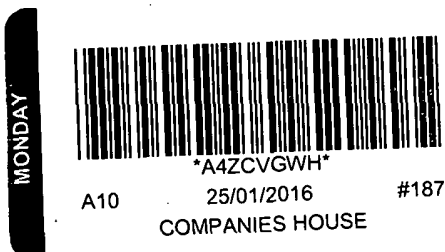


Registered number: 06447647

EXCHANGE HOUSE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2015



EXCHANGE HOUSE SERVICES LIMITED

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EXCHANGE HOUSE SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

Helen Anthony
Scott Cochrane
Ian Cox
Malcolm Hitching
Donald Rowlands

COMPANY SECRETARY

Clare Wilson

REGISTERED NUMBER

06447647

REGISTERED OFFICE

Exchange House
Primrose Street
London
EC2A 2EG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

EXCHANGE HOUSE SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2015

The directors present the Strategic Report for Exchange House Services Limited (the "Company") for the year ended 30 April 2015.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The directors expect that the present level of activity will be sustained for the foreseeable future.

Given that the Company is solely engaged in the supply of staff and services, the Company's directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development, performance or position of the business.

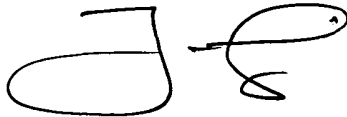
PRINCIPAL RISKS AND UNCERTAINTIES

Given that the Company is solely engaged in the supply of staff and services, the Company's directors believe that the Company does not face any principal risks and uncertainties except the financial risk detailed in the Directors' Report on page 3.

This report was approved by the board on 27/8/15

and signed on its behalf by:

Ian Cox
Director

A handwritten signature in black ink, appearing to be 'I. Cox', written over a horizontal line.

EXCHANGE HOUSE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2015

The directors present their annual report and the audited financial statements for Exchange House Services Limited (the "Company") for the year ended 30 April 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is as a service company, to provide Herbert Smith Freehills LLP with the services necessary for the conduct of its business.

RESULTS AND DIVIDENDS

The net profit for the financial year amounted to £9,263,000 (2014: £4,116,000).

The directors declared a final dividend of £4,115,872 (2014: £Nil) on 26 January 2015 in respect of the year ended 30 April 2014. During the year the directors also declared interim dividends of £7,000,000 (2014: £Nil), equivalent to £3,500,000 (2014: £Nil) per £1 share, in respect of the year ended 30 April 2015.

FUTURE DEVELOPMENTS

The future developments of the Company are discussed in the Business Review on page 2.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:

Helen Anthony
Scott Cochrane
Ian Cox
Malcolm Hitching
Donald Rowlands

FINANCIAL RISK MANAGEMENT

Funding for all subsidiaries of the immediate parent undertaking, Herbert Smith Freehills LLP, including Exchange House Services Limited, is arranged centrally. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the main financial risk the directors consider relevant to this Company is liquidity risk. This risk is mitigated by the central funding provided by Herbert Smith Freehills LLP.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company intranet. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EXCHANGE HOUSE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27/8/15

and signed on its behalf by:

Ian Cox
Director



EXCHANGE HOUSE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXCHANGE HOUSE SERVICES LIMITED

Report on the financial statements

Our opinion

In our opinion, Exchange House Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 April 2015 and of its 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.
-

What we have audited

The financial statements comprise:

- the Statement of Financial Position as at 30 April 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

EXCHANGE HOUSE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXCHANGE HOUSE SERVICES LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

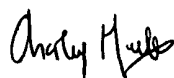
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Charles Mirrington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 27 August 2015

EXCHANGE HOUSE SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2015

	Note	2015 £000	2014 £000
Turnover	3	201,618	192,194
Gross profit		201,618	192,194
Administrative expenses		(190,418)	(185,907)
Other operating income	4	213	212
Operating profit	5	11,413	6,499
Taxation on profit on ordinary activities	9	(2,150)	(2,383)
Profit for the financial year		9,263	4,116
Total comprehensive income for the year		9,263	4,116

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

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

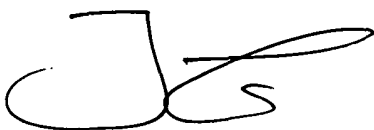
EXCHANGE HOUSE SERVICES LIMITED
REGISTERED NUMBER:06447647

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2015

	Note	30 April 2015 £000	30 April 2014 £000	1 May 2013 £000
Fixed assets				
Tangible assets	11	8,545	7,824	3,876
		<u>8,545</u>	<u>7,824</u>	<u>3,876</u>
Current assets				
Debtors: Amounts falling due within one year	12	18,503	18,362	15,493
		<u>18,503</u>	<u>18,362</u>	<u>15,493</u>
Creditors: Amounts falling due within one year	13	(24,785)	(22,070)	(19,369)
		<u>(6,282)</u>	<u>(3,708)</u>	<u>(3,876)</u>
Net current liabilities				
		<u>2,263</u>	<u>4,116</u>	<u>-</u>
Total assets less current liabilities		<u>2,263</u>	<u>4,116</u>	<u>-</u>
Net assets		<u>2,263</u>	<u>4,116</u>	<u>-</u>
Equity				
Ordinary shares	15	-	-	-
Retained earnings		2,263	4,116	-
		<u>2,263</u>	<u>4,116</u>	<u>-</u>
Total shareholders' funds		<u>2,263</u>	<u>4,116</u>	<u>-</u>

The financial statements were approved by the board on **27/8/15** and were signed on its behalf by:

Ian Cox
 Director



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

EXCHANGE HOUSE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 30 APRIL 2015

	Retained earnings £000	Total equity £000
At 1 May 2014	4,116	4,116
Profit for the year	9,263	9,263
Total comprehensive income for the year	9,263	9,263
Dividends paid	(11,116)	(11,116)
Total contributions by and distributions to owners	(11,116)	(11,116)
At 30 April 2015	2,263	2,263

AS AT 30 APRIL 2014

	Retained earnings £000	Total equity £000
At 1 May 2013	-	-
Profit for the year	4,116	4,116
Total comprehensive income for the year	4,116	4,116
At 30 April 2014	4,116	4,116

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

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 100 'Application of Financial Reporting Requirements' and Financial Reporting Standard 101 'Reduced Disclosure Framework' which have both been applied early.

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

Information of the impact first-time adoption of FRS 101 is given in note 20.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The comparative figures have been restated to include a corporation tax charge on profits generated by the company. The prior year financial statements had treated the tax charge as being borne by Herbert Smith Freehills LLP with no debit to the Statement of Comprehensive Income. The impact of the restatement is to reduce total comprehensive income by £2,383,000 and to reduce total shareholders' funds by the same amount.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - i. paragraph 79 (a) (iv) of IAS 1;
 - ii. paragraph 73 (e) of IAS 16 Property, plant and equipment;
- The following paragraphs of IAS 1, 'Presentation of financial statements': 10 (d) statement of cash flows:
 - 10 (f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements,
 - 16 statement of compliance with all IFRS,
 - 38 A requirement for minimum of two primary statements, including cash flow statements,
 - 38 B-D additional comparative information,
 - 40A-D requirements for a third statement of financial position
 - 111 cash flow statement information, and
 - 134-136 capital management disclosures
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

1. ACCOUNTING POLICIES (continued)

1.2 GOING CONCERN

The activity of the Company is dependent on activity levels of the immediate parent entity, Herbert Smith Freehills LLP. The Company relies on support from Herbert Smith Freehills LLP and the directors have received confirmation that the immediate parent entity will continue to provide that support to enable the repayment of its debts as they fall due for a period of at least 12 months from the date of approving these financial statements. The directors have assessed, and are satisfied, that Herbert Smith Freehills LLP has the ability to provide that support.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing these financial statements.

1.3 TURNOVER

Turnover represents fees charged for the provision of services to Herbert Smith Freehills LLP, the Company's immediate parent undertaking, net of trade discounts, VAT and other sales-related taxes. All turnover is derived in the United Kingdom.

1.4 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Office equipment and computers	-	over 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

1. ACCOUNTING POLICIES (continued)

1.5 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.6 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.7 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

1. ACCOUNTING POLICIES (continued)

1.8 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

1.9 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.10 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

1. ACCOUNTING POLICIES (continued)

1.11 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements under FRS 101 requires management to use certain critical accounting estimates and make assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. Management will continue to review the assumptions used against actual experience and market data and adjustments will be made in future periods where appropriate. Details of the estimated useful lives of fixed assets are set out in note 1.

3. ANALYSIS OF TURNOVER

The whole of the turnover is attributable to the principal activity of the business.

All turnover arose within the United Kingdom.

4. OTHER OPERATING INCOME

	2015 £000	2014 £000
Net rents receivable	213	212
	<u>213</u>	<u>212</u>

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2015	2014
	£000	£000
Depreciation of tangible fixed assets	2,588	2,829
Exchange differences	(144)	-
Operating lease charges	18,605	18,325
Defined contribution pension cost	5,248	5,125
	<u>18,605</u>	<u>18,325</u>

6. AUDITORS' REMUNERATION

The audit fee of £15,000 (2014: £15,000) were borne by Herbert Smith Freehills LLP.

7. EMPLOYEES

Staff costs were as follows:

	2015	2014
	£000	£000
Wages and salaries	102,315	98,054
Social security costs	10,674	10,321
Cost of defined contribution scheme	5,248	5,125
	<u>118,237</u>	<u>113,500</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	Number	Number
Fee-earning staff	756	771
Other staff	633	621
	<u>1,389</u>	<u>1,392</u>

8. DIRECTORS' REMUNERATION

None of the directors received any remuneration during the current or prior financial year for their services to the Company.

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £000	2014 £000
UK corporation tax		
Current tax on profits for the year	2,174	2,422
Adjustments in respect of prior years	(24)	(39)
Deferred tax		
Origination and reversal of timing differences	(163)	(165)
Liability assumed by Herbert Smith Freehills LLP	223	96
Adjustment in respect of prior years	(60)	69
Total deferred tax	-	-
Taxation on profit on ordinary activities	2,150	2,383

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014 - *lower than*) the standard rate of corporation tax in the UK of 20.92% (2014 - 22.83%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	11,413	6,499
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.92% (2014 - 22.83%)	2,388	1,484
Effects of:		
Capital allowances for year in excess of depreciation	(214)	(120)
Adjustments to tax charge in respect of prior years	(24)	(39)
Tax on transfer pricing adjustments	-	1,058
Tax charge for the year	2,150	2,383

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The March 2013 Budget Statement announced changes to the UK Corporation tax rates that were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These reduced the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements. The July 2015 Budget Statement announced further changes to the UK Corporation which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes have not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

10. DEFERRED TAXATION

	2015 £000	2014 £000
Deferred tax asset		
At 30 April 2015	1,345	1,441
Charged to the Statement of Comprehensive Income	(223)	(96)
	<u>1,122</u>	<u>1,345</u>

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	1,122	1,345
	<u>1,122</u>	<u>1,345</u>

11. TANGIBLE FIXED ASSETS

	Office equipment and computers £000
Cost	
At 1 May 2014	41,760
Additions	3,309
Disposals	(133)
At 30 April 2015	<u>44,936</u>
Accumulated depreciation	
At 1 May 2014	33,936
Charge for the year	2,588
Disposals	(133)
At 30 April 2015	<u>36,391</u>
Net book value	
At 30 April 2015	<u>8,545</u>
<i>At 30 April 2014</i>	<u>7,824</u>

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

12. DEBTORS

	2015 £000	2014 £000
Due within one year		
Amounts due from group companies	6,004	10,829
Other debtors	566	737
Prepayments and accrued income	10,811	5,451
Deferred tax	1,122	1,345
	<u>18,503</u>	<u>18,362</u>

Amounts due from group companies are unsecured, interest free and repayable on demand.

13. CREDITORS: Amounts falling due within one year

	2015 £000	2014 £000
Corporation tax	3,272	3,353
Taxation and social security	4,209	3,921
Other creditors	1,835	1,705
Accruals and deferred income	15,469	13,091
	<u>24,785</u>	<u>22,070</u>

14. FINANCIAL INSTRUMENTS

	2015 £000	2014 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>6,570</u>	<u>11,566</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>24,785</u>	<u>22,070</u>

15. ORDINARY SHARES

	2015 £000	2014 £000
Allotted, called up and fully paid		
2 (2014: 2) ordinary shares of £1 (2014: £1) each	<u>-</u>	<u>-</u>

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

16. DIVIDENDS

	2015 £000	2014 £000
Interim dividend equivalent to £3,500,000 (2014: £Nil) per £1 share	7,000	-
Final dividend equivalent to £2,057,936 (2014: £Nil) per £1 share	4,116	-
	<u>11,116</u>	<u>-</u>

17. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £5,248,000 (2014: £5,125,000). At the year end contributions of £831,000 were outstanding (2014: £794,000).

18. COMMITMENTS UNDER OPERATING LEASES

At 30 April the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2015 £000	2014 £000
Not later than 1 year	17,591	17,585
Later than 1 year and not later than 5 years	66,793	67,230
Later than 5 years	173,540	189,173
Total	<u>257,924</u>	<u>273,988</u>

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Herbert Smith Freehills LLP is the immediate parent undertaking of Exchange House Services Limited. Herbert Smith Freehills Global LLP represents the ultimate parent undertaking and the ultimate controlling party of Exchange House Services Limited.

Herbert Smith Freehills Global LLP, a Limited Liability Partnership incorporated in the United Kingdom, prepares consolidated financial statements. The address from which copies of the consolidated financial statements can be obtained is Exchange House, Primrose Street, London, EC2A 2EG.

EXCHANGE HOUSE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

20. FIRST TIME ADOPTION OF FRS 101 AND PRIOR YEAR RESTATEMENT

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.

The comparative figures have been restated to include a corporation tax charge on profits generated by the company. The prior year financial statements had treated the tax charge as being borne by Herbert Smith Freehills LLP with no debit to the Statement of Comprehensive Income. The impact of the restatement is to reduce total comprehensive income by £2,383,000 and to reduce total shareholders' funds by the same amount.