

Exchange House Services Limited

Registered number 06447647

Exchange House Services Limited

**ANNUAL REPORT AND FINANCIAL STATEMENTS
30 APRIL 2017**

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	Page
COMPANY INFORMATION	1
STRATEGIC REPORT	2
DIRECTORS' REPORT	3
INDEPENDENT AUDITORS' REPORT	5
STATEMENT OF COMPREHENSIVE INCOME.....	8
STATEMENT OF FINANCIAL POSITION.....	9
STATEMENT OF CHANGES IN EQUITY	10
NOTES TO THE FINANCIAL STATEMENTS.....	11

Exchange House Services Limited

COMPANY INFORMATION

DIRECTORS

Helen Anthony
Scott Cochrane
Ian Cox
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
YEAR ENDED 30 APRIL 2017**

The directors present the strategic report for Exchange House Services Limited (the "company") for the year ended 30 April 2017.

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 15 August 2017 and signed on its behalf by:

**Ian Cox
Director**

A handwritten signature in black ink, consisting of a stylized 'I' and 'C' followed by a horizontal line and a small flourish.

Exchange House Services Limited

DIRECTORS' REPORT YEAR ENDED 30 APRIL 2017

The directors present their annual report and the audited financial statements for Exchange House Services Limited (the "Company") for the year ended 30 April 2017. The Company is a private limited company and is incorporated and domiciled in the United Kingdom.

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 profit for the financial year amounted to £10,977,000 (2016: £10,393,000).

The directors declared a final dividend of £3,392,557 on 13 October 2016 in respect of the year ended 30 April 2016. During the year the directors also declared interim dividends of £5,500,000 in respect of the year ended 30 April 2017.

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 Cochran

Ian Cox

Donald Rowlands

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of most of its Directors which existed during the year and remain in force as at the date of this report.

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 statement of financial position, 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.

The weakening of Sterling following Brexit has had a negative impact on reported performance given the Company's reliance on overseas based suppliers in some instances. The Company continues to monitor exchange risks as part of wider treasury management in conjunction with 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.

**DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 30 APRIL 2017**

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.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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 15 August 2017 and signed on its behalf by:

Ian Cox
Director



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 2017 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, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 30 April 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; 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 United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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

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.

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.

Exchange House Services Limited

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

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 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Charles Mirrington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 August 2017

Exchange House Services Limited

**STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 APRIL 2017**

	Note	2017 £000	2016 £000
Turnover	3	<u>246,541</u>	<u>225,277</u>
Gross profit		246,541	225,277
Administrative expenses		(232,586)	(212,670)
Other operating income	4	<u>-</u>	<u>145</u>
Operating profit and profit on ordinary activities before taxation	5	13,955	12,752
Tax on profit on ordinary activities	9	<u>(2,978)</u>	<u>(2,359)</u>
Profit for the financial year		<u>10,977</u>	<u>10,393</u>
Total comprehensive income for the year		<u>10,977</u>	<u>10,393</u>

The notes on pages 11 to 21 form part of these financial statements.

EXCHANGE HOUSE SERVICES LIMITED
REGISTERED NUMBER 06447647

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2017

	Note	30 April 2017 £000	30 April 2016 £000
Fixed assets			
Intangible assets	11	25,084	12,438
Tangible assets	12	<u>4,960</u>	<u>5,502</u>
		30,044	17,940
Current assets			
Debtors	13	<u>10,302</u>	<u>14,879</u>
		10,302	14,879
Creditors: Amounts falling due within one year	14	<u>(34,869)</u>	<u>(29,426)</u>
Net current liabilities		(24,567)	(14,547)
Total assets less current liabilities		5,477	3,393
Net assets		5,477	3,393
Equity			
Ordinary shares	16	-	-
Retained earnings		<u>5,477</u>	<u>3,393</u>
Total shareholders' funds		5,477	3,393

The financial statements were approved by the Board on 15 August 2017 and were signed on its behalf by:

Ian Cox
Director



The notes on pages 11 to 21 form part of these financial statements.

Exchange House Services Limited

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 APRIL 2017**

	Ordinary shares £000	Retained earnings £000	Total shareholders' funds £000
As at 1 May 2016	-	3,393	3,393
Profit for the financial year	-	10,977	10,977
Total comprehensive income for the year	-	10,977	10,977
Dividends paid	-	(8,893)	(8,893)
Total transactions with owners recognised directly in equity	-	(8,893)	(8,893)
As at 30 April 2017	-	5,477	5,477

YEAR ENDED 30 APRIL 2016

	Ordinary shares £000	Retained earnings £000	Total shareholders' funds £000
As at 1 May 2015	-	2,263	2,263
Profit for the financial year	-	10,393	10,393
Total comprehensive income for the year	-	10,393	10,393
Dividends paid	-	(9,263)	(9,263)
Total transactions with owners recognised directly in equity	-	(9,263)	(9,263)
As at 30 April 2016	-	3,393	3,393

The notes on pages 11 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2017**

1. ACCOUNTING POLICIES

General information

Exchange House Services Limited is a private limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Exchange House, Primrose Street, London EC2A 2EG. Its principal activities are the provision of business services, primarily in the United Kingdom.

Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 100 'Application of Financial Reporting Requirements' and Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

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 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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

1. ACCOUNTING POLICIES (CONTINUED)

Basis of preparation of financial statements (continued)

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

The 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.

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.

Intangible assets

Directly attributable costs associated with the development of new systems are recognised as an intangible asset. The company capitalises items where it expects to derive economic benefits from the development costs capitalised in this manner. The capitalised costs are amortised over a period of up to ten years from the date the system comes into productive use. The amortisation for the year is recognised in the Statement of Comprehensive Income under other costs.

Tangible 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

1. ACCOUNTING POLICIES (CONTINUED)

Tangible assets (continued)

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:

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Financial liabilities

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

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 the 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.

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.

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 payment 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

1 ACCOUNTING POLICIES (CONTINUED)

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. 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

	2017	2016
	£000	£000
Net rents receivable	-	145

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

5. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating profit and profit on ordinary activities before taxation is stated after charging/(crediting):

	2017 £000	2016 £000
Depreciation of tangible assets	2,070	1,706
Amortisation of intangible assets	512	408
Exchange losses	1,534	170
Operating lease charges	19,773	19,434
Defined contribution pension cost	6,326	5,856

6. AUDITORS' REMUNERATION

Audit fees of £15,000 (2016: £15,000) was borne by Herbert Smith Freehills LLP.

7. EMPLOYEES

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	130,084	116,319
Social security costs	13,024	11,836
Other pension costs	6,326	5,856
	149,434	134,011

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

	2017 Number	2016 Number
Fee-earning staff	952	898
Other staff	696	669
	1,648	1,567

8. DIRECTORS' REMUNERATION

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2017	2016
	£000	£000
UK corporation tax		
Current tax on profit for the year	1,854	1,910
Adjustments in respect of prior years	-	212
Deferred tax		
Origination and reversal of timing differences	768	221
Adjustments in respect of prior years	356	16
Total deferred tax	1,124	237
Tax on profit on ordinary activities	2,978	2,359

Factors affecting Tax Charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.9% (2016: 20.0%). The differences are explained below:

	2017	2016
	£000	£000
Profit on ordinary activities before taxation	13,955	12,752
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.9% (2016 - 20.0%)	2,770	2,549
Effects of:		
Capital allowances for year in excess of depreciation	(916)	(639)
Adjustments in respect of prior years	768	212
Deferred tax	356	237
Tax charge for the year	2,978	2,359

Factors that may affect future Tax Charges

The main rate of UK Corporation Tax will reduce to 18.0% from 1 April 2020. This change was not effective as at the balance sheet date and therefore its effect has not been included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

10. DEFERRED TAXATION

	2017	2016
	£000	£000
Deferred tax (liability)/asset:		
Asset at 1 May	885	1,122
Charged to the Statement of Comprehensive Income	(1,124)	(237)
(Liability)/asset at 30 April	(239)	885

The deferred tax (liability)/asset is made up as follows:

	2017	2016
	£000	£000
Accelerated capital allowances	(239)	885
	(239)	885

11. INTANGIBLE ASSETS

	Computer software £000
Cost	
At 1 May 2016	21,090
Additions	13,158
At 30 April 2017	34,248
Accumulated amortisation	
At 1 May 2016	8,652
Amortisation	512
At 30 April 2017	9,164
Net book value	
At 30 April 2017	25,084
At 30 April 2016	12,438

Included within computer software are £21.4m (2016: £9.0m) of assets under development.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

12. TANGIBLE ASSETS

	Office equipment and computers £000
Cost	
At 1 May 2016	35,355
Additions	1,528
Disposals	(690)
At 30 April 2017	36,193
Accumulated depreciation	
At 1 May 2016	29,853
Charge for the year	2,070
Disposals	(690)
At 30 April 2017	31,233
Net book value	
At 30 April 2017	4,960
At 30 April 2016	5,502

13. DEBTORS

	2017 £000	2016 £000
Due within one year		
Amounts due from group companies	-	3,555
Other debtors	895	746
Prepayments and accrued income	9,407	9,693
Deferred tax	-	885
	10,302	14,879

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Corporation tax	2,738	3,244
Deferred tax liability	239	-
Amounts due to group companies	6,796	-
Taxation and social security	5,240	4,930
Other creditors	2,552	2,326
Accruals and deferred income	17,304	18,926
	<u>34,869</u>	<u>29,426</u>

15. FINANCIAL INSTRUMENTS

	2017 £000	2016 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>895</u>	<u>4,301</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>34,630</u>	<u>29,426</u>

16. ORDINARY SHARES

	2017 £000	2016 £000
Allotted, called up and fully paid		
2 (2016: 2) ordinary shares of £1 (2016: £1) each	<u>-</u>	<u>-</u>

17. DIVIDENDS

	2017 £000	2016 £000
Interim dividend equivalent to £2,750,000 (2016: £3,500,000) per £1 share	5,500	7,000
Final dividend equivalent to £1,696,278 (2016: £1,131,500) per £1 share	3,393	2,263
	<u>8,893</u>	<u>9,263</u>

18. 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 £6,326,000 (2016: £5,856,000). At the year-end, contributions of £1,029,579 (2016: £1,022,000) were outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 APRIL 2017

19. 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:

	2017	2016
	£000	£000
Not later than 1 year	18,203	18,202
Later than 1 year and not later than 5 years	69,566	67,799
Later than 5 years	140,643	157,404
	<u>228,412</u>	<u>243,405</u>

20. 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, is the only company that 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.