

Schroder Corporate Services Limited

Annual Report and Accounts 2016

Year Ended 31 December 2016

Registered Number: 08816671

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Officers and professional advisers

Directors

Christopher Austin
Philip Betteridge
Wayne Mepham
Graham Staples

Company Secretary

Matthew Whyte

Registered Office

31 Gresham Street
London
EC2V 7QA

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Strategic report

The Directors present their Strategic report on Schroder Corporate Services Limited (the Company) for the year ended 31 December 2016.

Results and Review of the business

The profit for the financial year, after tax, was £115,651 (2015: £142,858 profit after tax).

The Company's principal activity is to provide corporate services for the Schroders Group. The Company's operating principles are expected to remain unchanged.

The Directors consider the results and the Company's financial position at 31 December 2016 to be satisfactory.

The Group has considered the impact of the result of the referendum on 23 June 2016 which means that the United Kingdom is expected to exit the European Union. This result is likely to continue to cause heightened economic and political uncertainty over the medium term, particularly in the United Kingdom and continental Europe. We believe the Company is well placed to manage the associated risks arising from this event, including the impact of potential legal and regulatory changes on Schroders' business model.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Schroders plc's other subsidiary undertakings which, with Schroders plc, form the Schroders plc Group (the Group) and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the "Key risks and mitigations" section of the Strategic Report and "Risk and internal controls" within the Governance section of the Schroders plc annual report and accounts for the year ended 31 December 2016 (Schroders Report). The Schroders Report does not form part of this report.

Key performance indicators

The Directors of the Group manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, is discussed in the "Strategic report" in the Schroders Report. The Schroders Report does not form part of this report.

Approved by the Board of Directors and signed on its behalf by:



Matthew Whyte
Company Secretary
2 March 2017

Directors' report

The Directors present their report and the audited financial statements for the Company for the year ended 31 December 2016. The information contained in the Strategic report and the Statement of Directors' responsibilities forms part of this Directors' report.

General information

The Company is a private limited company, limited by shares incorporated and domiciled in England and Wales. The Company's ultimate parent undertaking and controlling entity is Schroders plc, which together with the Company and Schroders plc's other subsidiary undertakings, form the Group.

Future developments

The future developments of the Company are disclosed within the Strategic report.

Dividend

During the year no dividends were paid or proposed.

Risk management and use of financial instruments

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in "Key risks and mitigations" section and "Risk and internal controls" within the Governance section of the Schroders Report. The Company's specific risk exposures to financial instruments are explained in note 12 to the financial statements. The Schroders Report does not form part of this report.

Going concern

Taking all the above factors into consideration, including the nature of the Company and its business, the Directors are satisfied that, at the time of approving the financial statements, 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 adopt the going concern basis in preparing the financial statements.

Directors

The Directors of the Company who have served throughout the year and up to the date of signing of the Annual Report are listed on page one.

Directors' liability insurance

Directors' and Officers' liability insurance is taken out by Schroders plc, the Company's ultimate parent undertaking for the benefit of the Directors of the Company.

Employee policy

The Company had no employees during the year.

Directors' report (continued)

Auditors and disclosure of information to auditors

In accordance with Section 487(2) of the Companies Act 2006 and in the absence of a notice proposing that the appointment be terminated at a general meeting, the current auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed for the next financial year.

To the best of the Directors' knowledge, there is no relevant audit information of which the Company's auditors are unaware. Each of the Directors has taken all reasonable steps that ought to have been taken by him or her as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 IFRS 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 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.

Approved by the Board of Directors and signed on its behalf by:



Matthew Whyte
Company Secretary
2 March 2017

Registered Office:
31 Gresham Street
London EC2V 7QA

Registered in England and Wales No 08816671

Independent auditors' report to the member of Schroder Corporate Services Limited

Report on the financial statements

Our opinion

In our opinion, Schroder Corporate Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; 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 Accounts (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the cash flow statement 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 IFRSs as adopted by the European Union, and applicable law.

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.

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.

Independent auditors' report to the member of Schroder Corporate Services Limited (continued)

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 Statement of Directors' responsibilities 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 member 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

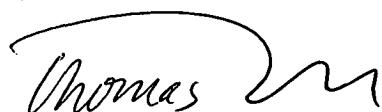
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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



Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 March 2017

Income statement

for the year ended 31 December 2016

	Note	2016 £	2015 £
Operating revenue	2	5,230,288	4,182,251
Net gains on financial instruments and other income	3	19,663	26,163
Net income		5,249,951	4,208,414
Operating expenses	4	(5,069,310)	(4,015,750)
Profit before income tax		180,641	192,664
Income tax expense	5	(64,990)	(49,806)
Profit after tax		115,651	142,858

Statement of comprehensive income

for the year ended 31 December 2016

	2016 £	2015 £
Profit for the year	115,651	142,858
Total comprehensive income for the year, net of tax	115,651	142,858

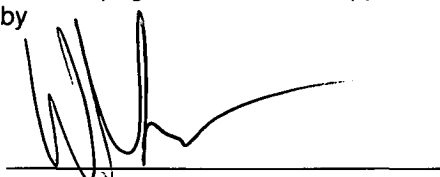
Statement of financial position

31 December 2016

	Note	2016 £	2015 £
Non-current assets			
Property, plant and equipment	6	22,705,383	10,004,584
Intangible assets	7	2,122,237	-
Deferred tax asset	8	34,461	-
Total non-current assets		24,862,081	10,004,584
Current assets			
Trade and other receivables	9	3,574,326	2,986,071
Total current assets		3,574,326	2,986,071
Total assets		28,436,407	12,990,655
Current liabilities			
Trade and other payables	10	26,613,932	11,551,039
Current tax liability		75,661	-
Total current liabilities		26,689,593	11,551,039
Non-current liabilities			
Provisions	11	1,482,060	1,290,513
Total non-current liabilities		1,482,060	1,290,513
Total liabilities		28,171,653	12,841,552
Net assets		264,754	149,103
Total equity		264,754	149,103

The financial statements on pages 7 to 22 were approved by the Board of Directors on 2 March 2017 and were signed on its behalf by

Director
Wayne Mepham



Statement of changes in equity

for the year ended 31 December 2016

	2016		
	Share capital ¹	Retained earnings	Total
	£	£	£
At 1 January 2016	1	149,102	149,103
Total comprehensive income for the year, net of tax	-	115,651	115,651
At 31 December 2016	1	264,753	264,754

	2015		
	Share capital ¹	Retained earnings	Total
	£	£	£
At 1 January 2015	1	6,244	6,245
Total comprehensive income for the year, net of tax	-	142,858	142,858
At 31 December 2015	1	149,102	149,103

¹ Share capital represents ordinary shares issued at a par value of £1 each. See note 13.

Cash flow statement

for the year ended 31 December 2016

	2016 £	2015 £
Operating activities		
Profit before income tax	180,641	192,664
Adjustments for statement of financial position movements:		
Increase in trade and other receivables	(588,255)	(2,347,160)
Increase in trade and other payables	15,062,893	811,651
Provision increase	191,547	1,290,513
Adjustments for income statement non-cash movements:		
Depreciation of plant, property and equipment	47,318	52,332
Cash from operating activities	14,894,144	-
Tax paid	(23,790)	-
Net cash from operating activities	14,870,354	-
Investing activities		
Purchase of plant, property and equipment	(12,748,117)	-
Purchase of intangible assets	(2,122,237)	-
Net cash used in investing activities	(14,870,354)	-
Net increase in cash and cash equivalents	-	-
Opening cash and cash equivalents	-	-
Net increase in cash and cash equivalents	-	-
Closing cash and cash equivalents	-	-

Notes to the financial statements

for the year ended 31 December 2016

1. Presentation of the financial statements

Financial information for the year ended 31 December 2016 is presented in accordance with International Accounting Standard (IAS) 1 Presentation of Financial Statements.

At 31 December 2016, the Company was a wholly owned subsidiary of Schroders Plc, a company incorporated in England and Wales that publishes group consolidated accounts. In accordance with Section 401 of the Companies Act 2006, the Company is therefore not required to produce consolidated accounts.

The results of the Company are consolidated in the Annual Report and Accounts of Schroders plc, copies of which can be obtained from www.schroders.com.

Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise Standards and Interpretations approved by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors, as adopted by the European Union ('EU'), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention.

The Company's principal accounting policies have been consistently applied. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the notes below.

The Company did not implement the requirements of any Standards or Interpretations which were in issue and which were not required to be implemented at the year-end date. The following Standards and Interpretations relevant to the Company that had been issued by the EU but not yet adopted at the year-end were:

IFRS 15 – Revenue

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised in a manner that depicts the pattern of transfer of services to customer, according to a five step model stipulated by the standard. The Standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Company does not anticipate that IFRS 15 will have a material impact on results. However, additional disclosures may be required.

IFRS 16 – Leases

IFRS 16 'Leases' was issued on 13 January 2016 and replaces IAS 17 'Leases'. IFRS 16 requires that all operating leases in excess of one year, where the Company is the lessee, are included on the Company's statement of financial position. The Company will be required to recognise a right-of-use (ROU) asset and a lease liability (representing the obligation to make lease payments). The ROU asset will be amortised on a straight-line basis with the interest expense on the lease liability being measured using the effective interest method. IFRS 16 contains optional exemptions for both short-term leases (less than 12 months) and for small-value leases. The Standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement and the entity adopting IFRS 15 at the same time. The Company is currently assessing the impact of IFRS 16 on its financial statements.

No other Standards or Interpretations issued and not yet effective are expected to have an impact on the financial statements.

Notes to the financial statements

for the year ended 31 December 2016

1. Presentation of the financial statements (continued)

Estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will seldom equal the related actual results.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out in the following note:

Note 11 Provisions

2. Operating revenue

Operating revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured.

The Company's primary source of revenue is income from the recharge of costs to other entities within the Group.

Operating revenue comprises:

	2016 £	2015 £
Other fees	5,230,288	4,182,251
	5,230,288	4,182,251

3. Net gains on financial instruments and other income

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Income from operating leases is recognised within the income statement on a straight-line basis over the period of the lease. Incentives given to enter into leases are amortised over the period of the lease.

Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the year-end date and transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. Exchange differences arising are taken to the income statement.

Net finance charges includes the interest charged on an overdraft provided by another Group company.

Net gains taken to the income statement in respect of financial assets and liabilities are:

	2016 £	2015 £
Property rental income	26,143	26,183
Net losses on foreign exchange	(71)	(20)
Net finance charges	(6,409)	-
	19,663	26,163

Notes to the financial statements

for the year ended 31 December 2016

4. Operating expenses

Operating expenses are recognised on an accruals basis as services are provided. Included within operating expenses are recharges from other Group companies in relation to employee benefit expenses. Pension costs are determined in accordance with IAS 19 requirements.

Operating expenses include:

	2016 £	2015* £
Salaries, wages and other remuneration	975,707	139,046
Social security costs	82,578	14,803
Other pension costs	51,918	17,031
Employee benefit expense	1,110,203	170,880
Depreciation expense	47,318	52,332
Fees payable for the audit of the Company	15,537	10,300
Operating lease payments	1,939,594	1,938,609
Other operating expenses	16,826,986	8,721,054
Operating expenses	19,939,638	10,893,175
Capitalisation	(14,870,328)	(6,877,425)
Operating expenses net of capitalisation	5,069,310	4,015,750

* 2015 has been reformatted for consistency with the 2016 presentation

Directors' emoluments

The emoluments of 4 (2015: 6) Directors employed by and paid for by other Group companies are included in the financial statements of those entities. These Directors have contracts with and receive their emoluments from another Group company. Their emoluments are deemed to be wholly attributable to their services to these other companies. These Directors therefore receive no incremental emoluments for their services to the Company.

Key management personnel remuneration

The Company has determined that the Board of Directors of the Company are the key management personnel of the Company. There was no remuneration expense for key management personnel during 2015 or 2016.

Included in the accounts of other subsidiaries of the Group are amounts owed to related parties of £21,000 (2015: £63,000) and net interest and fee income of £3,000 (2015: £2,000).

Notes to the financial statements

for the year ended 31 December 2016

5. Income tax expense

(a) Analysis of charge in the year

Major components of the income tax expense for the year ended 31 December 2016:

	2016 £	2015 £
Current tax:		
Corporation tax charge	60,703	-
Group relief	-	49,785
Adjustments to group relief in respect of prior years	14,958	21
Total current tax charge for the year	75,661	49,806
Origination and reversal of temporary differences	(13,501)	-
Adjustments in respect of prior years	2,830	-
Total tax charge for the year	64,990	49,806

(b) Factors affecting the tax charge for the year

The UK standard rate of corporation tax is 20 per cent. (2015: effective tax rate of 20.25 per cent.).

The tax charge for the year is higher (2015: higher) than the UK effective rate of corporation tax for the year of 20 per cent. The differences are explained below:

	2016 £	2015 £
Profit before tax	180,641	192,664
Profit before tax multiplied by corporation tax 20 per cent. (2015: 20.25 per cent.)	36,128	39,014
Non taxable income net of disallowable expenses	10,363	10,771
Prior year adjustments	17,788	21
Deferred tax adjustments in respect of changes in UK tax rates	711	-
Total income tax expense for the year	64,990	49,806

Notes to the financial statements

for the year ended 31 December 2016

6. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes both the original purchase price of the asset and any costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on a straight-line basis over its useful economic life, normally between three and five years. For leasehold improvements that are under construction for the new premises at One London Wall, depreciation will start when the improvement is complete and is available for use.

	2016			2015*		
	Leasehold improvements			Leasehold improvements		
	In progress £	Completed £	Total £	In progress £	Completed £	Total £
Cost						
At 1 January	9,921,111	135,805	10,056,916	3,053,311	-	3,053,311
Additions	12,748,117	-	12,748,117	6,867,800	135,805	7,003,605
At 31 December	22,669,228	135,805	22,805,033	9,921,111	135,805	10,056,916
Accumulated depreciation						
At 1 January	-	(52,332)	(52,332)	-	-	-
Depreciation charge for the year	-	(47,318)	(47,318)	-	(52,332)	(52,332)
At 31 December	-	(99,650)	(99,650)	-	(52,332)	(52,332)
Net book value as at 31 December	22,669,228	36,155	22,705,383	9,921,111	83,473	10,004,584

* 2015 has been reformatted for consistency with the 2016 presentation

At 31 December 2016 no assets were held under finance leases (2015: nil). At 31 December 2016 the Company had contractual capital commitments relating to the fit out of the new 1 London Wall Place office of £84.4m (2015: £nil), of which £80.3 million will fall due in less than one year and £4.1m between 1 and 5 years.

Notes to the financial statements

for the year ended 31 December 2016

7. Intangible assets

The costs of purchasing and implementing software, together with associated relevant expenditure, are capitalised where it is probable that future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Software and implementation fees are recorded initially at cost and then amortised over the useful life of the asset on a straight-line basis. The amortisation charge is recorded as an operating expense.

The software recorded below is currently under development and will be amortised over its useful economic life once the asset is available for use.

	2016	2015
	Software £	Software £
Cost		
At 1 January	-	-
Additions	2,122,237	-
At 31 December	2,122,237	-
Accumulated amortisation		
At 1 January	-	-
Amortisation for the year	-	-
At 31 December	-	-
Net book value as at 31 December	2,122,237	-

8. Deferred tax

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences between the tax bases of assets and liabilities at the balance sheet date and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19%, reflecting the rate expected to be applicable at the time the net deferred tax liability is realised (2015: 19%).

Notes to the financial statements

for the year ended 31 December 2016

8. Deferred tax (continued)

The movement on the deferred tax account is shown below:

	2016 £	2015 £
At 1 January	-	-
Transfer from Cazenove Capital Management Limited	23,790	-
Income statement credit	10,671	-
At 31 December	34,461	-

	Accelerated tax depreciation £	Other £	Total £
At 1 January 2016	-	-	-
Transfer from Cazenove Capital Management Limited	-	23,790	23,790
Income statement credit/ (expense)	34,461	(23,790)	10,671
At 31 December 2016	34,461	-	34,461

	Accelerated tax depreciation £	Other £	Total £
At 1 January 2015	-	-	-
Income statement expense	-	-	-
At 31 December 2015	-	-	-

Notes to the financial statements

for the year ended 31 December 2016

9. Trade and other receivables

Trade receivables are recorded initially at fair value and subsequently at amortised cost.

Impairments for specific bad and doubtful debts are made against receivables to reflect an assessment of irrecoverability and are deducted from the relevant assets. Such impairments are recorded within 'Operating expenses' in the income statement.

	2016 £	2015 £
Financial assets:		
Amounts owed by related parties (see note 15)	1,889,539	1,699,851
Other debtors	1,057,120	530,079
	2,946,659	2,229,930
Non-financial instruments:		
Prepayments	627,667	756,141
	3,574,326	2,986,071

All trade and other receivables are current.

10. Trade and other payables

Trade payables are recorded initially at fair value and subsequently at amortised cost.

	2016 £	2015 £
Financial liabilities:		
Amounts owed to related parties (see note 15)	21,948,791	8,879,147
Accruals	4,665,141	2,671,892
	26,613,932	11,551,039

All trade and other payables are current.

In order to meet its cash requirements the Company was provided an overdraft of £13,859,004 (2015: £nil) from a central bank account held by Schroder Financial Services Limited, a related party. These balances are shown within amounts owed to related parties.

Notes to the financial statements

for the year ended 31 December 2016

11. Provisions

Provisions are liabilities where there is uncertainty over the timing or amount of settlement and therefore usually require the use of estimates. They are recognised when three conditions are fulfilled: when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Company will incur a loss in order to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. They are recorded at the Company's best estimate of the cost of settling the obligation. Any differences between those estimates and the amounts for which the Company actually becomes liable are taken to the income statement as additional charges where the Company has underestimated and credits where the Company has overestimated.

Estimates and judgements

The timing and amount of settlement of each obligation is uncertain. The Company has performed an assessment of the timing and amount and periodically reviews this assessment. The Company makes a periodic assessment, including taking external advice where appropriate, to determine an appropriate provision. The Company has made provisions based on a reasonable expectation of likely outflows. However, the results of negotiations may result in different settlement.

	2016	2015
	Dilapidations and onerous leases	Dilapidations and onerous leases
	£	£
Cost		
At 1 January	1,290,513	-
Provision transferred	-	1,216,769
Provision charged	191,547	73,744
At 31 December	1,482,060	1,290,513

The provision is expected to mature in the following periods:

	2016	2015
	£	£
1-5 years	1,482,060	1,290,513
	1,482,060	1,290,513

Notes to the financial statements

for the year ended 31 December 2016

12. Financial risk management

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in the Business review section and in note 19 of the Schroders Report.

Sensitivities are measured against market risk movements which the Company believes could reasonably occur within the next calendar year. The Company's specific risk exposures are explained below.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause the Company financial loss by failing to discharge an obligation. The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are predominately its related parties and therefore there is no credit risk exposure outside the Group on these balances. The balances are monitored regularly and historically, default levels have been nil. The Company does not have any receivables past due or impaired.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due or can only do so at a cost. The Company's liquidity policy is to have access to sufficient liquidity to cover any cash flow funding, meet all obligations as they fall due and maintain solvency. Overall liquidity of the Group's capital (and for each entity) is monitored on a regular basis.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company recharges all interest to other Group companies and therefore has no net exposure to interest rate risk.

Capital management

The Company holds capital required to meet its working capital requirements. The Company has access to an overdraft facility provided by another Group company, Schroder Financial Services Limited, in order to meet its short term liquidity requirements.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's policy in relation to revenue and expenditure currency exposure is not to hedge as the resulting exposure is considered part of the business.

The Company has a minimal foreign currency exposure through its trade and other payables balance and accordingly does not have a material exposure to foreign exchange risk.

Pricing risk

The Company does not hold any financial instruments and therefore is not exposed to pricing risk.

Notes to the financial statements

for the year ended 31 December 2016

13. Share capital

	2016 Number	2015 Number	2016 £	2015 £
Issued:				
Ordinary shares of £1 each	1	1	1	1

14. Commitments

The Company leases office space and equipment in the jurisdictions in which it operates. Lease agreements can commit the Company to significant future expenditure. The Company is also committed to paying for future services provided by a third party in relation to an investment platform currently under development for the Group. Such commitments are not recorded on the Company's statement of financial position in advance of the period to which they relate.

At 31 December, the Company had outstanding commitments for future minimum payments under non-cancellable contractual agreements which fall due as follows:

	2016		
	Service fees £	Offices £	Total £
Not later than 1 year	7,450,000	2,202,814	9,652,814
Later than 1 year and not later than 5 years	47,630,000	40,717,227	88,347,227
Later than 5 years	19,000,000	300,798,164	319,798,164
Total	74,080,000	343,718,205	417,798,205

	2015		
	Service fees £	Offices £	Total £
Not later than 1 year	-	2,000,959	2,000,959
Later than 1 year and not later than 5 years	-	26,095,705	26,095,705
Later than 5 years	-	316,587,534	316,587,534
Total	-	344,684,198	344,684,198

Notes to the financial statements

for the year ended 31 December 2016

15. Related party transactions

Transactions between related parties

Transactions between the Company and related parties are disclosed below:

	Revenues £	Expenses £	Amounts owed by related parties £	Amounts owed to related parties £
2016				
Ultimate parent	637,184	-	-	(227,176)
Parent	-	-	-	-
Other related companies within the Schroders Group	4,593,194	(83,403)	1,889,539	(21,721,615)
2015				
Ultimate parent	405,585	-	573,981	(236,532)
Parent	-	-	1	-
Other related companies within the Schroders Group	3,776,666	(8,742)	1,125,869	(8,642,615)

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense for bad or doubtful debts has been recognised in the period in respect of the amounts owed by related parties.

16. Ultimate and immediate parent company

The Company's immediate parent company is Schroder Financial Holdings Limited (incorporated in England and Wales), whose ultimate parent company and ultimate controlling party is Schroders plc (incorporated in England and Wales).

The results of the Company are consolidated in the Annual Report and Accounts of Schroders plc, copies of which can be obtained from www.schroders.com.