Company registered no: 03517613

FRIDAY
L6G0UQLF
LD4 29/09/2017 #85
COMPANIES HOUSE

RWC

RWC Partners Limited
Annual Report and Financial Statements

31 December 2016

CONTENTS

INFORMATION

Officers and professional advisors

Directors
P Clarke
R Goodchild
J Innes
P Larche
D Mannix
N Richards
C Williams

Secretary
L Oades

Registered office
60 Petty France
London
SW1H 9EU

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

Bankers
HSBC Bank plc
6 Commercial Way
Woking
Surrey
GU21 6EZ

Brown Brothers Harriman (Luxembourg) S.C.A
80, Route D'Esch
L-1470 Luxembourg

Solicitors
Dechert
160 Queen Victoria Street
London
EC4V 4QQ

Registered number
03517613

Group strategic report for the year ended 31 December 2016

The directors present their strategic report and the audited consolidated financial statements in respect of RWC Partners Limited (the "company" or "parent company") and its subsidiaries (the "group" or "RWC") for the year ended 31 December 2016.

Principal activity and business review

The principal activity of the group during the year was investment management.

Business Review

The last year has seen RWC operate at the centre of change, uncertainty and opportunity for the investment management industry. The significant global political events of 2016 have upended client asset allocations as yields and currencies adjust first to the uncertainty leading up to and then the reality of the Trump administration and Brexit. At the same time the EU's MiFID II legislation has added to the change and complexity the whole industry faces at a time when expected returns are low and fees pressures continue to grow.

Despite these challenges RWC continues to move forwards and is demonstrating the resilience and opportunity that is created by diversification. At one level the European Wholesale channel has seen significant challenges while at another level the organisation is seeing the fulfilment of its long-term commitment to the global institutional business.

The European wholesale business was negatively impacted as investors generally looked for higher beta strategies drawing significant flows for ETFs and index funds at the expense of flows for absolute return funds and conservative equity funds. There were significant signs of life for emerging market strategies although many investors paused for thought following the US elections and the consequences that could develop for global trade. We are optimistic that this channel will continue to show significant growth in the future for RWC with areas such as white labelling, UK discretionary and global private banks all areas that we will be focusing on.

The appetite that RWC is seeing from institutional clients for specialist, world class investment capabilities gives validation to RWC's approach towards its investment teams. As larger companies back away from active management due to inability to scale and achieve high margins, opportunities for organisations such as RWC grow. RWC's structure is one that is simple, resonates with clients and is offering increasing appeal as the barriers to entry significantly increase. The longevity and stability that RWC offers to its investment teams and clients is now being reflected in significant institutional pipelines from the US, Australia, Europe and the Middle East.

Over the course of the year, RWC expanded into new areas, including the opening of the group's first Australian super annuation segregated account, its first KAG fund in Germany, first white label relationship in Italy and its first 40 Act fund in the US. These new propositions continue to broaden RWC's portfolio as well as opening new markets and opportunities.

For RWC, 2016 has been a year of consolidation after the considerable change and growth in 2015. As expected RWC's cost base has increased in 2016 as we underpin the growth and adapt to the changing opportunities and complexities. Although heavily impacted by the first full year of costs relating to the Emerging & Frontier Markets business acquired in 2015, the new opportunities created will significantly outweigh the short-term impact to costs. It is unavoidable that the regulatory burden continues to be a major factor of the cost base; during the year the group invested heavily in oversight and reporting across the offices and we expect to continue to invest in technologies that will provide efficiencies over coming years.

As the organisation has grown we have continued to invest in people who have the skills to take the organisation forwards to fulfil its greater potential. Notably through 2016 a new CFO, Global Head of Business Development, Head of Marketing, and Head of Risk were appointed.

Technology increasingly is a priority investment for RWC. Expenditure in 2016 included upgrades to global cyber defence hardware, applications and monitoring, as well as automation to improve operational efficiency.

Corporate Governance

There were significant changes to the Board of Directors during the year to ensure a proper balance of skills, independence and time commitments. Peter Harrison resigned from the Board in July 2016. Nicky Richards has been appointed as non-executive chairman and Peter Clarke was also appointed as a non-executive director. Added to this Gemma Bainbridge has been replaced by Cressida Williams as CFO. The RWC Board continues to support profitable growth, the people and the shareholders of the organisation.

Key risks

The identification and mitigation of risks to the business remains a priority, and is embedded across the organisation. A significant risk facing the Group is fund performance. The group mitigates performance risk through the diversification of the funds and strategies it manages and also by carefully monitoring the factors that affect performance in order to ensure that any negative influences are minimised. The appointment of a new Head of Investment Risk, Performance and Attribution will also lead to further enhancement.

One notable risk in 2016 more than other years was foreign exchange risk. At RWC, this is mitigated through continuous monitoring of currency balances and forecasting of short and long term cash flows.

Key performance indicators

The Group is in the process of developing its method of analysis in relation to key performance indicators (KPIs). KPIs for the business include profit margin (based on PBT against Total Income less Cost of Sales). For the period to 31 December 2016, the Groups profit before tax (PBT) margin was 17.4% (2015 – 22.9%).

This report was approved by the Board on 25 April 2017 and signed on its behalf by

Dan Mannix
Chief Executive Officer
25 April 2017

Directors' report for the year ended 31 December 2016

The directors present their Annual Report and the consolidated audited financial statements of RWC Partners Limited and its subsidiaries for the year ended 31 December 2016.

Results and dividends

The profit for the year of the group, after taxation, amounted to £9,498,547 (2015 - £12,233,284).

During the year the group paid dividends of £9,573,037 (2015 - £4,285,625). A dividend of £2.75 per share was declared and paid in April 2017 (totalling £4,644,118) in relation to 2016.

Directors

The directors who served during the year were:
R Goodchild
J Innes
P Larche
D Mannix
N Richards (appointed 8 March 2016)
P Clarke (appointed 4 July 2016)
C Williams (appointed 6 December 2016)
P Harrison (resigned 22 March 2016)
G Bainbridge (resigned 6 December 2016)

Pillar III disclosure

In accordance with the disclosures required by the Financial Conduct Authority (FCA) under BIPRU 11, the company's Pillar III disclosure is available via its website www.rwcpartners.com.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practise). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit 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, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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

Statement of 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 and the group'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 information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution will be proposed concerning their reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 25 April 2017 and signed on its behalf by:

Cressida Williams
Director
25 April 2017

Independent auditors' report to the members of RWC Partners Limited

Report on the financial statements

Our opinion

In our opinion, RWC Partners Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's profit and cash flows 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 Consolidated Balance Sheet and Company Balance Sheet as at 31 December 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity and the Company 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), 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 group, the company and their 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 Statement of directors' responsibilities set out on page 5, 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 group's and 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.

Philip Watson

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

25 April 2017

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016	2015
		£	£
Turnover	2	74,257,923	70,339,989
Cost of sales		(6,365,664)	(5,606,211)
Gross profit		67,892,259	64,733,778
Administrative expenses		(37,807,300)	(32,365,960)
Members remuneration charged as expense		(18,335,699)	(17,631,923)
Profit on ordinary activities before investment income, interest and taxation	3	11,749,260	14,735,895
Interest receivable and similar income		49,662	93,745
Interest payable and similar charges	6	(13,986)	(1,388)
Profit on ordinary activities before taxation		11,784,936	14,828,252
Tax on profit on ordinary activities	7	(2,286,389)	(2,594,968)
Profit for the financial year		9,498,547	12,233,284

All amounts relate to continuing operations.

The notes on pages 16 to 32 form part of these financial statements.

Consolidated Balance Sheet as at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets	9		396,267		477,071
Investments	10		646		646
			396,913		477,717
Current assets					
Debtors	11	21,741,829		18,750,412	
Investments	12	6,590,568		9,539,462	
Cash at bank and in hand	13	30,240,500		25,300,141	
		58,572,897		53,590,015	
Creditors: amounts falling due within one year	14	(24,082,015)		(20,106,788)	
Net current assets			34,490,882		33,483,227
Total assets less current liabilities			34,887,795		33,960,944
Net assets			34,887,795		33,960,944
Capital and reserves					
Called up share capital	17		179,375		170,280
Share premium account			14,618,880		12,673,255
Other reserves			(4,502,271)		(2,784,055)
Profit and loss account			24,591,811		23,901,464
Capital Employed			34,887,795		33,960,944

The financial statements on pages 10 to 32 were approved and authorised for issue by the Board and were signed on its behalf by;

CCW

Cressida Williams
Director
25 April 2017

The notes on pages 16 to 32 form part of these financial statements.

Registered number: 03517613

Company Balance Sheet as at 31 December 2016

	Note		2016		2015
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		202,209		220,704
Investments	10		4,255,818		4,055,818
			4,458,027		4,276,522
Current assets					
Debtors	11	21,791,634		16,160,395	
Investments	12	6,349,601		9,329,342	
Cash at bank and in hand	13	11,233,618		10,521,393	
		39,374,853		36,011,130	
Creditors: amounts falling due within one year	14	(22,895,342)		(18,005,547)	
Net current assets			16,479,511		18,005,583
Total assets less current liabilities			20,937,538		22,282,105
Net assets			20,937,538		22,282,105
Capital and reserves					
Called up share capital	17		179,375		170,280
Share premium account			14,618,880		12,673,255
Other reserves			(4,502,271)		(2,784,055)
Profit and loss account			10,641,554		12,222,625
Capital Employed			20,937,538		22,282,105

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

CCW

Cressida Williams
Director
25 April 2017

The notes on pages 16 to 32 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Note	Called-up share capital	Share premium account	Other reserves	Profit and loss account	Total
		£	£	£	£	£
At 1 January 2015		161,713	10,626,888	(3,099,256)	14,647,554	22,336,899
Reserves transfer		-	-	(407,514)	407,514	-
Profit for the financial year		-	-	-	29,865,207	29,865,207
Issue of shares	17	8,567	2,046,367	-	-	2,054,934
Dividends paid	8	-	-	-	(4,285,625)	(4,285,625)
Members remuneration charged as expense		-	-	-	(17,631,923)	(17,631,923)
Share based payment expense		-	-	-	898,737	898,737
Net sale of own shares		-	-	722,715	-	722,715
At 31 December 2015		**170,280**	**12,673,255**	**(2,784,055)**	**23,901,464**	**33,960,944**
Reserves transfer		-	-	-	-	-
Profit for the financial year		-	-	-	27,834,246	27,834,246
Issue of shares	17	9,095	1,945,625	-	-	1,954,720
Dividends paid	8	-	-	-	(9,573,037)	(9,573,037)
Members remuneration charged as expense		-	-	-	(18,335,699)	(18,335,699)
Share based payment expense		-	-	-	764,837	764,837
Purchase of own shares		-	-	(2,693,921)	-	(2,693,921)
Sale of own shares		-	-	975,705	-	975,705
At 31 December 2016		**179,375**	**14,618,880**	**(4,502,271)**	**24,591,811**	**34,887,795**

The notes on pages 16 to 32 form part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 December 2016

	Note	Called-up share capital	Share premium account	Other reserves	Profit and loss account	Total
		£	£	£	£	£
At 1 January 2015		161,713	10,626,888	(3,099,256)	8,677,476	16,366,821
Reserves transfer		-	-	(407,514)	407,514	-
Profit for the financial year		-	-	-	6,524,523	6,524,523
Issue of shares	17	8,567	2,046,367	-	-	2,054,934
Dividends paid	8	-	-	-	(4,285,625)	(4,285,625)
Share based payment expense		-	-	-	898,737	898,737
Net sale of own shares		-	-	722,715	-	722,715
At 31 December 2015		**170,280**	**12,673,255**	**(2,784,055)**	**12,222,625**	**22,282,105**
Reserves transfer		-	-	-	-	-
Profit for the financial year		-	-	-	7,227,129	7,227,129
Issue of shares	17	9,095	1,945,625	-	-	1,954,720
Dividends paid	8	-	-	-	(9,573,037)	(9,573,037)
Share based payment expense		-	-	-	764,837	764,837
Purchase of own shares		-	-	(2,693,921)	-	(2,693,921)
Sale of own shares		-	-	975,705	-	975,705
At 31 December 2016		**179,375**	**14,618,880**	**(4,502,271)**	**10,641,554**	**20,937,538**

The notes on pages 16 to 32 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2016

	Note	2016	2015
		£	£
Net cash inflows from operating activities	18	10,505,469	9,385,879
Investing activities			
Interest received		49,662	93,745
Payments to acquire tangible fixed assets		(212,047)	(514,938)
Purchase of current asset investments		(134,218)	(3,929,953)
Sale of current asset investments		4,082,012	-
Net cash inflow/(outflow) from investing activities		3,785,409	(4,351,146)
Financing activities			
Equity dividends paid		(9,573,037)	(4,285,625)
Issue of ordinary shares & capital		1,954,720	2,054,934
Purchase of own shares		(2,693,921)	722,715
Sale of own shares		975,705	-
Interest paid		(13,986)	(1,388)
Net cash outflow from financing activities		(9,350,519)	(1,509,364)
Increase in cash and cash equivalents		4,940,359	3,525,369
Cash and cash equivalents at 1 January		25,300,141	21,774,772
Cash and cash equivalents at 31 December		30,240,500	25,300,141

The notes on pages 16 to 32 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2016

1. Accounting Policies

1.1 Basis of preparation of financial statements

RWC Partners Limited is a private limited company incorporated in the UK.

The company's registered address is 60 Petty France, London, SW1H 9EU.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of current asset investments and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgement in applying the company's accounting policies. Due to the straight forward nature of the business, management consider that no critical judgements have been made in applying the company's accounting policies.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The financial statements consolidate the financial statements of RWC Partners Limited and its subsidiary undertakings, RWC Asset Management LLP, RWC Focus Asset Management Limited, RWC Asset Advisors (US) LLC, RWC Partners (US) Inc and RWC Singapore (Pte) Limited.

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

1.4 Cost of Sales

Cost of Sales is recognised in the Statement of Comprehensive Income as costs directly attributable to Turnover. This includes rebate costs as a direct charge on fee revenue.

1.5 Interest Income and Expense

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Notes to the financial statements for the year ended 31 December 2016 (continued)

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

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 group 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 group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period 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:

Software	- 3 years straight line
Fixtures and fittings	- 3 years straight line
Equipment	- 3 years straight line

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 balance sheet date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

1.7 Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 balance sheet date in the countries where the group operates and generates income.

Notes to the financial statements for the year ended 31 December 2016 (continued)

1. Accounting policies (continued)

1.8 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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 balance sheet date.

1.9 Foreign currencies

(a) Functional and presentation currency

The functional and presentation currency of the parent company and the group is GBP. The group includes three overseas subsidiaries, for which two the functional currency is USD and the third is SGD.

(b) 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 current market 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.

1.10 Fixed asset investments

(a) Subsidiary undertakings

Investments in subsidiaries are valued at cost less accumulated impairment.

(b) Other investments

Other investments (other than current asset investments) which have been classified as fixed asset investments as the group intends to hold them on a continuing basis are held at cost.

Notes to the financial statements for the year ended 31 December 2016 (continued)

1. Accounting policies (continued)

1.11 Current asset investments

Current asset investments are valued at fair value. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.12 Cash and cash equivalents

Cash comprises cash in hand and cash deposits, less overdrafts payable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts (if any) that are repayable on demand and form an integral part of the group's cash management.

1.13 Employee share ownership & employee benefit trust

Assets and liabilities of the trust are recognised as assets and liabilities of the company. No gain or loss is recognised on the purchase, sale or transfer of the company's shares by the trust and dividend income on shares held by the trust is deducted from aggregate dividends paid and proposed. Consideration paid for shares held by the trust are shown as an adjustment to shareholders' funds until such time as the shares vest unconditionally with employees.

1.14 Share based payments

The Group issues equity settled share based payments to certain employees (including Directors). These payments are through

- Deferred Compensation Equity (vesting periods of 2 to 3 years);
- Enterprise Management Incentives (EMI) options (no longer issued) (vesting periods of 2 years);
- Non-EMI options (vesting periods of 1 to 5 years);
- HMRC recognised Share Incentive Plan (SIP) (vesting period of 3 years); and
- Long Term Incentive Plan (LTIP) shares (vesting of 3 years).

Each scheme requires the employee to remain employed within the Group throughout the vesting period.

For Deferred Compensation Equity and LTIP shares, the fair value of the award at the point of grant is recognised through the Statement of Comprehensive Income on a straight line bases over the vesting period (including the year of issue of the award) with the liability accruing within Profit and loss account reserves. The fair value is measured by the current market share price (at the point of grant) of shares in RWC Partners Limited as determined by the Board of Directors. Upon vesting, the accrued liability is released to Other Reserves as shares held within the Employee Benefit Trust transfer to the employee (or Director).

Notes to the financial statements for the year ended 31 December 2016 (continued)

1. Accounting policies (continued)

1.14 Share based payments (continued)

For EMI and non-EMI options, the fair value is measured using the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. This value is recognised through the Statement of Comprehensive Income over the vesting period of the options with the liability being held within the Profit and loss account reserve.

SIP shares are held within an onshore trust on behalf of the employees. SIP shareholders benefit from dividend rights to the shares but no other rights of ownership for a period of three years from date of issuance. The fair value of the shares is measured by the market share price of shares in RWC Partners Limited as determined by the Board of Directors at the point of grant/purchase. The fair value is recognised fully at the point of grant/purchase within the Statement of Comprehensive Income with the liability being held within the Profit and loss account reserve. Upon the third anniversary, SIP shareholders gain ownership rights over their SIP shares.

1.15 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities s trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, such as loans and other accounts receivable and payable, are initially measured at the present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Notes to the financial statements for the year ended 31 December 2016 (continued)

1. Accounting policies (continued)

1.15 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

1.16 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.

1.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Amounts owed to members of subsidiary through members current accounts are shown at fair value.

1.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

1.19 Pensions

The group 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 in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2. Turnover

The turnover shown in the statement of comprehensive income represents the value of services provided during the year, stated net of value added tax.

The company's turnover, other than £7,946,377 (2015: £5,784,607), is derived entirely from outside the UK.

Notes to the financial statements for the year ended 31 December 2016 (continued)

3. Operating Profit

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

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	292,852	228,450
Auditors' remuneration		
- Audit of parent company & group consolidated accounts	34,135	32,510
- Audit of subsidiaries	64,350	68,612
- Audit related assurance services	193,628	192,978
- Tax compliance services	192,619	146,496
- Tax advisory services	78,438	37,528
- Other non-audit services	84,232	45,000
Operating lease rentals:		
- other operating leases	894,384	634,036
Foreign exchange (gains)/losses	(922,329)	(48,899)

4. Staff Costs

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	22,181,121	21,226,077
Social security costs	1,169,752	1,107,062
Pension costs	614,459	554,675
	23,956,332	22,887,814

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

	2016	2015
	Number	Number
Management staff	9	9
Fund management staff	44	40
Administrative staff	61	50
	114	99

Notes to the financial statements for the year ended 31 December 2016 (continued)

5. Directors' remuneration

During the year the performance period was changed to be coterminous with financial year resulting in two years of performance related emoluments being disclosed below.

	2016	2015
	£	£
Emoluments	3,695,967	2,592,524
Company pension contributions to defined contribution pension schemes	32,560	31,680

During the year retirement benefits were accruing to 4 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,791,510 (2015 - £1,777,468).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,560 (2015 - £10,560).

	2016	2015
	Number	Number
Directors who exercised share options during the year	2	2

During the year, directors exercised 12,500 (2015: 16,375) share options.

6. Interests payable and similar charges

	2016	2015
	£	£
On bank loans and overdrafts	13,986	1,388

Notes to the financial statements for the year ended 31 December 2016 (continued)

7. Tax on profit on ordinary activities

	2016	2015
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,272,175	2,104,263
Foreign tax	722,432	227,387
Adjustments in respect of prior years	368,660	138,733
Total current tax	2,363,267	2,470,383
Deferred tax (see note 15)		
Origination and reversal of timing differences	(76,878)	120,100
Effect of changes in tax rates	-	4,485
Total deferred tax	(76,878)	124,585
Tax on profit on ordinary activities	2,286,389	2,594,968

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	11,784,936	14,828,252
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	2,356,987	3,002,721
Effects of:		
Expenses not deductible for tax purposes	179,630	241,674
Timing differences on fixed assets	(7,007)	(21,334)
Adjustments in respect of prior years	368,660	138,733
Non-taxable income	-	(541,933)
Tax deduction arising from exercise of employee options	(481,671)	(135,804)
Foreign tax	(123,444)	(133,717)
Movement of tax losses	4,015	(48,970)
Timing differences on investment valuations	83,986	-
Other timing differences	(17,889)	(30,987)
Deferred taxation	(76,878)	124,585
Total tax charge for the year (see note above)	2,286,389	2,594,968

Notes to the financial statements for the year ended 31 December 2016 (continued)

8. Dividends Paid

	2016	2015
	£	£
Dividends paid on equity capital	9,573,037	4,285,625

During the financial year, a Final Dividend was declared in relation to the year ended 31 December 2015. The dividend was £1.70 per share totalling £2,861,573. A Special Distribution was also declared in April 2016 for £4.00 per share totalling £6,711,464.

9. Tangible fixed assets

	Software	Fixtures & fittings	Computer equipment	Total
	£	£	£	£
Group				
Cost				
At 1 January 2016	1,460,188	854,065	771,163	3,085,416
Additions	7,557	82,802	121,689	212,048
At 31 December 2016	1,467,745	936,867	892,852	3,297,464
Depreciation				
At 1 January 2016	1,335,717	776,261	496,367	2,608,345
Charge for the year	70,804	55,992	166,056	292,852
At 31 December 2016	1,406,521	832,253	662,423	2,901,197
Net book value				
At 31 December 2016	61,224	104,614	230,429	396,267
At 31 December 2015	124,471	77,804	274,796	477,071

Notes to the financial statements for the year ended 31 December 2016 (continued)

9. Tangible fixed assets (continued)

	Software	Fixtures & fittings	Computer equipment	Total
	£	£	£	£
Company				
Cost				
At 1 January 2016	1,447,803	751,729	541,596	2,741,128
Intra-group transfer	-	12,335	12,042	24,377
Additions	7,557	-	117,444	125,001
At 31 December 2016	1,455,360	764,064	671,082	2,890,506
Depreciation				
At 1 January 2016	1,333,170	748,146	439,108	2,520,424
Intra-group transfer	-	12,335	11,766	24,101
Charge for the year	66,480	2,359	74,933	143,772
At 31 December 2016	1,399,650	762,840	525,807	2,688,297
Net book value				
At 31 December 2016	55,710	1,224	145,275	202,209
At 31 December 2015	114,633	3,583	102,488	220,704

10. Fixed asset investments

	Investments in Focus funds
	£
Group	
Cost or valuation	
At 1 January 2016	646
At 31 December 2016	646
Net book value	
At 31 December 2016	646
At 31 December 2015	646

Notes to the financial statements for the year ended 31 December 2016 (continued)

10. Fixed asset investments (continued)

	Investments in subsidiary entities
	£
Company	
Cost or valuation	
At 1 January 2016	4,055,818
Additions	200,000
At 31 December 2016	4,255,818
Net book value	
At 31 December 2016	4,255,818
At 31 December 2015	4,055,818

Included in fixed asset investments of the company is £1,200,000 (2015: £1,000,000) representing the company's contribution to the Member's Capital of RWC Asset Management LLP, an investment management firm incorporated in England and Wales. Total Member's Capital of RWC Asset Management LLP amounts to £1,265,000 (2015: £1,065,000).

£2,813,239 (2015: £2,813,239) represents the entire share capital of RWC Focus Asset Management Ltd, an investment management firm incorporated in England and Wales.

£1 (2015: £1) represents the entire share capital of RWC Partners (US) Inc., an investment management firm incorporated in the United States of America.

£242,578 (2015: £242,578) represents the entire share capital of RWC Singapore Pte Ltd, an investment management firm incorporated in Singapore.

Notes to the financial statements for the year ended 31 December 2016 (continued)

11. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	16,809,627	12,080,452	-	-
Amounts owed by group undertakings	-	-	16,993,921	12,103,836
Amounts owed by members of subsidiary	369,615	1,900,826	-	-
VAT recoverable	302,280	896,341	990,900	838,719
Other debtors	2,144,127	2,866,723	1,953,790	2,339,640
Prepayments and accrued income	498,341	721,294	371,648	593,424
Corporation tax	1,256,185	-	1,119,721	-
Deferred tax asset (see note 15)	361,654	284,776	361,654	284,776
	21,741,829	18,750,412	21,791,634	16,160,395

12. Current asset investments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other investments	6,590,568	9,539,462	6,349,601	9,329,342

Other investments represent RWC Partners Limited and RWC Asset Advisors LLC investments in RWC Funds and products.

13. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	30,240,500	25,300,141	11,233,618	10,521,393
	30,240,500	25,300,141	11,233,618	10,521,393

Notes to the financial statements for the year ended 31 December 2016 (continued)

14. Creditors

Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	742,611	1,988,620	1,708	1,643,281
Amounts owed to group undertakings	-	-	8,916,642	5,284,118
Amounts owed to members of subsidiary	8,811,004	3,126,253	-	-
Corporation tax	-	696,192	-	269,041
Tax and social security	526,653	296,117	521,613	277,602
Other creditors	1,208,260	2,074,647	1,177,738	1,345
Accruals and deferred income	12,793,487	11,924,959	12,277,641	10,530,160
	24,082,015	20,106,788	22,895,342	18,005,547

15. Deferred taxation

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
At 1 January	284,776	409,361	284,776	359,030
Recognised during the year	76,878	(124,585)	76,878	(74,254)
At 31 December	361,654	284,776	361,654	284,776

The deferred taxation balance is made up as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Timing differences on fixed assets	8,331	15,437	8,331	15,437
Other timing differences	353,323	269,339	353,323	269,339
	361,654	284,776	361,654	284,776

Notes to the financial statements for the year ended 31 December 2016 (continued)

16. Operating lease commitments

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Group and Company		
Expiry date:		
Between 0 and 1 year	618,591	580,000
Between 1 and 2 years	156,000	580,000

17. Called up share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
1,021,660 (2015: 930,710) A Ordinary shares of £0.10 each	102,166	93,071
772,090 (2015: 772,090) B Ordinary shares of £0.10 each	77,209	77,209

The number of A ordinary shares issued over the year is set out below:

	Number of shares issued	Cash consideration
		£
March 2016	57,950	1,170,470
May 2016	18,000	549,000
August 2016	5,000	100,000
November 2016	7,500	135,000
December 2016	2,500	250
Total number of A ordinary shares issued in 2016	90,950	1,954,720

Rights, preferences and restrictions attaching to each class include restrictions on the distribution of dividends and the repayment of capital.

Notes to the financial statements for the year ended 31 December 2016 (continued)

Details of options to subscribe for shares in the company, including those held by directors, are set out below:

	2016		2015 (restated)	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		£		£
Outstanding at 1 January	239,700	26	271,875	24
Granted during the year	43,250	47	54,000	35
Exercised during the year	(90,950)	21	(85,675)	22
Cancelled during the year	-	-	(500)	24
Outstanding at 31 December	192,000	33	239,700	26
Exercisable at 31 December	75,150	24	151,700	23

The 2015 comparable has been restated to include 1,500 options not included previously.

The weighted average share price at the dates at which the above share options were exercised was £21 (2015: £22). At 31 December 2016, the range of exercise prices of the outstanding options was from £0.01 to £55 (2015: £10 to £34). The weighted average remaining contractual life of these options was 5.9 years (2015: 5.7 years).

The total expense recognised in the profit and loss for the period in respect of the share based payments was £764,837 (2015: £898,737). The carrying amount at the end of the year for liabilities arising from share-based payment transactions was £2,496,875 (2015: 1,732,038).

Notes to the financial statements for the year ended 31 December 2016 (continued)

18. Net cash flow from operating activities

	2016	2015
	£	£
Profit for the financial year	9,498,547	12,233,284
Adjustments for:		
Depreciation of tangible fixed assets	292,852	228,450
Interest received	(49,662)	(93,745)
Interest paid	13,986	1,388
Taxation	2,286,389	2,594,968
Increase in debtors	(3,189,566)	(9,479,569)
(Decrease)/increase in creditors	(1,013,328)	5,819,330
Change in market value of investments	(998,900)	(408,875)
Share option expense	764,837	898,737
Loss on disposal of assets	-	6,996
Members' remuneration charged as an expense	18,335,699	17,631,923
Net payments to members	(11,119,741)	(18,145,131)
Taxation payments	(4,315,644)	(1,901,877)
Net cash inflow from operating activities	10,505,469	9,385,879

19. Controlling party

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

20. Related Party Transactions

Transactions between Group companies are treated as inter-company loans, repayable on demand. These net down to zero on consolidation.

The Group is formed of the following entities:

- RWC Partners Limited (60 Petty France, London, SW1H 9EU, UK)
- RWC Asset Management LLP (60 Petty France, London, SW1H 9EU, UK)
- RWC Focus Asset Management Limited (60 Petty France, London, SW1H 9EU, UK)
- RWC Partners (US) Inc. (Suite 201, 2640 South Bayshore Drive, Miami, Florida, 33133, USA)
- RWC Asset Advisors (US) LLC (Suite 201, 2640 South Bayshore Drive, Miami, Florida, 33133, USA)
- RWC Singapore (Pte) Limited (#22-23, 80 Raffles Place, UOB Plaza 2, Singapore 048624)