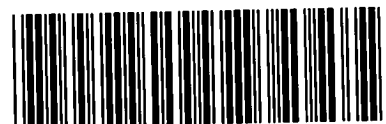


NEXIA SMITH & WILLIAMSON AUDIT LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended
30 April 2018

FRIDAY



A22 *A7L9BMTT* 21/12/2018 #195
COMPANIES HOUSE

Nexia Smith & Williamson Audit Limited

Contents

Report and financial statements for the year ended 30 April 2018

Strategic report	1-2
Directors' report	3-4
Independent auditors' report	5-6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11-15

Nexia Smith & Williamson Audit Limited

Strategic report

Principal activities

Nexia Smith & Williamson Audit Limited ('the company') provides audit and related compliance services to corporate entities, professional practices and not-for-profit organisations. The company works alongside Smith & Williamson LLP which provides a range of other accounting services including taxation and financial advice to the extent it is appropriate in line with ethical and independence guidance.

The company is a registered auditor and is regulated by the Institute of Chartered Accountants in England & Wales. Effective 15 May 2018, the company ceased its registration with the US Public Company Accounting Oversight Board (PCAOB).

A majority of the directors are Responsible Individuals and all directors take responsibility for all audit work undertaken by the company.

The company is part of the Nexia International network of audit firms and works alongside other firms in the network.

Markets and sectors

The company's clients include substantial UK and international groups through to small businesses and start ups and are serviced from five offices based in London, Bristol, Southampton, Salisbury and Guildford.

Whilst our clients cover the full range of industries and sectors, the company is especially well known for its work in the following sectors:

- Bloodstock and equestrian
- Charities
- Entrepreneurs
- Financial services
- Landed estates
- Media
- Professional practices
- Property and construction
- Quoted companies
- Registered providers of social housing
- Sustainable technology
- Technology

The UK economy continues to face uncertainties from Brexit which may have a consequential impact on business confidence and activity levels.

The market for audit services remains competitive, but the company expects to continue to obtain work from larger firms as a result of the combination of service quality and technical expertise.

Review of business

A key performance measure is the company's revenue, which has increased by 9% (2017: 3%).

Revenue consists of services provided primarily in the UK. Net operating expenses predominantly consist of the costs of facilities, directors and staff costs, which are recharged to the company from the Smith & Williamson Holdings Limited group under secondment and service agreements. The profit for the year was £5,000 (2017: £5,000) and this balance has been transferred to reserves.

The company's financial position at the year end is shown in the balance sheet on page 8.

Principal risks and uncertainties

The company operates in a competitive market with the loss of clients to competitors being a risk to the company. The company manages this risk by providing an excellent service to clients, adding value where possible and maintaining strong relationships with clients.

In the current economic climate, the directors are aware of the risk consequent to the solvency position of clients and have taken steps to manage the risk exposure accordingly.

The majority of the company's clients are based in the UK and are invoiced in Sterling. The company is therefore not exposed to any material foreign exchange risk.

The company's principal current assets are its trade and other receivables. The company has a large client base and therefore has no significant concentration of credit risk.

The company's financial instrument risk is limited to liquidity risk only, which is managed by the regular monitoring of its working capital.

Nexia Smith & Williamson Audit Limited

Strategic report (continued)

The company is exposed to professional indemnity claims which are mitigated by quality control procedures and professional indemnity insurance.

Financial risk management

The company's working capital requirements have been funded through share capital and its credit arrangements with Smith & Williamson LLP and Smith & Williamson Corporate Services Limited.

The company is exposed to the price risk associated with the normal inflationary pressures on the services it provides, although our pricing structure enables inflationary increases to be passed onto our clients. As regards credit risk, a policy of appropriate credit checks has been implemented with respect to both new and existing clients.

Going concern

The company has adequate financial resources and a large, diversified client base. As a consequence, the directors believe that the company is well placed to manage its financial risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Future outlook

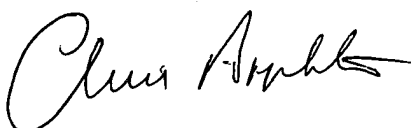
The directors remain cautious about the short-term outlook for the UK economy due to political and economic uncertainty, both in the UK and elsewhere. They will continue to invest in business development, sales and marketing activities to ensure that they are able to take full advantage of any future improvements in overall economic conditions.

Governance

The directors have delegated responsibility for management of the company to an Executive Committee which had the following members during the year:

J C Appleton (Chairman)
A D Bond
G A S G Murphy (resigned 12 December 2017)
J M Oakes
A J Pryor
N S Simmonds (appointed 2 August 2017)
J M Talbot

On behalf of the board



J C Appleton
Chairman

31 July 2018

Nexia Smith & Williamson Audit Limited

Directors' report

The directors present their report on the affairs of the company together with the audited financial statements for the year ended 30 April 2018.

Dividends

The directors do not recommend the payment of a final dividend (2017: £nil).

Share buyback

In November 2017, the company bought back and cancelled A & B ordinary shares. Details of the share buyback are provided in note 9.

Events after the balance sheet date

There have been no material events after the balance sheet date.

Directors

The directors of the company are listed below. All of these directors served throughout the year under review and up to the point of signing the financial statements, except where noted.

T J Adams	G A S G Murphy
C A Allen	J A Mutton
J C Appleton	M J Neale
A D Bond	J M Oakes
C Deane	A J Pryor
S D Drew	P A Quigley
A J Edmonds	D W Roper
R J Hardy (resigned 22 September 2017)	J R Selden
K Jackman	N S Simmonds
N J Jacques (appointed 13 November 2017)	K L Smith (resigned 27 May 2018)
K L Jones	G R B Swarbreck
J N Lane	J M Talbot
M J Maneely	P Treadgold (resigned 30 November 2017)
L C Manson	A G Waters (appointed 12 February 2018)
C Mistry	F G Westwood

Indemnity

Throughout the year the directors have been covered by third party liability insurance that provides protection against some, but not all, claims. Those policies remain in force.

Future outlook

Reference to future outlook is included under the strategic report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Nexia Smith & Williamson Audit Limited

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

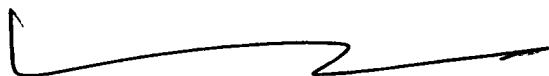
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates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

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

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

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

On behalf of the board



D A Saunders
Company Secretary
25 Moorgate,
London,
EC2R 6AY

31 July 2018

Independent auditors' report to the members of Nexia Smith & Williamson Audit Limited

Report on the audit of the financial statements

Opinion

In our opinion, Nexia Smith & Williamson Audit Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its 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 Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 April 2018; the statement of comprehensive income, the statement of cash flows, the 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 company 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

We have nothing to report in respect of the following matters in relation to which 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 30 April 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 company and its 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 set out on page 4, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jennifer March (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 July 2018

Nexia Smith & Williamson Audit Limited

Statement of comprehensive income

as at 30 April 2018

		Year ended 30 April 2018	Year ended 30 April 2017
	Note	£'000	£'000
Revenue	5	15,925	14,658
Administrative expenses	6	<u>(15,922)</u>	<u>(14,653)</u>
Operating profit		3	5
Interest income		<u>3</u>	<u>2</u>
Profit on ordinary activities before taxation		6	7
Tax on profit on ordinary activities	8	<u>(1)</u>	<u>(2)</u>
Profit for the financial year and total comprehensive income for the financial year		<u>5</u>	<u>5</u>

The accompanying notes to the financial statements on pages 11 to 15 form an integral part of the financial statements.

All activities derive from continuing activities.

Nexia Smith & Williamson Audit Limited

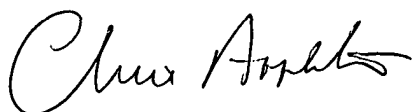
Balance sheet

as at 30 April 2018

	Note	As at 30 April 2018 £'000	As at 30 April 2017 £'000
Current assets			
Amounts recoverable on contracts		416	533
Trade debtors		5,031	4,711
Other receivables		8	-
Cash at bank and in hand		3,138	2,613
		<u>8,593</u>	<u>7,857</u>
Creditors: amounts falling due within one year			
Corporation tax		1	2
Amounts owed to related parties	13	6,720	6,167
Fees in advance		1,153	990
Other taxation and social security		317	213
Accruals and deferred income		6	17
		<u>8,197</u>	<u>7,389</u>
Total assets less current liabilities and net assets		<u>396</u>	<u>468</u>
Capital and reserves			
Called up share capital	9	104	181
Capital redemption reserve		236	159
Retained earnings		56	128
Total equity		<u>396</u>	<u>468</u>

The accompanying notes to the financial statements on pages 11 to 15 form an integral part of the financial statements.

The financial statements on pages 7 to 15 were approved by the board and authorised for issue on 31 July 2018 and signed on its behalf by:



J C Appleton
Chairman

Company Registration Number: 4469576

Nexia Smith & Williamson Audit Limited

Statement of changes in equity

for the year ended 30 April 2018

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Equity at 1 May 2016	180	159	123	462
Total comprehensive income for the year ended 30 April 2017	-	-	5	5
New shares issued	1	-	-	1
Equity at 30 April 2017	181	159	128	468
Total comprehensive income for the year ended 30 April 2018	-	-	5	5
Share buyback	(77)	77	(77)	(77)
Equity at 30 April 2018	104	236	56	396

The accompanying notes to the financial statements on pages 11 to 15 form an integral part of the financial statements.

Nexia Smith & Williamson Audit Limited

Statement of cash flows

for the year ended 30 April 2018

	Note	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Net cash inflow from operating activities	10	601	2,383
Taxation paid		(2)	(1)
Net cash from operating activities		<u>599</u>	<u>2,382</u>
 Cash flow from investing activities			
Interest received		<u>3</u>	<u>2</u>
Net cash generated from investing activities		<u>3</u>	<u>2</u>
 Cash flows from financing activities			
Issue of new shares		-	1
Share buyback		<u>(77)</u>	<u>-</u>
Net cash flows (used in)/from financing activities		<u>(77)</u>	<u>1</u>
 Net increase in cash and cash equivalents		525	2,385
Cash and cash equivalents at the beginning of the year		<u>2,613</u>	<u>228</u>
Cash and cash equivalents at the end of the year		<u>3,138</u>	<u>2,613</u>

The accompanying notes to the financial statements on pages 11 to 15 form an integral part of the financial statements.

Nexia Smith & Williamson Audit Limited

Notes to the financial statements

for the year ended 30 April 2018

1. General information

The company's principal activity is the provision of audit and related services. The company is regulated by the Institute of Chartered Accountants in England and Wales ('ICAEW').

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 25 Moorgate, London, EC2R 6AY.

2. Statement of compliance

The financial statements of Nexia Smith & Williamson Audit Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies

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

Basis of preparation

The financial statements are prepared under the historic cost convention and on a going concern basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has not taken advantage of any available exemption for qualifying entities.

Foreign currency

Functional and presentation currency

The company's functional and presentation currency is pound sterling.

Transactions and balances

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

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The point at which revenue is recognised is described below.

Provision of services

The fair value of the consideration received or receivable is based on the contractual terms of the engagement. Income represents amounts recoverable from clients for professional services provided during the year. Income is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow.

Income recognition occurs in the period in which services are rendered by reference to the services performed to date compared to the total services to be performed.

Unbilled income on individual client assignments is included as accrued income within amounts recoverable on contracts. Where individual on-account billings exceed revenue on client assignments, the excess is classified as fees in advance within fees in advance.

Nexia Smith & Williamson Audit Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

Interest income

Interest income is recognised using the effective interest rate method.

Taxation

Current tax is recognised based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Current tax is recognised in the income statement, except when the tax relates to items charged or credited directly to equity, in which case the tax is dealt with directly in equity.

Amounts recoverable on contracts

Amounts recoverable on contracts are recognised as income when there is a right to consideration using the percentage of completion method, when the outcome can be estimated reliably. The stage of completion is determined for each client by reference to the relationship between the time incurred for work performed to date and the estimated total time.

If the outcome cannot be estimated reliably, costs are recognised as expenses in the period when they arise and revenues only to the extent of costs incurred where it is probable that those costs will be recoverable. To the extent that fees paid on account exceed the value of work performed, they are included in creditors as 'fees in advance'.

Cash and cash equivalents

For the purpose of preparation of the cash flow statement, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of the company's cash management are included in cash and cash equivalents where they have a legal right of set-off against positive cash balances, otherwise bank overdrafts are classified as borrowings.

Financial instruments

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. They are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial assets

The company has one type of financial asset other than cash, being receivables. The classification of financial assets is determined at initial recognition.

Receivables

Receivables are carried at amortised cost using the effective interest method, less any impairment recognised to reflect irrecoverable amounts. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where there is no intention of trading in those instruments.

Financial liabilities

All of the company's financial liabilities satisfy the conditions under FRS 102 to be classified as basic financial instruments. Financial liabilities are therefore initially recognised at present value and then subsequently at amortised cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. Critical accounting judgements and key sources of estimation uncertainty

The company makes estimates and assumptions that could affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The main accounting estimate within these financial statements is outlined below.

Nexia Smith & Williamson Audit Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

Amounts recoverable on contracts

Amounts recoverable on contracts and work billed are recognised as income when there is a right to consideration and the outcome can be estimated reliably. This methodology is subject to significant estimation uncertainty due to the subjective nature of assessing both the stage of completion and recoverability of accrued income and different estimations could materially affect the reported value of accrued income. The review of the stage of completion and recoverability of accrued income is undertaken by the relevant director on a client by client basis.

To minimise the estimation uncertainty risk a detailed year-end review is undertaken at portfolio level to ensure consistency with company policy.

5. Revenue

Revenue is primarily derived from UK operations.

6. Administrative expenses

	2018	2017
	£'000	£'000
Fee for staff costs	13,331	12,416
Fee for service costs	2,476	2,224
Other administrative expenses	115	13
	<u>15,922</u>	<u>14,653</u>

Other administrative expenses include:

Auditors' remuneration:

Fees payable to company's auditors for the audit of the financial statements

	2018	2017
	£'000	£'000
	5	6
	<u>5</u>	<u>6</u>

The services of partners, directors and staff are provided to the company by Smith & Williamson Corporate Services Limited and Smith & Williamson LLP under service agreements.

7. Directors' remuneration

None of the directors received any emoluments for their services to the company. Directors are contractually entitled to remuneration of £1 per annum each. This was waived for the year to 30 April 2018 (2017: £nil).

Directors are remunerated for their services by Smith & Williamson group companies and it is impracticable to allocate their services between companies.

8. Tax on profit on ordinary activities

	2018	2017
	£'000	£'000
Corporation tax charge for the year	<u>1</u>	<u>2</u>

The tax on the company's profit on ordinary activities before taxation is in line with the weighted average tax rate applicable to profits of the company:

	2018	2017
	£'000	£'000
Profit on ordinary activities before taxation	<u>6</u>	<u>7</u>
Tax on profit on ordinary activities at 19.0% (2017: 19.9%)	<u>(1)</u>	<u>(2)</u>

Nexia Smith & Williamson Audit Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

9. Called up share capital

A and B ordinary shares have a par value of 2.25 pence per share. All issued shares are fully paid.

	2018	2018	2017	2017
	Number	£'000	Number	£'000
A ordinary shares	3,316,404	75	4,815,346	109
B ordinary shares	1,306,934	29	3,218,690	72
	<u>4,623,338</u>	<u>104</u>	<u>8,034,036</u>	<u>181</u>

The holders of A and B ordinary shares have the same rights to dividends and to the return of capital on the winding up of the company. The B ordinary shares carry limited voting rights.

In November 2017, the company bought back and cancelled 1,498,942 A ordinary shares and 1,911,756 B ordinary shares for £34,000 and £43,000 respectively.

10. Notes to the statement of cash flows

	2018	2017
	£'000	£'000
Profit for the financial year	5	5
Tax on profit on ordinary activities	1	2
Net interest income	(3)	(2)
Operating profit	<u>3</u>	<u>5</u>
Working capital movements:		
Decrease/(increase) in amounts recoverable on contracts	117	(45)
(Increase)/decrease in trade debtors and other receivables	(328)	97
Increase in fees in advance	163	87
Increase in creditors	646	2,239
Cash inflow from operating activities	<u>601</u>	<u>2,383</u>

11. Events after the balance sheet date

There have been no material events after the balance sheet date.

12. Contingent liabilities and commitments

The company had no contingent liabilities at 30 April 2018 (2017: £nil).

Currently the company is not involved in any legal actions that would significantly affect the financial position or profitability of the company.

13. Related party transactions

The company shares accommodation and services with companies within the Smith & Williamson Holdings Limited group. The company and Smith & Williamson Holdings Limited are considered to be related as they have certain shareholders in common. Smith & Williamson Holdings Limited's subsidiaries, Smith & Williamson Corporate Services Limited and Smith & Williamson LLP charged staff related costs totalling £13,331,000 (2017: £12,416,000). Accommodation and other overheads totalling £2,476,000 (2017: £2,224,000) have been charged to the company by Smith & Williamson LLP.

Nexia Smith & Williamson Audit Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

At the balance sheet date, the amounts due to Smith & Williamson Holdings Limited and its subsidiaries were as follows:

	2018	2017
	£'000	£'000
Smith & Williamson LLP	(6,720)	(6,167)
Total amount due to related parties	(6,720)	(6,167)

Smith & Williamson Services Limited provides a financial guarantee over the overdraft facilities of £2,000,000 (2017: £2,000,000). At year end the facility used was £nil (2017: £nil).

14. Ultimate controlling party

The company is owned by a significant number of individual shareholders and there is no ultimate controlling party.