



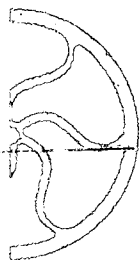
RWC Partners Limited
Annual Report and Financial Statements

31 December 2018



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INFORMATION

Directors and professional advisors

Directors

P Clarke
R Goodchild
J Innes
P Larche
D Mannix
N Richards (chairman)
C Williams

Registered office

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10 Bressenden Place
London
SW1E 5DH

Independent Auditors

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

Bankers

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6 Commercial Way
Woking
Surrey
GU21 6EZ

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

Barclays Bank PLC, Isle of Man
Barclays House,
Victoria Street,
Douglas,
Isle of Man,
IM99 1AJ

Registered number

03517613



Group Strategic Report for the year ended 31 December 2018

The directors present their Group Strategic Report and the Annual Report and 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 2018.

Principal activity and business review

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

The challenges for asset management companies did not abate in 2018. The ongoing creation of super-sized companies through mergers and the disruption caused by investors' desires to reduce costs and move to passive funds are creating significant change in the industry. Despite these headwinds RWC continued to reinforce its future as an independent, private, specialist investment management organisation that will benefit from the evolution that is shaping our industry.

As is often the way 2018 was not an easy one to navigate for investors. The organisation's interconnectivity with financial markets and geo-politics came into sharp focus throughout 2018 as emerging markets and then developed markets became uncertain and volatile. It is a good reminder that investment management organisations must be strong enough to live through periods of uncertainty, challenge and opportunity. RWC is developing an increasingly deep range of investment strategies and it is reassuring to see the quality of leadership we have across our teams. It is during years such as 2018 that experience and robust processes enable portfolio managers to look through noise and have the fortitude to continue to be objective and un-emotional.

The financial results from 2018 demonstrated ongoing progress. Against the challenging backdrop for many of the larger companies and the industry wide ongoing fee pressures, net income rose to £79.9m compared to £75.4m in 2017. We saw lower contribution from performance fees and an improvement in underlying management fee earnings, showing the changing shape of our organisation. 2018 also saw additional costs with investments in technology, infrastructure and our people. Overall this led to an increase in profit before tax to £11.9m for 2018, compared to £9.3m for 2017, and an increased dividend of £3 per share, paid in April 2019.

As the year progressed the resurgence of geo-political risk, international trade wars and interest rate divergence caused dislocation in equity markets as the future uncertainty caused investors to pause for thought. Against this backdrop our Income and Value, US Equity, European Focus and Convertibles teams had a good year relative to peers. Our strategies that had greater economic correlation such as UK Equity, Emerging & Frontier Markets, Global Horizon and European Equity had more challenging years. The longer-term numbers, however, look strong and the early part of 2019 has been encouraging, demonstrating the benefits of looking through short-term volatility.

Assets under management over the year showed little change, rising from \$14.2bn at the end of 2017 to \$14.3bn at the end of 2018. Behind the headline were significant drops in markets, with emerging markets hit particularly hard. Ultimately strong positive flows of \$2.8bn of net new money offset the declines due to market movements. Most notably Emerging & Frontier Markets net inflows of \$2.9bn, Global Horizon had another strong year with \$670m of net inflows, European Focus had inflows of \$130m and US equity of \$80m.

Value investing has been a style that is often called into question at the end of long bull markets. Both fund managers and asset owners across the world are being drawn into higher growth stocks and our Income and Value team saw a second year of outflows as many investors moved away from value disciplined strategies. Interestingly we started to see a change of sentiment through 2018. Although counter-trend,

RWC Partners Limited

we found that some UK clients were becoming increasingly interested in value strategies and felt that our team's rigorous adherence to the style was becoming increasingly appealing. As a result, we launched our first UK OEIC, the TM RWC UK Equity Income Fund. We have always leaned towards harmonising our fund structures but with Brexit pending and seeing broad based support from the advisory community in the UK, we took the view that a UK domiciled fund would provide the best vehicle. The fund is now over \$250m and justifies the work the team undertook and the commitment to the UK market.

A critical component of our proposition is providing our clients with stable and strengthening investment teams. 2018 was a year where our teams made some great progress. The Convertibles team brought in a senior fund manager to strengthen the team, and the Emerging & Frontier Markets team took the opportunity with the departure of a member of the China team to increase resources, bringing in a new team of three people to focus on China. Our other investment teams continue to build out and strengthen their capabilities.

This year also saw the retirement of one of the long-standing members of our Japan joint venture. The joint venture remains well-resourced and we look forward to developing our relationship with Nissay and other Japanese investors in the coming years.

2018 brought in the start of a multi-year programme of investment at RWC. Our view is that the development of super-sized fund management companies is not necessarily going to improve the proposition for either clients or the people who work in those organisations. For specialist investment strategies that are capacity constrained and focused on teams of people, our belief is that smaller organisations will continue to provide a better environment and deliver higher quality investment services.

As part of our commitment to our people we saw a move away from Petty France which had been our home for 10 years, the doubling in size of our Miami office and a new home in Tampa for our US Equity team. The new office spaces have proved a great success with a significantly enhanced working environment for our people. It has been noticeable how positive the impact has been on our ability to communicate and exchange ideas.

As we highlighted at the end of 2017 our infrastructure has been a core focus for us in 2018. A project that started with a review into our approach to data management rapidly evolved into a broader piece of work that also captured our core front office system. Having undertaken a full market review, we appointed Charles River to replace our incumbent systems and a large project is underway to implement the system towards the end of 2019. Concurrently we are also building out a data engine that will house all our data.

There will be tangible benefits from both projects. The backdrop over recent years has been challenging for our operations teams, with much of RWC's growth coming from separate accounts and the demands from global regulators has significantly increased. Additionally, the tools that are available to clients, investment teams and operations teams at RWC are rapidly developing but need to work with a strong data infrastructure. These investments will allow RWC to benefit from greater efficiencies and accuracy whilst significantly improving the tools available to the users of our data.

Business development has always been a core part of RWC's proposition. Given the level of growth we have seen in the US, Middle-East and Australia, 2018 saw a continuing appetite to develop the resources of the team. The client proposition within asset management is rapidly evolving and we feel well placed to support the business development team through the increases to resources and improvements we are making to our data infrastructure. The evolution of the client proposition will be a permanent priority for the organisation.

RWC aims to continue to be one of the go-to homes for proven fund management teams looking for a stable, long term organisation where they can deliver results for clients without interference by corporate



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priorities that may conflict with investors' interests. We have an attractive environment for investment teams with a global, multi-channel client base and a well-formed revenue-sharing proposition. With the investment in systems we believe the organisation will be well placed to take advantage of the plethora of opportunities presented by the disruption in the larger investment organisations. It is encouraging that we continue to see many interesting ideas for new teams and strong opportunities for organic growth.

We published our first organisation level Environmental, Social and Governance ("ESG") Policy in early 2018. ESG considerations implicitly form part of our investment processes and decision-making, however asset owners are looking to fund managers to support their ambitions in relation to ESG more explicitly. Our approach is to enable our clients to understand how ESG is genuinely integrated in our processes in a clear and transparent articulation of our approach. We will continue to have discussions with our clients about the unintended consequences of simply ticking various ESG boxes. We do have concerns about the increasing use of ESG "branding" that investment organisations are using, our experience is that this area is highly complex, dependent on personal views and can have adverse consequences if not deeply considered. We expect this to be an area that will continually develop, and we aim to be fully engaged with our clients in their journey to integrating ESG into their portfolios.

It would be remiss to review 2018 without a brief reference to some other key events. Brexit proved to be a frustrating and inconclusive issue for 2018. We remain confident that post-Brexit RWC will be able to continue to service our existing clients and find opportunities to work with new clients broadly as we do today.

RWC has taken steps through 2018 to increase the discussion around mental health within the organisation but also more broadly through its sponsorship of minds@work. The organisation was setup to raise awareness of the growing problems associated with mental ill-health and RWC became a founding sponsor along-side Unilever. This sponsorship has already seen several other initiatives within RWC based around the topic of mental health. We believe it to be imperative that our people and their families are supported in discussions around mental health, enabling them to be both healthy and well informed. We are pleased to have committed to a second year of sponsorship of minds@work.

As we look forward to the rest of 2019 there will be challenges ahead. We have taken a decisive position to build on the strengths that we have. The last three years have seen a transformation of RWC into an organisation that is responsible for clients across the world. Our commitment is to deliver a stable, progressive organisation that provides a strong foundation for our people, our clients and our shareholders. We are investing to build an ever-improving organisation that will continue to navigate the challenges dynamically and with a long-term perspective.

Key risks

The identification and mitigation of risks to the business remains a priority and is embedded across the organisation. The most significant risk facing the Group continues to be fund performance leading to investor dissatisfaction. The group mitigates performance risk through the diversification of the funds and strategies it manages, and by carefully monitoring the factors that affect performance, in order to ensure that any negative influences are minimised.

Foreign exchange risk is the second significant risk. This risk is mitigated through continuous monitoring of currency balances and forecasting of short and long-term cash flows.



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Key performance indicators

Key performance indicators (KPIs) for the business include profit margin (based on PBT against Total Income less Cost of Sales). This KPI reflects the underlying generation of value for shareholders. For the period to 31 December 2018, the Groups profit before tax (PBT) margin was 14.9% (2017 – 12.3%).

This report was approved by the Board on 24 April 2019 and signed on its behalf by

Dan Mannix
Chief Executive Officer
24 April 2019



Directors' Report for the year ended 31 December 2018

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 2018.

Results and dividends

The profit for the year of the group, after taxation, amounted to £9,033,723 (2017 - £6,728,751).

During the year the group paid dividends of £4,781,920 (2017 - £4,644,118). A dividend of £3.00 per share was declared and paid in April 2019 (totalling £5,235,561) in relation to 2018.

Directors

The directors who served during the year were:

P Clarke
R Goodchild
J Innes
P Larche
D Mannix
N Richards (Chair)
C Williams

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.

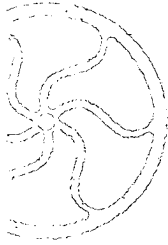
Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



RWC Partners Limited

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

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 **24** April 2019 and signed on its behalf by:

Cressida Williams
Director

24 April 2019



Independent Auditors' Report to the members of RWC Partners Limited

Report on the audit of the financial statements

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 2018 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and Company Balance Sheet as at 31 December 2018; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear and it is difficult to evaluate all of the potential implications on the Group and company's trade, customers, suppliers and the wider economy.



Independent Auditors' Report to the members of RWC Partners Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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



Independent Auditors' Report to the members of RWC Partners Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; 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.

Philip Watson
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24 April 2019

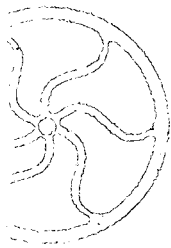


Consolidated Statement of Comprehensive Income for the year ended 31 December 2018

	Note	2018	2017
		£'000	£'000
Turnover	2	84,938	81,048
Cost of sales		<u>(5,036)</u>	<u>(5,646)</u>
Net income		79,902	75,402
Administrative expenses		(48,290)	(45,607)
Expenses to non-controlling interests		<u>(19,810)</u>	<u>(20,585)</u>
Profit on ordinary activities before interest and taxation	3	11,802	9,210
Interest receivable and similar income		<u>70</u>	<u>49</u>
Profit on ordinary activities before taxation		11,872	9,259
Tax on profit on ordinary activities	6	<u>(2,838)</u>	<u>(2,530)</u>
Profit for the financial year		<u>9,034</u>	<u>6,729</u>

All amounts relate to continuing operations.

The notes to the financial statements on pages 18 to 37 form part of these financial statements.



Consolidated Balance Sheet as at 31 December 2018

	Note	2018	2017
		£'000	£'000
Fixed assets			
Intangible fixed assets	8	3,160	4,888
Tangible fixed assets	9	<u>1,939</u>	<u>1,009</u>
		5,099	5,897
Current assets			
Debtors	11	20,375	34,178
Investments	12	6,540	6,560
Cash at bank and in hand	13	<u>50,089</u>	<u>34,020</u>
		77,004	74,758
Creditors: amounts falling due within one year	14	<u>(35,455)</u>	<u>(39,159)</u>
Net current assets		<u>41,549</u>	<u>35,599</u>
Total assets less current liabilities		46,648	41,496
Creditors: amounts falling due after more than one year	15	(2,142)	(2,818)
Provisions for liabilities	16	<u>(291)</u>	<u>(327)</u>
Net assets		<u>44,215</u>	<u>38,351</u>
Capital and reserves			
Called up share capital	18	187	185
Share premium account		16,456	16,176
Other reserves		(5,969)	(6,049)
Profit and loss account		<u>33,541</u>	<u>28,039</u>
Total shareholders' funds		<u>44,215</u>	<u>38,351</u>

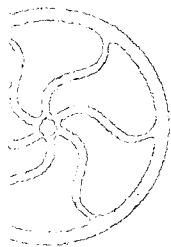
The financial statements on pages 12 to 37 were approved and authorised for issue by the Board and were signed on its behalf by;

Cressida Williams
Director

24 April 2019

The notes to the financial statements on pages 18 to 37 form part of these financial statements.

Registered number: 03517613



Company Balance Sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible fixed assets	8	3,150	4,878
Tangible fixed assets	9	1,594	719
Investments in subsidiary undertakings	10	4,217	7,469
		<u>8,961</u>	<u>13,066</u>
Current assets			
Debtors	11	37,603	29,728
Investments	12	6,434	6,270
Cash at bank and in hand	13	17,971	11,857
		<u>62,008</u>	<u>47,855</u>
Creditors: amounts falling due within one year	14	<u>(29,543)</u>	<u>(33,766)</u>
Net current assets		<u>32,465</u>	<u>14,089</u>
Total assets less current liabilities		<u>41,426</u>	<u>27,155</u>
Creditors: amounts falling due after more than one year	15	(2,142)	(2,818)
Provisions for liabilities	16	<u>(291)</u>	<u>(343)</u>
Net assets		<u>38,993</u>	<u>23,994</u>
Capital and reserves			
Called up share capital	18	187	185
Share premium account		16,456	16,176
Other reserves		(5,969)	(6,049)
Profit and loss account		<u>28,319</u>	<u>13,682</u>
Total shareholders' funds		<u>38,993</u>	<u>23,994</u>

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

Cressida Williams
Director

24 April 2019

The notes to the financial statements on pages 18 to 37 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2018

	Note	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2017		179	14,619	(4,502)	24,592	34,888
Profit for the financial year		-	-	-	6,729	6,729
Issue of shares	18	6	1,557	-	-	1,563
Dividends paid	7	-	-	-	(4,644)	(4,644)
Share based payment expense		-	-	-	1,362	1,362
Purchase of own shares		-	-	(3,139)	-	(3,139)
Net sale of own shares		-	-	1,592	-	1,592
At 31 December 2017		185	16,176	(6,049)	28,039	38,351
Profit for the financial year		-	-	-	9,034	9,034
Issue of shares	18	2	280	-	-	282
Dividends paid	7	-	-	-	(4,782)	(4,782)
Share based payment expense		-	-	-	1,250	1,250
Purchase of own shares		-	-	(4,291)	-	(4,291)
Sale of own shares		-	-	4,371	-	4,371
At 31 December 2018		187	16,456	(5,969)	33,541	44,215

The notes to the financial statements on pages 18 to 37 form part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 December 2018

	Note	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2017		179	14,619	(4,502)	10,642	20,938
Profit for the financial year		-	-	-	6,322	6,322
Issue of shares	18	6	1,557	-	-	1,563
Dividends paid	7	-	-	-	(4,644)	(4,644)
Share based payment expense		-	-	-	1,362	1,362
Purchase of own shares		-	-	(3,139)	-	(3,139)
Net sale of own shares		-	-	1,592	-	1,592
At 31 December 2017		185	16,176	(6,049)	13,682	23,994
Profit for the financial year		-	-	-	18,169	18,169
Issue of shares	18	2	280	-	-	282
Dividends paid	7	-	-	-	(4,782)	(4,782)
Share based payment expense		-	-	-	1,250	1,250
Purchase of own shares		-	-	(4,291)	-	(4,291)
Sale of own shares		-	-	4,371	-	4,371
At 31 December 2018		187	16,456	(5,969)	28,319	38,993

The notes to the financial statements on pages 18 to 37 form part of these financial statements.



Consolidated Cash Flow Statement for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Operating activities			
Net cash generated from operating activities	19	24,021	12,133
Taxation payments		(2,107)	(1,111)
Net cash inflows from operating activities		<u>21,914</u>	<u>11,022</u>
Investing activities			
Purchase of subsidiary net of cash acquired		-	(2,461)
Interest received		70	49
Payments to acquire tangible fixed assets		(1,388)	(905)
Purchase of investment in equity instruments		(235)	(2,633)
Sale of investment in equity instruments		128	3,335
Net cash (outflow) from investing activities		<u>(1,425)</u>	<u>(2,615)</u>
Financing activities			
Equity dividends paid		(4,782)	(4,644)
Issue of ordinary shares		282	1,563
Purchase of own shares		(4,291)	(3,138)
Sale of own shares		4,371	1,592
Interest paid		-	-
Net cash outflow from financing activities		<u>(4,420)</u>	<u>(4,627)</u>
Increase in cash and cash equivalents		16,069	3,780
Cash and cash equivalents at 1 January		<u>34,020</u>	<u>30,240</u>
Cash and cash equivalents at 31 December		<u><u>50,089</u></u>	<u><u>34,020</u></u>

The notes on pages 18 to 37 form part of these financial statements.



Notes to the financial statements for the year ended 31 December 2018

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 Verde 4th floor, 10 Bressenden Place, London SW1E 5DH.

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. Except where specifically noted (in notes 1.7, 1.8, 1.9, 1.17 & 1.18), 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, except in regard to notes 1.8, 1.9 & 16, 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 (the "Parent Company") and its subsidiary undertakings, RWC Asset Management LLP, RWC Focus Asset Management Limited, RWC Asset Advisors (US) LLC, RWC (US) LLC, RWC Singapore (Pte) Limited, RWC (GP) Ltd, Pensato Capital Management Limited, Pensato Capital LLP and Pensato Cayman Ltd.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. All entities have co-terminus financial accounting year ends except Pensato Cayman Ltd which has a financial accounting year end of 31st March. At the end of 2018, Pensato Cayman Ltd was in wind down and the only material asset was cash. This balance was consolidated within the group financial statements.

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.



Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

1.3 Turnover

The turnover shown in the statement of comprehensive income represents fees receivable for investment management services provided during the year and arising from continuing activities in the UK, exclusive of value added tax. Management fees are accrued on a monthly basis and performance fees are recognised on crystallisation.

1.4 Cost of Sales

Cost of Sales is recognised in the Statement of Comprehensive Income as costs directly attributable to Turnover.

1.5 Administrative Expenses

Administrative expenses shown in the Statement of Comprehensive Income represents expenses related to the operation of the business.

1.6 Interest Income and Expense

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

1.7 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as a reassessment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life of five years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.



Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

1.8 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives of 5 years.

Amortisation is charged to administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

1.9 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 and company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the 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:

Leasehold improvements	- 10 years straight line
Software	- 3 years straight line
Fixtures and fittings	- 5 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.

1.10 Operating leases

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



Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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.

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.

1.12 Foreign currencies

(a) Functional and presentation currency

The functional and presentation currency of the parent company and the group is Great British Pound (GBP). The group includes four overseas subsidiaries, of which for three the functional currency is United States Dollar (USD) and the fourth is Singapore Dollar (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.



Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

1.13 Fixed asset investments

Investments in subsidiary undertakings are valued at cost less accumulated impairment.

1.14 Investment in equity instruments

Investments in equity instruments are held as current asset investments due to their highly liquid nature. They are initially valued at transaction value and revalued to fair value on a monthly basis. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.15 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.

1.16 Employee share ownership & employee benefit trust (the "trust")

The Company's loan to the trust is recognised within equity 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.

1.17 Share based payments

The group, through the Parent Company, issues equity settled share based payments to certain employees (including Directors). These payments are through

- Deferred Compensation Equity (vesting periods up to 39 months);
- Enterprise Management Incentives (EMI) options (no longer issued) (vesting periods of 24 months);
- Non-EMI options (vesting periods of up to 60 months);
- Long Term Service Awards (LTSA) shares (immediately vesting);
- HMRC recognised Share Incentive Plan (SIP) (vesting period of 36 months); and
- Long Term Incentive Plan (LTIP) shares (vesting of up to 39 months).

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



Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

1.17 Share based payments (continued)

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 service to which the award relates). 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 amount recognised in equity related to the awards is released to Other Reserves as shares held within the Employee Benefit Trust transfer to the employee (or Director).

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.

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. Upon the third anniversary, SIP shareholders gain ownership rights over their SIP shares.

1.18 Financial instruments

The group only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like 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, like loans and other accounts receivable and payable, are initially measured at transaction cost 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, like 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.



Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

1.18 Financial instruments (continued)

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.

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.

1.19 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.

1.20 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.

1.21 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.

1.22 Pension

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.

1.23 Expenses to Non-controlling Interests

Expenses to non-controlling interests represent the proportion of members remuneration charged as an expense in the underlying subsidiary entity RWC Asset Management LLP which is attributable to non-controlling interests.



Notes to the financial statements for the year ended 31 December 2018 (continued)

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.

A geographical analysis of the group's turnover is as follows:

	2018 £'000	2017 £'000
United Kingdom	6,886	7,945
Luxembourg	37,018	32,622
Rest of Europe	3,129	2,070
Cayman Islands	23,026	29,497
Rest of the World	14,879	8,914
	<u>84,938</u>	<u>81,048</u>

3. Operating Profit

The operating profit is stated after charging:

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets:		
- owned by the group	458	282
Amortisation of intangible assets	797	348
Reassessment of intangible assets	931	-
Auditors' remuneration		
- Audit of parent company & group consolidated accounts	63	53
- Audit of subsidiaries	65	67
- Audit related assurance services	8	14
- Tax compliance services	261	366
- Tax advisory services	91	14
- Other non-audit services	261	173
Operating lease rentals:		
- other operating leases	1,375	1,090
Foreign exchange losses	<u>15</u>	<u>210</u>



Notes to the financial statements for the year ended 31 December 2018 (continued)

4. Staff Costs

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

	2018	2017
	£'000	£'000
Wages and salaries	33,820	29,496
Social security costs	1,612	1,850
Pension costs	704	728
	<u>36,136</u>	<u>32,074</u>

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

	2018	2017
	Number	Number
Management staff	11	10
Fund management staff	47	45
Administrative staff	70	62
	<u>128</u>	<u>117</u>

5. Directors' remuneration

	2018	2017
	£'000	£'000
Emoluments	<u>4,012</u>	<u>2,771</u>
Company pension contributions to defined contribution pension schemes	<u>32</u>	<u>32</u>

During the year retirement benefits were accruing to three directors (2017: three) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,871,068 (2017: £1,947,552), which includes the vesting of a long-term equity incentive scheme in 2018.

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 (2017: £10,560).



Notes to the financial statements for the year ended 31 December 2018 (continued)

5. Directors' remuneration (continued)

	2018 Number	2017 Number
Directors who exercised share options during the year	<u>-</u>	<u>-</u>

During the year, directors exercised nil (2017: nil) share options.

6. Tax on profit

	2018 £'000	2017 £'000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	2,595	1,205
Foreign tax	316	406
Adjustments in respect of prior years	<u>(37)</u>	<u>920</u>
Total current tax	<u>2,874</u>	<u>2,531</u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	<u>(36)</u>	<u>(1)</u>
Total deferred tax	<u>(36)</u>	<u>(1)</u>
Tax on profit	<u>2,838</u>	<u>2,530</u>

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 19% (2017 – 19%). The differences are explained below:



Notes to the financial statements for the year ended 31 December 2018 (continued)

6. Tax on profit (continued)

	2018	2017
	£'000	£'000
Profit on ordinary activities before tax	11,872	9,259
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19%)	2,256	1,759
Effects of:		
Expenses not deductible for tax purposes	470	236
Timing differences on fixed assets	-	(34)
Adjustments in respect of prior years	(37)	920
Tax charge arising from share based payments	213	145
Foreign tax	59	184
Timing differences on investment valuations	(25)	(62)
Other timing differences	(62)	(617)
Deferred taxation	(36)	(1)
Total tax charge for the year (see note above)	2,838	2,530

7. Dividends Paid

	2018	2017
	£'000	£'000
Dividends paid on equity capital	4,782	4,644

At the Board meeting held on 26th March 2019, a Final Dividend of £3.00 per share was proposed in relation to the year ended 31 December 2018, totalling £5,235,561 (the prior year Final Dividend totalled £4,781,920 was proposed at the Board meeting held 22nd March 2018).



Notes to the financial statements for the year ended 31 December 2018 (continued)

8. Intangible fixed assets

	Intangibles £'000	Goodwill £'000	Total £'000
Group			
Cost			
At 1 January 2018	3,973	1,263	5,236
Reassessment	(1,141)	210	(931)
At 31 December 2018	<u>2,832</u>	<u>1,473</u>	<u>4,305</u>
Amortisation			
At 1 January 2018	264	84	348
Charge for the year	488	309	797
At 31 December 2018	<u>752</u>	<u>393</u>	<u>1,145</u>
Net book value			
At 31 December 2018	<u>2,080</u>	<u>1,080</u>	<u>3,160</u>
At 31 December 2017	<u>3,709</u>	<u>1,179</u>	<u>4,888</u>

Intangible fixed assets include the investment management agreements acquired on the acquisition of the Pensato Capital group in the prior year.

Goodwill represents the difference between the consideration payable to acquire the group and the fair value of identifiable assets at the acquisition date.

During the period, following a reassessment of the contingent element of the consideration for the Pensato Capital group acquisition, an adjustment to the initial estimates for the contingent element of the total consideration was applied.

The useful life of the goodwill is still deemed to be in line with initial estimates of five years from date of acquisition.

Company	Intangibles £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2018	3,963	1,263	5,226
Reassessment	(1,141)	210	(931)
At 31 December 2018	<u>2,822</u>	<u>1,473</u>	<u>4,295</u>
Amortisation			
At 1 January 2018	264	84	348
Charge for the year	488	309	797
At 31 December 2018	<u>752</u>	<u>393</u>	<u>1,145</u>
Net book value			
At 31 December 2018	<u>2,070</u>	<u>1,080</u>	<u>3,150</u>
At 31 December 2017	<u>3,699</u>	<u>1,179</u>	<u>4,878</u>

Notes to the financial statements for the year ended 31 December 2018 (continued)

9. Tangible fixed assets

	Leasehold £'000	Software £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Group					
Cost					
At 1 January 2018	404	1,470	1,339	979	4,192
Additions	852	1	331	204	1,388
At 31 December 2018	1,256	1,471	1,670	1,183	5,580
Depreciation					
At 1 January 2018	-	1,442	902	839	3,183
Charge for the year	115	26	154	163	458
At 31 December 2018	115	1,468	1,056	1,002	3,641
Net book value					
At 31 December 2018	1,141	3	614	181	1,939
At 31 December 2017	404	28	437	140	1,009
	Leasehold £'000	Software £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Company					
Cost					
At 1 January 2018	411	1,458	938	718	3,525
Additions	845	-	208	139	1,192
At 31 December 2018	1,256	1,458	1,146	857	4,717
Depreciation					
At 1 January 2018	-	1,430	764	612	2,806
Charge for the year	115	25	69	108	317
At 31 December 2018	115	1,455	833	720	3,123
Net book value					
At 31 December 2018	1,141	3	313	137	1,594
At 31 December 2017	411	28	174	106	719



Notes to the financial statements for the year ended 31 December 2018 (continued)

10. Investment in Subsidiary Undertakings

	Investments in subsidiary entities £'000
Company	
Cost or valuation	
At 1 January 2018	7,469
Additions	-
Disposals	-
Liquidations	(3,263)
Currency movement	11
At 31 December 2018	<u>4,217</u>
Net book value	
At 31 December 2018	<u>4,217</u>
At 31 December 2017	<u>7,469</u>

Included in fixed asset investments of the company is £1,200,000 (2017: £1,200,000) representing the company's contribution of 94% 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 £1,280,000 (2017: £1,285,000).

£nil (2017: £2,813,239) represents the entire share capital of RWC Focus Asset Management Ltd, an investment management firm incorporated in England and Wales.

£1 (2017: £1) represents the entire share capital of RWC (US) LLC, an investment management firm incorporated in the United States of America.

£287,803 (2017: £276,656) represents the entire share capital (SGD 500,000) of RWC Singapore Pte Ltd, an investment management firm incorporated in Singapore. This investment is held in SGD and revalued to GBP on a monthly basis.

£2,729,276 (2017: £3,179,276) represents the entire share capital of Pensato Cayman Limited, a company incorporated in the Cayman Islands.

During the year the Group liquidated its entire holding within Pensato Capital LLP and RWC Focus Asset Management Ltd as part of their wind down. Both companies (along with Pensato Capital Management Ltd (100% owned by Pensato Cayman Ltd)) were subsequently struck off.

Notes to the financial statements for the year ended 31 December 2018 (continued)

11. Debtors

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade debtors	14,636	28,345	-	-
Amounts owed by group undertakings	-	-	34,945	26,233
Amounts owed to non-controlling interests	-	37	-	-
VAT recoverable	350	558	1,394	1,526
Other debtors	4,703	4,654	764	1,556
Prepayments and accrued income	686	584	500	413
Corporation tax	-	-	-	-
Deferred tax asset (see note 16)	-	-	-	-
	<u>20,375</u>	<u>34,178</u>	<u>37,603</u>	<u>29,728</u>

12. Investments in Equity Instruments

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Other investments	<u>6,540</u>	<u>6,560</u>	<u>6,434</u>	<u>6,270</u>

Other investments represent RWC Partners Limited, RWC Asset Advisors LLC and Pensato GP Ltd's investments in RWC Funds and products. Investments are revalued on a monthly basis to fair value.

13. Cash and Cash Equivalents

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Cash at bank and in hand	<u>50,089</u>	<u>34,020</u>	<u>17,971</u>	<u>11,857</u>
	<u>50,089</u>	<u>34,020</u>	<u>17,971</u>	<u>11,857</u>



Notes to the financial statements for the year ended 31 December 2018 (continued)

14. Creditors

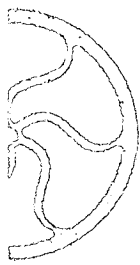
Amounts falling due within one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	2	10	2	2
Amounts owed to group undertakings	-	-	8,258	12,373
Amounts owed to non-controlling interests	6,378	12,778	-	-
Corporation tax	932	164	1,294	734
Tax and social security	923	618	903	602
Other creditors	3,570	3,951	3,365	4,743
Other financial liabilities	732	732	732	732
Accruals and deferred income	<u>22,918</u>	<u>20,906</u>	<u>14,989</u>	<u>14,580</u>
	<u>35,455</u>	<u>39,159</u>	<u>29,543</u>	<u>33,766</u>

15. Creditors

Amounts falling due after more than one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Other financial liabilities	<u>2,142</u>	<u>2,818</u>	<u>2,142</u>	<u>2,818</u>
	<u>2,142</u>	<u>2,818</u>	<u>2,142</u>	<u>2,818</u>



Notes to the financial statements for the year ended 31 December 2018 (continued)

16. Deferred taxation

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
At 1 January	(327)	362	(343)	362
On acquisitions	-	16	-	-
Reclassified from investments	-	(706)	-	(706)
Other movements	-	-	16	-
Recognised during the year	<u>36</u>	<u>1</u>	<u>36</u>	<u>1</u>
At 31 December	<u>(291)</u>	<u>(327)</u>	<u>(291)</u>	<u>(343)</u>

The deferred taxation balance is made up as follows:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
On intangible fixed asset	(347)	(659)	(347)	(659)
Timing differences on fixed assets	(60)	(26)	(60)	(26)
Other timing differences	<u>116</u>	<u>358</u>	<u>116</u>	<u>342</u>
	<u>(291)</u>	<u>(327)</u>	<u>(291)</u>	<u>(343)</u>

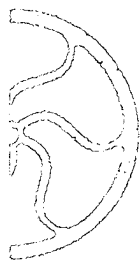
17. Operating lease commitments

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Group and Company		
Between 0 and 1 year	1,134	1,282
Between 1 and 2 years	1,134	1,134
Between 2 and 5 years	3,036	3,168
Greater than 5 years	3,546	4,548

18. Called up share capital

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
1,098,485 (2017: 1,081,310) A Ordinary shares of £0.10 each	110	108
772,090 (2017: 772,090) B Ordinary shares of £0.10 each	<u>77</u>	<u>77</u>



Notes to the financial statements for the year ended 31 December 2018 (continued)

18. Called up share capital (continued)

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

	Number of shares issued	Cash consideration £'000
February 2018	10,000	150
April 2018	5,625	91
October 2018	1,550	41
Total number of A ordinary shares issued in 2018	17,175	282

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

Details of options to subscribe for shares in the company, including those held by directors, are set out below. Further information can be found in note 1.17.

	2018		2017	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	161,600	35	192,000	33
Granted during the year	19,000	39	31,500	36
Exercised during the year	(17,175)	16	(59,650)	26
Expired during the year	(1,350)	23	-	-
Cancelled during the year	(1,750)	48	(2,250)	55
Outstanding at 31 December	<u>160,325</u>	<u>38</u>	<u>161,600</u>	<u>35</u>
Exercisable at 31 December	<u>99,825</u>	<u>32</u>	<u>99,100</u>	<u>29</u>

The weighted average share price at the dates at which the above share options were exercised was £16 (2017: £26). At 31 December 2018, the range of exercise prices of the outstanding options was from £0.01 to £55 (2017: £0.01 to £55). The weighted average remaining contractual life of these options was 6.81 years (2017: 7.0 years).

The total expense recognised in the profit and loss for the period in respect of the share-based payments was £1,250,275 (2017: £1,362,398). The carrying amount at the end of the year for future charges for share-based payment transactions was £3,992,583 (2017: 3,127,744).



Notes to the financial statements for the year ended 31 December 2018 (continued)

19. Net cash flow from operating activities

	2018	2017
	£'000	£'000
Profit for the financial year	9,034	6,729
Adjustments for:		
Depreciation of tangible fixed assets	458	282
Amortisation of intangible assets	797	348
Reassessment of intangible fixed assets	931	-
Interest received	(70)	(49)
Interest paid	-	-
Taxation	2,838	2,530
Decrease/(increase) in debtors	13,714	(12,861)
Increase in creditors	1,461	9,862
Change in market value of investments	125	(355)
Share option expense	1,250	1,362
Expenses to non-controlling interests	19,810	23,865
Payments to non-controlling interests	(26,327)	(19,580)
Net cash inflow from operating activities	24,021	12,133

20. Controlling party

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



Notes to the financial statements for the year ended 31 December 2018 (continued)

21. 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 (all wholly owned unless stated):

- RWC Partners Limited (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- RWC Asset Management LLP (94% capital contribution) (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- RWC Focus Asset Management Limited (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH, UK) (dissolved as of April 2019)
- RWC (US) LLC (incorporated in the USA) (Suite 201, 2640 South Bayshore Drive, Miami, Florida, 33133, USA)
- RWC Asset Advisors (US) LLC (incorporated in the USA) (Suite 201, 2640 South Bayshore Drive, Miami, Florida, 33133, USA)
- RWC Singapore (Pte) Limited (incorporated in Singapore) (#22-23, 80 Raffles Place, UOB Plaza 2, Singapore 048624)
- RWC GP Limited (incorporated in the Cayman Islands) (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- Pensato Capital Management Limited (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of March 2019)
- Pensato Cayman Limited (incorporated in the Cayman Islands) (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of April 2019)
- Pensato Capital LLP (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of March 2019)
- RWC Specialist UK Focus Fund Limited Partnership (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH) (dissolved as of November 2018)

The outstanding balance between the Company and the subsidiary entity (RWC Asset Management LLP) was £30.1m (2017: £20.3m). Transactions between the Company and RWC Asset Management LLP include profit allocation due to the Company; administrative costs borne by the Company; and cash movements between the Company and RWC Asset Management LLP. The net of the transactions within the period was £9.9m (2017: £7.1m).