379,077 (2017: £6,470).

These financial statements were approved by the board of directors and authorised for issue on 11 September 2019, and are signed on behalf of the board by:



M P Harris
Director

Company registration number: 02081191

The notes on pages 11 to 22 form part of these financial statements.

Millbank Financial Services Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	2018 £	2017 (restated) £
Cash flows from operating activities		
(Loss)/profit for the financial year	(98,159)	42,460
<i>Adjustments for:</i>		
Depreciation of tangible assets	33,786	34,621
Other interest receivable and similar income	(1)	(125)
Interest payable and similar expenses	3,849	3,135
Tax on profit	—	10,441
<i>Changes in:</i>		
Trade and other debtors	(109,743)	(79,080)
Trade and other creditors	(352,404)	34,880
Provisions	73,000	—
Cash generated from operations	(449,672)	46,332
Tax paid	(13,346)	(11,113)
Net cash (used in)/from operating activities	<u>(463,018)</u>	<u>35,219</u>
Cash flows from investing activities		
Interest received	1	125
Purchase of tangible assets	(384)	(988)
Net cash used in investing activities	<u>(383)</u>	<u>(863)</u>
Cash flows from financing activities		
Interest paid	(3,849)	(3,135)
Net cash used in financing activities	<u>(3,849)</u>	<u>(3,135)</u>
Net (decrease)/increase in cash and cash equivalents	(467,250)	31,221
Cash and cash equivalents at beginning of year	<u>964,871</u>	<u>933,650</u>
Cash and cash equivalents at end of year	<u>497,621</u>	<u>964,871</u>

The notes on pages 11 to 22 form part of these financial statements.

Millbank Financial Services Limited

Notes to the Financial Statements

Year ended 31 December 2018

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, 10 Bruton Street, London, W1J 6PX.

2. Accounting policies

Basis of preparation

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

The financial statements are prepared in sterling, which is the functional currency of the entity.

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.

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.

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

2. Accounting policies *(continued)*

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.

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.

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

2. Accounting policies *(continued)*

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

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.

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

2. Accounting policies *(continued)*

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.

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 estimates and judgements 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 £6,203 (2017: £121,492) and the accrued income balance of £866,881 (2017: £514,963) are recorded in the group's balance sheet. 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.

The dilapidation provision of £73,000 (2017: £nil) is recorded in the group's balance sheet. Whilst every attempt is made to ensure that this provision is as accurate as possible, there remains a risk that the provision does not match the level of expenditure incurred.

4. Turnover

Turnover arises from:

	2018	2017 <i>(restated)</i>
	£	£
Rendering of services	2,413,856	4,179,994
Commissions	—	46,880
	<u>2,413,856</u>	<u>4,226,874</u>

The prior year has been restated to recognise additional revenue of £29,255 which related to 2017. £29,255 has been recognised in accrued income respectively for the year ended 31 December 2017.

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

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

5. Other operating income

	2018 £	2017 £
Other operating income	<u>—</u>	<u>117,144</u>

6. Operating (loss) / profit

Operating profit or loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets	33,786	34,621
Impairment of trade debtors	<u>318</u>	<u>2</u>

7. Auditor's remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>10,805</u>	<u>10,580</u>
Fees payable to the company's auditor and its associates for other services:		
Audit of the financial statements of associates	6,500	8,720
Taxation services	<u>50,220</u>	<u>31,951</u>
	<u>56,720</u>	<u>40,671</u>

8. Staff costs

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

	2018 No.	2017 No.
Administrative staff	<u>15</u>	<u>21</u>

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

	2018 No.	2017 No.
Administrative staff	<u>14</u>	<u>15</u>

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

	2018 £	2017 £
Wages and salaries	1,072,253	1,740,290
Redundancy costs	—	147,477
Social security costs	118,014	215,361
Other pension costs	<u>133,002</u>	<u>175,823</u>
	<u>1,323,269</u>	<u>2,278,951</u>

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	369,000	711,933
Company contributions to defined contribution pension plans	62,712	73,140
	<u>431,712</u>	<u>785,073</u>

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

	2018	2017
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

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

	2018	2017
	£	£
Aggregate remuneration	175,829	370,000
Company contributions to defined contribution pension plans	27,669	43,463
	<u>203,498</u>	<u>413,463</u>

10. Other interest receivable and similar income

	2018	2017
	£	£
Interest on bank deposits	<u>1</u>	<u>125</u>

11. Interest payable and similar expenses

	2018	2017
	£	£
Interest payable on loans	<u>3,849</u>	<u>3,135</u>

12. Tax on (loss)/profit

Major components of tax (income)/expense

	2018	2017
	£	£
Current tax:		
UK current tax (income)/expense	<u>—</u>	<u>10,441</u>
Tax on (loss)/profit	<u>—</u>	<u>10,441</u>

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

12. Tax on (loss)/profit *(continued)*

Reconciliation of tax (income)/expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018	2017 <i>(restated)</i>
	£	£
(Loss)/profit on ordinary activities before taxation	(98,159)	52,901
(Loss)/profit on ordinary activities by rate of tax	(18,650)	10,183
Effect of expenses not deductible for tax purposes	5,845	3,294
Effect of capital allowances and depreciation	4,384	4,050
Qualifying donations	10	—
Non trade loan relationships	—	(24)
Utilisation of tax losses	6,983	(7,062)
Unused tax losses	1,428	—
Tax on (loss)/profit	—	10,441

13. Tangible assets

Group and company	Furniture and equipment £	Tenants' improvement £	Total £
Cost			
At 1 January 2018 (as restated)	265,294	170,166	435,460
Additions	384	—	384
At 31 December 2018	265,678	170,166	435,844
Depreciation			
At 1 January 2018	246,048	119,117	365,165
Charge for the year	16,770	17,016	33,786
At 31 December 2018	262,818	136,133	398,951
Carrying amount			
At 31 December 2018	2,860	34,033	36,893
At 31 December 2017	19,246	51,049	70,295

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

14. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 January 2018 as restated and 31 December 2018	<u>50,000</u>
Impairment	
At 1 January 2018 as restated and 31 December 2018	<u>—</u>
Carrying amount	
At 1 January 2018 and 31 December 2018	<u>50,000</u>
At 31 December 2017	<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 company ceased its FCA authorisation and thus no longer provides investment management services, and still undertakes certain administrative activities.

15. Debtors

	Group		Company	
	2018	2017 <i>(restated)</i>	2018	2017
	£	£	£	£
Trade debtors	6,203	121,492	—	121,492
Prepayments and accrued income	1,108,429	781,373	1,108,414	643,413
Corporation tax repayable	1,452	—	—	—
Other debtors	14,244	59,262	14,244	14,246
Rent deposit	240,000	240,000	240,000	240,000
Pershing custodian deposit	45,898	100,000	—	—
	<u>1,416,226</u>	<u>1,302,127</u>	<u>1,362,658</u>	<u>1,019,151</u>

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Rent deposit	<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 2018

16. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	28,030	38,961	27,901	34,372
Amounts owed to group undertakings	–	–	355,544	141,608
Accruals and deferred income	46,828	190,987	40,328	31,611
Corporation tax	–	10,442	–	10,441
Social security and other taxes	117,831	268,212	117,831	268,212
Unsecured and interest free loan from The Dickinson Trust Limited	95,000	95,000	95,000	95,000
Other creditors	88,222	133,703	88,194	133,703
	<u>375,911</u>	<u>737,305</u>	<u>724,798</u>	<u>714,947</u>

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Other creditors	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>

Interest is payable on the unsecured loans at 1% above the Bank of England base rate.

18. Provisions

Group and company	Dilapidations £
At 1 January 2018	–
Additions	73,000
At 31 December 2018	<u>73,000</u>

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £145,286 (2017: £175,823). The amount outstanding as at 31 December 2018 is £64,380 (2017: £51,251).

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

20. 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 carrying amount of group financial assets is £1,607,847 (2017: £1,734,078) and group financial liabilities is £491,422 (2017: £698,652).

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 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 cost. The trade creditors are all payable within six months.

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 16 and 17. 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 £846,966 (2017: £676,294) all of which are payable within six months.

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

21. Share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

22. Reserves

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

23. Operating leases

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

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Not later than 1 year	335,000	335,000	335,000	335,000
Later than 1 year and not later than 5 years	<u>502,500</u>	<u>837,500</u>	<u>502,500</u>	<u>837,500</u>
	<u>837,500</u>	<u>1,172,500</u>	<u>837,500</u>	<u>1,172,500</u>

The rental cost to the group and company for the year was £370,637 (2017: £359,086).

24. 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 2018 was £1,098 (2017: £1,062).

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 2018 were £306,175 (2017: £297,620). The balance owed from The Cowdray Trust Limited to the company at the year end was £3,433 (2017: £7,380 owed from).

Millbank Financial Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

24. Related party transactions *(continued)*

Fees charged to The Dickinson Trust Limited during 2018 were £544,500 (2017: £532,380). The balance owed to The Dickinson Trust Limited by the company at the year end was £3,433 (2017: £7,380 owed to).

Fees charged to Blair Charitable Trust during 2018 on behalf of The Dickinson Trust Limited were £20,067 (2017: £21,238). This amount was owed to the company by Blair Charitable Trust and is included in accrued income, and the same amount was owed to The Dickinson Trust Limited by the company at the year end and is included in other creditors.

As disclosed in note 16, there is an interest free loan from The Dickinson Trust Limited to the company of £95,000 (2017: £95,000).

Loans of £240,000 have been made to the company by Third Lord Cowdray's 1983 Grandchildrens' Settlement, C A Pearson Children and are included in creditors due after more than one year.

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 the directors and N Eagle, J de la Hunty, and E M Roberts. Information regarding their compensation is given below in aggregate for each of the categories specified under FRS 102:

	2018	2017
	£	£
Short-term employee benefits	538,752	801,933
Post employment benefits	93,944	88,155
	<u>632,696</u>	<u>890,088</u>

25. Ultimate controlling party

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

26. Post balance sheet events

On 14 June 2019, the Group entered into an agreement to lease office premises for a period of 24 months. The aggregate rent payable over the lease term is £254,513.

On the same date, the Group assigned its existing lease, dated 13 April 2011, to a third party. As part of the sub-lease, a reverse premium of £119,406 is due to the sub-lessee by the Group, due in equal quarterly instalments until the expiry of the lease being 24 months from the date of assignment of the lease.