Company No. 01688454

Rathbone Trust Company Limited

Annual Report and financial statements for the year ended 31 December 2018

Contents

Strategic report

This Strategic report has been prepared to provide a balanced picture of Rathbone Trust Company Limited's ("the Company") business and prospects, without prejudicing the confidential nature of commercially sensitive information.

It contains certain forward-looking statements, which are made by the directors in good faith based on the information available to them at the time of their approval of these financial statements. Statements contained within the Strategic report should be treated with some caution due to the inherent uncertainties (including but not limited to those arising from economic, regulatory and business risk factors) underlying any such forward-looking statements. The Strategic report has been prepared by the Company to provide information to its shareholder, Rathbone Brothers Plc ("Rathbones"), and should not be relied upon by any other party or for any other purpose.

Principal activity

The principal activity of the Company during the year was the provision of trust, company management and taxation services.

Results and financial highlights

As shown in the Company's Statement of comprehensive income on page 7, The Company has generated revenue for the year of £5,852,097 compared to £5,721,063 in the prior year.

The increase in profit before tax of £174,781 in the year reflects revenue growth of £131,034 and a small decrease in operating expenses. 2018 revenue growth stems from new business and a higher levels of activity on existing clients. No interim dividend was paid during the year (2017: £nil). The directors do not recommend a final dividend (2017: £nil).

The Group to which the Company belongs remains committed to investing in the business.

Details of the amounts owed to the Company's parent company and fellow group companies are shown in note 12 and 13 to the financial statements.

Key performance indicators

	2018	2017
Chargeable time recovery rate[1]	**92.8%**	95.7%
Profit Margin[2]	**3.3%**	0.3%

1 Amounts billed as a percentage of the value of time charged
2 Profit before tax divided by revenue

Principal risks and uncertainties

Competition risk

The Company operates in a competitive market and therefore, there is a risk of loss of existing clients or failure to gain new clients due to:

- poor performance or service;
- failure to respond to changes in the marketplace;
- inadequate investment in marketing or distribution; and
- loss of professional staff.

To mitigate this risk, we:

- continue to invest in the people and resources required to ensure the business remains robust, flexible and capable of meeting a variety of needs;
- continuously monitor developments in the market place in which we operate and invest in enhancing or broadening the services offered where we believe it will contribute to growth in earnings;
- invest in recruiting high quality staff and ensure that remuneration packages remain appropriate, and support their training and development needs; and
- regularly review, and update if necessary, contracts of employment for fee earning staff.

Principal risks and uncertainties continued

Reputational risk

The Company has a reputation as a high quality provider of trust and tax services. There is a risk that significant damage to reputation could lead to loss of existing clients and failure to gain new clients.

Reputational risk arises principally from poor performance or service.

This risk is mitigated by our continuing emphasis on preserving and building on our established culture of seeking the highest possible professional and ethical standards.

Technology risk

The continuing delivery of high quality services to clients is to a large extent dependent on a robust and flexible IT infrastructure. Failure of IT strategy or implementation would have an adverse impact on the business.

Management mitigates this risk by giving IT infrastructure high priority. There are a number of business-led IT steering committees in place but overall responsibility for strategy rests with the Group IT Steering Committee. IT projects are reviewed by the Group IT steering committee on a monthly basis and formally documented procedures exist for approving IT changes or developments.

The Company has duplicated its core system at two sites and they can be accessed from its disaster recovery sites.

Brexit

Brexit is likely to be one of the most significant political and economic events to impact the United Kingdom for decades. The lack of consensus on the United Kingdom's strategy for the future creates unprecedented levels of uncertainty and the longer term implications will not be clear for some time.

As a UK business with no operations in other European Union countries, no material dependencies on goods or people from other European Union countries and a predominantly UK client base, the Company anticipates that the operational impacts on its business will be relatively small. In particular Brexit will bring no changes to the basis or nature of the services that the Company provides to the vast majority of its clients and investors who are based in the UK.

The Company is continuing to monitor the potential consequences of Brexit very closely and is conscious that the position has the potential to change and raise unexpected challenges and implications, possibly extending to its supply chain.

Approved by the board on 20 February 2019 and signed on its behalf:

Ali Johnson
Company Secretary

8 Finsbury Circus
London
EC2M 7AZ

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2018 for Rathbone Trust Company Limited.

Directors and their interests

The directors serving at the year end, all of whom have served throughout the year (except where indicated), were as follows:

P L Howell (Chairman)
B R Newbigging (Managing Director)
L J Cousins
A Richmond
T F Smith
A J Warren
J S Hurrell
S Bilbao

Company Secretary: A Johnson

On 27 November 2018, Rathbone Brothers Plc (the Company's ultimate parent undertaking) announced that Philip Howell intends to retire from its board by 9 May 2019. In light of this, Mr Howell also intends to retire as a director of the Company within a similar time-frame.

None of the directors had any interest in the shares of the Company at any time during the year.

Auditor

The directors have decided to review the appointment of the Company's auditor and a resolution concerning the appointment will be proposed at the Rathbones' Annual General Meeting. KPMG LLP have expressed their willingness to continue in office as auditor.

Going concern

The directors confirm that they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and expect a continued improvement in trading results. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In forming their view, the directors have considered the Company's prospects, including the possible impact of Brexit on the Company's resources and operations, for a period exceeding 12 months from the date the financial statements are approved.

Equality and diversity

Rathbones is an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation.

It is the Company's policy and practice to give full and fair consideration to applications for employment by disabled people. If employees become disabled during their service with Rathbones, wherever practical, arrangements and adjustments are made to continue their employment and training.

Employees

All Rathbone Group staff who provide services to the Company in the UK are employed by Rathbone Brothers Plc, the Company's ultimate parent undertaking. The parent company operates share-based payment incentive schemes and defined benefit pension schemes for the benefit of its employees. The associated charges to profit or loss that relate to employees that provide services to the Company are recharged to the Company by its parent and are disclosed within operating expenses. The full disclosures relating to the share-based payments and defined benefit pension schemes are available in the Rathbones Brothers Plc report and accounts for the year ended 31 December 2018.

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and financial statements

The directors are responsible for preparing the Strategic report, the 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board on 20 February 2019 and signed on its behalf:

Ali Johnson
Company Secretary

8 Finsbury Circus
London
EC2M 7AZ

Independent auditor's report to the members of Rathbone Trust Company Limited

Opinion
We have audited the financial statements of Rathbone Trust Company Limited ("the company") for the year ended 31 December 2018 which comprise the Balance Sheet, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity, and related notes, including the accounting policies in note 1 and 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other matter
The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Rathbone Trust Company Limited
continued

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Snook (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

20 February 2019

Statement of comprehensive income
for the year ended 31 December 2018

	Note	2018 £	2017 £
Revenue	4	**5,852,097**	5,721,063
Gross profit		**5,852,097**	5,721,063
Impairment of goodwill	10	**(269,253)**	(282,971)
Amortisation of acquired client relationships	10	**-**	(6,953)
Other operating expenses	5	**(5,391,454)**	(5,416,849)
Operating expenses		**(5,660,707)**	(5,706,773)
Operating profit		**191,390**	14,290
Finance income	8	**2,315**	4,634
Profit before tax		**193,705**	18,924
Taxation	9	**(56,557)**	(24,050)
Profit/(loss) after tax		**137,148**	(5,126)
Profit/(loss) for the year attributable to equity holders of the Company		**137,148**	(5,126)
Other comprehensive income for the year		**-**	-
Total comprehensive income/(expense) for the year net of income tax attributable to the equity holders of the Company		**137,148**	(5,126)

All the above amounts relate to continuing operations.

The accompanying notes on pages 11 to 30 form an integral part of the financial statements.

Statement of changes in equity

for the year ended 31 December 2018

	Share capital £	Retained earnings £	Total equity £
At 1 January 2017	250,000	1,282,241	1,532,241
Total comprehensive expense for the year	-	(5,126)	(5,126)
At 31 December 2017	**250,000**	**1,277,115**	**1,527,115**
Adjustment on initial application of IFRS 9 (net of tax)	-	**(16,753)**	**(16,753)**
Adjustment on initial application of IFRS 15 (net of tax)	-	**239,120**	**239,120**
Adjusted balance at 1 January 2018	**250,000**	**1,499,482**	**1,749,482**
Total comprehensive income for the year	-	**137,148**	**137,148**
At 31 December 2018	**250,000**	**1,636,630**	**1,886,630**

The accompanying notes on pages 11 to 30 form an integral part of the financial statements.

Balance sheet
as at 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Intangible assets	10	**595,342**	864,595
Investments in subsidiary undertakings	11	**100,201**	50,201
		695,543	914,796
Current assets			
Trade and other receivables	12	**3,265,892**	3,715,054
Cash and bank balances		**186,355**	196,713
		3,452,247	3,911,767
Total assets		**4,147,790**	4,826,563
Current liabilities			
Trade and other payables	13	**(1,667,861)**	(2,869,067)
Provisions	14	**(512,359)**	(418,359)
Current tax liabilities		**(80,940)**	(12,022)
		(2,261,160)	(3,299,448)
Net current assets		**1,191,087**	612,319
Net assets		**1,886,630**	1,527,115
Equity			
Share capital	15	**250,000**	250,000
Retained earnings		**1,636,630**	1,277,115
Total equity		**1,886,630**	1,527,115

The financial statements were approved by the Board of directors and authorised for issue on 20 February 2019. They were signed on its behalf by:

P L Howell
Director

A J Warren
Director

Company registered number: 01688454

The accompanying notes on pages 11 to 30 form an integral part of the financial statements.

Statement of cash flows
for the year ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit before tax		**193,705**	18,924
Finance income	8	**(2,315)**	(4,634)
Impairment losses on trade and other receivables		**22,234**	30,593
Net charge/(credit) for provisions	14	**104,000**	(24,204)
Amortisation and impairment		**269,253**	289,924
		586,877	310,603
Changes in operating assets and liabilities:			
- net decrease in trade and other receivables		**652,293**	410,268
- net decrease in trade and other payables		**(1,305,206)**	(981,758)
- net increase/(decrease) in provisions	14	**94,000**	(64,204)
Cash generated from/(used in) operations		**27,964**	(325,091)
Tax paid		**(40,637)**	(25,519)
Net cash outflow from operating activities		**(12,673)**	(350,610)
Cash flows from investing activities			
Proceeds from transfer of intangible assets to fellow group undertaking		**-**	225,925
Interest received		**2,315**	4,634
Net cash generated from investing activities		**2,315**	230,559
Net decrease in cash and cash equivalents		**(10,358)**	(120,051)
Cash and cash equivalents at the beginning of the year		**196,713**	316,764
Cash and cash equivalents at the end of the year	20	**186,355**	196,713

The accompanying notes on pages 11 to 30 form an integral part of the financial statements.

Notes to the financial statements

1 Principal accounting policies

Rathbone Trust Company Limited ('the Company') is a private company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the Company is 8 Finsbury Circus, London, EC2M 7AZ. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1. The Company is a wholly owned subsidiary of Rathbone Brothers Plc, a company registered in England & Wales.

1.1 Developments in reporting standards and interpretations

Standards affecting the reported results or the financial position

This is the first set of financial statements where IFRS 9 and IFRS 15 have been applied. These new standards were adopted from 1 January 2018. Under the transition methods chosen, comparative information is not restated. Changes to significant accounting policies are described in note 2.

Future new standards and interpretations

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. Of those standards that are not yet effective, none are expected to have a significant impact on the financial statements in the period of application.

IFRS 16 'Leases'

IFRS 16 is effective for periods commencing on or after 1 January 2019 and replaces existing lease guidance in IAS 17. The standard was endorsed by the EU in 2017. The Company has not adopted this standard early.

The Company has no non-cancellable operating leases and therefore expects no impact from the application of the standard.

1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The company financial statements are presented on pages 7 to 30.

The Company has taken advantage of the exemption allowed by Section 400 of the Companies Act 2006 and has not prepared consolidated financial statements as it is a wholly owned subsidiary undertaking of Rathbone Brothers Plc, a company registered in England and Wales. Rathbone Brothers Plc is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of the Group financial statements may be obtained from the Company secretary, Rathbone Brothers Plc, 8 Finsbury Circus, London, EC2M 7AZ. These financial statements present information about the Company as a single entity only.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value.

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 1. As set out in the Balance sheet, the Company is well capitalised and has no external finance. The Company's objectives, policies and processes for managing its capital are set out in note 17 to the financial statements. Details of the Company's financial risk management objectives and its financial instruments, and its exposure to credit risk, market risk and liquidity risk are set out in note 16 to the financial statements

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the directors' report on page 3.

1.4 Foreign currencies

The Company's functional and presentational currency is sterling.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit or loss for the year.

1.5 Revenue

Revenue is recognised at the fair value of the consideration received.

Revenue represents amounts receivable for services provided in the normal course of business, net of trade discounts and VAT.

Revenue is recognised by reference to the extent to which each identified performance obligation has been fulfilled (either on a point-in-time or on a continuous basis).

1.6 Finance income

Finance income comprises interest income received from bank deposits which is recognised as it accrues in the Statement of comprehensive income, using the effective interest method.

1 Principal accounting policies continued

1.7 Taxation

Current tax

Current tax is the expected tax payable or receivable on net taxable income for the year. Current tax is calculated using tax rates enacted or substantively enacted by the balance sheet date, together with any adjustment to tax payable or receivable in respect of previous years.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the liability is settled or when the asset is realised. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised, except where the temporary difference arises:

- from the initial recognition of goodwill; or
- from the initial recognition of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit, other than in a business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

1.8 Cash and bank balances

Cash comprises cash in hand.

Cash equivalents comprise balances which may be accessed without penalty.

For the purposes of the statement of cash flows, cash and bank balances consist of cash and cash equivalents as defined above.

1.9 Intangible assets

Goodwill

Goodwill arises through business combinations and represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition.

Goodwill is recognised as an asset and measured at cost less accumulated impairment losses. It is allocated to groups of cash generating units. Cash generating units are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

On disposal of a business, the attributed amount of goodwill that has not been subject to impairment is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before 1 January 2010, being the date of the Company's transition to IFRS, has been retained at the previous UK GAAP carrying amounts and is tested for impairment annually.

Client relationships

Client relationships acquired as part of a business combination are initially recognised at fair value. Client relationships are subsequently carried at cost less accumulated amortisation, which is calculated using the straight line method over their estimated useful lives (normally ten to fifteen years, but not more than fifteen years).

1.10 Impairment of goodwill and intangible assets

At each balance sheet date the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ('CGU') to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Goodwill is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to the Company's cash generating units. The carrying amount of each cash generating unit is compared to its value-in-use, calculated using a discounted cash flow method. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

If the recoverable amount of any asset other than client relationships or goodwill is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Any impairment loss is recognised immediately in profit or loss.

1 Principal accounting policies continued

1.11 Financial assets

Initial recognition and measurement

Financial assets, excluding trade receivables, are initially recognised when the Company becomes party to the contractual provisions of the asset. Trade receivables are recognised when cash is advanced to the borrowers.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to its acquisition. Trade receivables without a significant financing component are initially measured at the transaction price.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification and subsequent measurement

Financial assets of the Company are classified and measured at amortised cost if its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and it is held within a business model whose objective is to hold assets to collect contractual cash flows.

Assets are measured at amortised cost using the effective interest rate method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company does not classify or measure any financial assets at fair value through other comprehensive income ('FVOCI') or fair value through profit and loss ('FVTPL').

Payments of principal and interest criterion

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers:

the contractual terms of the instrument, checking consistency with a basic lending criteria;
the impact of the time value of money;
features that would change the amount or timing of contractual cash flows; and
other factors, such as prepayment or extension features.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

A financial asset measured at amortised cost will attract a loss allowance equal to either:

12 month expected credit losses (losses resulting from possible defaults within the next 12 months); or
lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset).

The latter applies if there has been a significant deterioration in the credit quality of the asset, albeit lifetime expected credit losses ('ECLs') will always be recognised for assets without a significant financing component.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for assets for which credit risk has not increased significantly since initial recognition, which are measured at 12 month ECLs.

When assessing whether the credit risk of a financial asset has increased significantly between the reporting date and initial recognition, quantitative and qualitative indicators are used.

The Company's trade and other receivables are generally short term and do not contain significant financing components. Therefore, the Company has applied a practical expedient by using a provision matrix to calculate lifetime expected credit losses based on actual credit loss experience over the past four years.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses are presented under 'other operating expenses'. No losses are presented separately on the Statement of comprehensive income.

Notes to the financial statements continued

1 Principal accounting policies continued

1.12 Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to its issue.

Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss.

The Company has not designated any liabilities as fair value through profit or loss and holds no liabilities as held for trading. Financial liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discounts or premiums on settlement. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises financial liabilities when its contractual obligations are discharged or cancelled, or expire.

1.13 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits, that can be reliably estimated, will occur. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised within finance expenses.

Contingent liabilities are possible obligations that depend on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless the likelihood of crystallisation is judged to be remote.

1.14 Employee Benefits

The Company's parent undertaking operates share-based payment incentive schemes and defined benefit pension schemes for the benefit of its employees. The associated charges to profit or loss that relate to employees that provide services to the Company are recharged to the Company by its parent. Recharges relating to pension costs are disclosed within staff costs. Recharges relating to share-based payments are included within operating expenses.

The cost of providing benefits under defined benefit plans are recharged to the Company by the parent company. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The full disclosure relating to the share-based payments and defined benefit pension schemes are available in the Rathbone Brothers Plc report and accounts for the year ended 31 December 2018.

1.15 Segment Information

Under IFRS 8 '*Operating Segments*', the Company is exempt from the requirement to disclose financial information on the Company's business activities in which it engages and the economic environments in which it operates, as it has not issued any debt or equity instruments that are traded in a public market place and does not file financial statements with a regulated organisation for the purpose of issuing any class of instruments in a public market place.

1.16 Assets and liabilities of trusts

In the financial statements, no account is taken of assets held or liabilities managed by the Company in its capacity as trustee.

1.17 Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated as cost less, where appropriate, provision for impairment.

Notes to the financial statements continued

2 Changes in significant accounting policies

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' from 1 January 2018.

The effect of applying these standards is mainly attributed to the following:
an increase in impairment losses recognised on financial assets (IFRS 9); and
earlier recognition of revenue (IFRS 15).

IFRS 9 'Financial Instruments'
IFRS 9 governs the accounting treatment for the classification and measurement of financial assets and the timing and extent of credit provisioning. The standard replaces IAS 39.

Transition
The Company has taken advantage of the exemption from restating comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

Under the requirements of IFRS 9, the following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

The nature of the business model under which a financial asset is managed.

- Whether the SPPI (solely payments of principal and interest) criterion is met.
- The designation of certain financial assets as measured at fair value through profit or loss.
- If an investment in a debt instrument had a low credit risk at the date of initial application of IFRS 9, then the Company assumes that the credit risk on the asset has not increased significantly since its initial recognition.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings:

	Impact of adopting IFRS 9 on opening balance
Retained earnings	£
Recognition of expected credit losses under IFRS 9	(20,746)
Related tax	3,993
Impact at 1 January 2018	(16,753)

The recognition of expected credit losses under IFRS 9 in opening retained earnings of £20,746 relates solely to trade receivables.

The hedge accounting requirements of IFRS 9 have not been applied, as the Company was not party to any hedging relationships as at 1 January 2018.

Classification and measurement of financial assets and financial liabilities
The basis of classification for financial assets under IFRS 9 is different from that under IAS 39. Financial assets will be classified into one of three categories: amortised cost, fair value through profit or loss ('FVTPL') or fair value through other comprehensive income ('FVOCI'). The held to maturity, loans and receivables and available for sale categories available under IAS 39 have been removed.

The classification criteria for allocating financial assets between categories under IFRS 9 requires the Company to document the business models under which its assets are managed and review contractual terms and conditions.

All of the Company's financial assets as at 1 January 2018 were managed within business models whose objective is solely to collect contractual cash flows.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 January 2018.

Financial assets	Original classification under IAS 39	Original carrying amount under IAS 39 £	New classification under IFRS 9	New carrying amount under IFRS 9 £
Balances at banks	Loans and receivables	196,713	Amortised cost	196,713
Trade receivables	Loans and receivables	738,968	Amortised cost	718,222
Accrued income	Loans and receivables	881,435	Amortised cost	881,435
Amounts owed by group companies	Loans and receivables	261,379	Amortised cost	261,379
Other receivables	Loans and receivables	252,959	Amortised cost	252,959
Total financial assets		**2,331,454**		**2,310,708**

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described in note 1.12.

The basis of classification for financial liabilities under IFRS 9 remains unchanged from under IAS 39.

Notes to the financial statements continued

2 Changes in significant accounting policies continued

Impairment of financial assets
Under IFRS 9, an expected credit loss ('ECL') model replaces the incurred loss model, meaning there no longer needs to be a triggering event in order to recognise impairment losses. A credit loss provision must be made for the amount of any loss expected to arise, whereas under IAS 39, credit losses are recognised when they are incurred.

Impact of the new impairment model
The initial application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment provision as follows:

	£
Loss provision at 31 December 2017 under IAS 39	65,998
Additional impairment recognised at 1 January 2018 on:	
– Trade receivables	20,746
Loss provision at 1 January 2018 under IFRS 9	**86,744**

IFRS 15 'Revenue from contracts with Customers'
IFRS 15 changes how and when revenue is recognised from contracts with customers and the treatment of the costs of obtaining a contract with a customer. The standard requires that the recognition of revenue is linked to the fulfilment of identified performance obligations that are enshrined in the customer contract. It also requires that the incremental cost of obtaining a customer contract should be capitalised if that cost is expected to be recovered. The standard replaces existing revenue recognition guidance, in particular under IAS 18.

Transition
The Company has adopted IFRS 15 using the cumulative effect method, with the effect of applying the standard recognised at the date of adoption, with no restatement of the comparative period. The following table summarises the impact, net of tax, of transition to IFRS 15 on retained earnings at 1 January 2018.

	Impact of adopting IFRS 15 on opening balance
Retained earnings	£
Impact of changes to timing of recognition of certain time-based fees	296,111
Related tax	(56,991)
Impact at 1 January 2018	**239,120**

Fee income
Included within trustee, taxation and company management fees are annual fees that were previously accrued on a monthly basis and fees calculated by reference to the estimated stage of completion of the service rendered. Under IFRS 15, the Company has made an assessment as to whether the work performed to earn such fees constitutes the transfer of services and, therefore, fulfils one or more performance obligations. If so, then the related fees must be recognised (accrued) over time as the service is provided; if not, then the fees must be recognised in the period during which the services are provided and the discrete performance obligation has been satisfied.

The following tables summarise the impacts of adopting IFRS 15 on the Company's Statement of comprehensive income for the year ended 31 December 2018 and its Balance sheet as at that date for each of the line items affected. There was no impact on the Company's Statement of cash flows for the year ended 31 December 2018.

Impact on the Statement of comprehensive income (extract)

	As reported audited year ended 31 December 2018 £	Adjustments £	Amounts without adoption of IFRS 15 £
Operating income	5,852,097	579,221	6,431,318
Operating expenses	(5,660,707)	–	(5,660,707)
Finance income	2,315	–	2,315
Profit before tax	193,705	579,221	772,926
Taxation	(56,557)	(110,052)	(166,609)
Profit for the period attributable to equity holders of the company	137,148	469,169	606,317
Other comprehensive income net of tax	–	–	–
Total comprehensive income for the period net of tax attributable to equity holders of the company	**137,148**	**469,169**	**606,317**

The adjustments to the Statement of comprehensive income primarily relate to amortisation charged on the additional client relationship intangibles recognised under the new policy for capitalising contract costs (see below) as a result of the revised treatment under IFRS 15.

2 Changes in significant accounting policies continued

IFRS 15 'Revenue from contracts with Customers' continued

Impact on the Balance sheet (extract)

	As reported audited 31 December 2018 £	Adjustments £	Amounts without adoption of IFRS 15 £
Assets			
Prepayments, accrued income and other assets	3,265,892	283,110	3,549,002
Total assets	4,147,790	283,110	4,430,900
Liabilities			
Current tax liabilities	80,940	53,061	134,001
Total liabilities	2,261,160	53,061	2,314,221
Equity			
Retained earnings	1,636,630	230,049	1,866,679
Total equity	1,886,630	230,049	2,116,679
Total liabilities and equity	**4,147,790**	**283,110**	**4,430,900**

3 Critical accounting judgements and key sources of estimation and uncertainty

The Company makes estimates and assumptions that 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.

3.1 Client relationship intangibles (note 10)

The Company makes estimates as to the expected duration of client relationships to determine the period over which related intangible assets are amortised. The amortisation period is estimated with reference to historical data and expectations for the future. During 2017 all client relationship intangible assets were transferred to a fellow Group company at net carrying amount. As a result the judgement regarding the client relationship intangible is considered in the financial statements of the fellow Group company. Amortisation of £nil (2017: £6,953) was charged during the year prior to the transfer to a fellow Group company. At 31 December 2018, the carrying value of client relationship intangibles was £nil (2017: £nil).

3.2 Impairment of goodwill (note 10)

The Company estimates in relation to the value-in-use of the cash generating units to which goodwill has been allocated in determining whether goodwill is impaired. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £595,342 (2017: £864,595). The assumptions underlying the value-in-use calculation are set out in note 10.

4 Revenue

An analysis of the Company's revenue is as follows:

	2018	2017
	£	£
Trustee, taxation and company management fees	**5,781,268**	5,637,133
Fees received from other group companies	**50,310**	62,512
Sundry income	**20,519**	21,418
	5,852,097	5,721,063

The following table presents operating income analysed by the the timing of revenue recognition when providing the service:

	2018	2017
	£	£
Products and services transferred at a point in time	**80,859**	36,630
Products and services transferred over time	**5,771,238**	5,684,433
Operating income	**5,852,097**	5,721,063

5 Operating profit for the year

Operating profit for the year has been arrived at after charging:	2018	2017
	£	£
Staff costs (note 6)	**3,190,326**	3,268,279
Auditor's remuneration (see below)	**12,967**	19,133
Impairment losses on trade and other receivables (note 16)	**22,234**	30,593
Recharges from other group companies	**1,770,796**	1,715,572
Other administrative expenses	**395,131**	383,272
Operating expenses before impairment of goodwill and amortisation of acquired client relationships	**5,391,454**	5,416,849
Impairment of goodwill (note 10)	**269,253**	282,971
Amortisation of acquired client relationships (note 10)	**-**	6,953
Total operating expenses	**5,660,707**	5,706,773

A more detailed analysis of auditor's remuneration is provided below:

	2018	2017
	£	£
Fees payable to the Company's auditor:		
- for the audit of the Company's annual financial statements	**12,967**	12,328
- for the Solicitors Regulation Authority's compliance audit	**-**	6,805
Total auditor's remuneration	**12,967**	19,133

6 Staff numbers and costs

The Company does not directly employ any staff. All Rathbone Group staff are employed by Rathbone Brothers Plc, the Company's ultimate parent undertaking, and related costs for those employees that provide services to the Company are recharged to the Company. The total staff costs recharged to the Company were as follows:

	2018	2017
	£	£
Wages and salaries	**2,546,441**	2,586,927
Social security costs	**313,042**	322,469
Pension costs	**330,843**	358,883
	3,190,326	3,268,279

The average number of employees during the year was as follows:	2018	2017
Client facing staff	**27**	26
Administrative support staff	**7**	6
	34	32

The Company pays contributions on behalf of its parent company, Rathbone Brothers Plc, to a money purchase company pension scheme and contributes to various other personal pension arrangements, for certain directors and employees of Rathbone Brothers Plc. Pension costs include contributions made to the defined benefit schemes which are recharged from the parent company. The total contributions made to the money purchase benefit pension schemes during the year were £nil (2017: £245,930).

7 Directors' emoluments

Directors are employed by Rathbone Brothers Plc, the Company's ultimate parent undertaking. Directors' remuneration associated with their position as directors of the Company was as follows:

	2018	2017
	£	£
Emoluments for qualifying services	**956,031**	1,026,631
Amounts receivable under long term incentive schemes	**25,458**	17,818
Contributions to money purchase pension schemes	**66,875**	62,591
	1,048,364	1,107,040

The aggregate emoluments and amounts receivable under long term incentive schemes of the highest paid director was £182,698 (2017: £178,903). The director is a member of the parent company's money purchase pension scheme under which contributions of £14,869 were paid during the year (2017: £21,499). The director was not a member of the parent company's defined benefit scheme at the year end (2017: not a member).

Retirement benefits are accruing to the following number of directors under:

	2018	2017
Money purchase schemes	**4**	6
Defined benefit schemes	**-**	3
	4	9

	2018	2017
The number of directors, in respect of whose services shares in the ultimate parent undertaking were received or receivable under long term incentive plans was:	**7**	11

	2018	2017
Number of directors who exercised share options	**6**	-

8 Finance income

	2018	2017
	£	£
Bank deposits	**2,315**	4,634

9 Taxation

	2018 £	2017 £
Current tax:		
- charge for the year	**55,885**	24,045
- adjustment in respect of previous years	**672**	5
Total tax charge	**56,557**	24,050

The tax charge on profit for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19.0% (2017: 19.2%). The differences are explained below:

	2018 £	2017 £
Tax on profit from ordinary activities at the standard rate of 19.0% (2017: 19.2%)	**36,804**	3,642
Effects of:		
- expenses not deductible for tax purposes	**54,085**	58,578
- tax adjustments for transfer pricing	**(35,004)**	(38,175)
- adjustment in respect of prior years	**672**	5
Total tax charge	**56,557**	24,050

10 Intangible assets

	2018 £	2017 £
Goodwill	**595,342**	864,595
Other intangible assets	**-**	-
	595,342	864,595

Goodwill

	Trust and tax £	Rooper & Whately £	Total £
Cost			
At 1 January 2017	1,954,426	226,575	2,181,001
Amount transferred to fellow group undertaking	-	(226,575)	(226,575)
At 31 December 2017 , 1 January and 31 December 2018	**1,954,426**	**-**	**1,954,426**
Accumulated impairment losses			
At 1 January 2017	(806,860)	(226,575)	(1,033,435)
Charge recognised in the year	(282,971)	-	(282,971)
Amount transferred to fellow group undertaking	-	226,575	226,575
At 1 January 2018	**(1,089,831)**	**-**	**(1,089,831)**
Charge recognised in the year	**(269,253)**	**-**	**(269,253)**
At 31 December 2018	**(1,359,084)**	**-**	**(1,359,084)**
Net carrying amount at 31 December 2018	**595,342**	**-**	**595,342**
Net carrying amount at 31 December 2017	864,595	-	864,595

Goodwill acquired through business combinations in May 2014 comprises £226,575 of goodwill arising on the acquisition of Rooper & Whately. A separate cash generating unit (CGU) was established to which this goodwill was allocated.

On 6 April 2017, the goodwill that arose on the acquisition of Rooper & Whately as a result of expected synergies following the integration of the business, was transferred at net carrying amount to a subsidiary company, Rathbones Trust Legal Services Limited.

Intangible assets include amortised goodwill of £1,954,426 transferred from a fellow subsidiary on 1 January 2001. The goodwill arose originally from the purchase of two Trust businesses that were acquired in December 1999 and June 2000. The transfer of goodwill was made following the transfer of the operations of these Trust businesses to the Company on 1 October 2000.

10 Intangible assets continued

The recoverable amounts of the CGUs to which goodwill is allocated are assessed using value-in-use calculations. The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management, covering the forthcoming and future years. The key assumptions underlying the budgets are that organic growth rates, revenue margins and profit margins are in line with recent historical rates and equity markets will not change significantly in the forthcoming year. Budgets are extrapolated for up to 10 years based on annual revenue growth for each CGU (see table below); as the Company's expectation of future industry growth rates. A 10 year extrapolation period is chosen based on the Company's assessment of the likely associated duration of client relationships. The Company estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

The pre-tax rate used to discount the forecast cash flows for each CGU is shown in the table below; these are based on a risk-adjusted weighted average cost of capital. The Company judges that these discount rates appropriately reflect the markets in which the CGUs operate and, in particular, the relatively small size of the trust and tax CGU.

	Trust and tax	
At 31 December	**2018**	2017
Discount rate	**15.1%**	13.1%
Annual revenue growth rate	**(1.0)%**	(1.0)%

During the first half of 2018, the Company recognised goodwill impairment charges of £269,253 in relation to goodwill allocated to the trust and tax CGU. The circumstances leading to the recognition of such impairment charges are set out in the table below.

£ (unless stated)	**Trust and tax**
Recoverable amount of goodwill allocated to CGU as at 30 June 2018	**595,342**
Carrying value of goodwill as at 30 June 2018	**864,595**
Impairment recognised	**269,253**
Annual revenue growth rate used to calculate recoverable amount	**(1.0)%**
Rate used to discount cash flows	**15.0%**

Based on assumptions in the table above, the calculated recoverable amount of the trust and tax CGU at 31 December 2018 was £1,684,000; this was higher than its carrying value of £595,342. Reducing the assumed annual growth rate for income in the trust and tax CGU by one percentage point would reduce the calculated recoverable amount of the allocated goodwill to £1,332,653.

Other intangible assets: client relationships

	2018 £	2017 £
Cost		
At 1 January	-	303,425
Amount transferred to fellow group undertaking	-	(303,425)
At 31 December	-	-
Amortisation		
At 1 January	-	(70,547)
Charge recognised in the year	-	(6,953)
Amount transferred to fellow group undertaking	-	77,500
At 31 December	-	-
Net carrying amount at 31 December	-	-

On 6 April 2017 intangible assets relating to the client relationships acquired as part of the acquisition of Rooper & Whately were transferred to a fellow group company, Rathbones Trust Legal Services Limited at net carrying amount.

11 Investments in subsidiary undertakings

	2018 £	2017 £
At 1 January	**50,201**	201
Additions	**50,000**	50,000
At 31 December	**100,201**	50,201

At 31 December 2018, the principal subsidiary undertakings were as follows:

Subsidiary undertaking	**Country of incorporation**	**Activity and operations**
Rathbone Directors Limited	England & Wales	Corporate Directorship Services (non-trading)
Rathbone Secretaries Limited	England & Wales	Corporate Secretarial Services (non-trading)
Rathbone Trust Legal Services Limited	England & Wales	Legal and Trust Services - Solicitors

The Company directly owns 100% of the ordinary share capital of all subsidiaries.
The registered office for all subsidiaries is 8 Finsbury Circus, London, EC2M 7AZ.

On 20 March 2018 the Company subscribed for £50,000 of additional share capital in its subsidiary undertaking, Rathbones Trust Legal Services Limited.

The interests in the subsidiaries listed above relate to ordinary shares held directly by the Company.

12 Trade and other receivables

	2018 £	2017 £
Trade debtors	**642,858**	738,968
Work in progress	**2,367,195**	881,435
Prepayments and accrued income	**2,880**	1,580,313
Amounts owed by group companies	**-**	261,379
Insurance receivable	**252,959**	252,959
	3,265,892	3,715,054

The fair value of trade and other receivables is not materially different to their carrying amount. Fair value has been calculated as the discounted amount of estimated future cash flows expected to be received using current market rates. The Company's exposure to credit risk arising from trade and other receivables is described in note 16.

All amounts owed by group undertakings are repayable on demand and are non-interest bearing.

13 Trade and other payables

	2018 £	2017 £
Accruals and deferred income	**5,022**	4,120
Amounts owed to group companies	**1,660,079**	2,863,627
Other creditors	**2,760**	1,320
	1,667,861	2,869,067

The fair value of trade and other payables is not materially different to their carrying amount. Fair value has been calculated as the discounted amount of estimated future cash flows expected to be paid using current market rates. The Company's exposure to credit and liquidity risk arising from trade and other payables is described in note 16.

All amounts owed to group undertakings are repayable on demand and are non-interest bearing.

14 Provisions

	£
At 1 January 2017	482,563
Charged to profit or loss	22,837
Unused amount credited to profit or loss	(47,041)
Net charge to the profit or loss	(24,204)
Paid during the year	(40,000)
At 1 January 2018	**418,359**
Charged to profit or loss	**105,000**
Unused amount credited to profit or loss	**(1,000)**
Net charge to the profit or loss	**104,000**
Paid during the year	**(10,000)**
At 31 December 2018	**512,359**
Payable within 1 year	**512,359**

In the ordinary course of business, Rathbone Trust Company Limited can receive complaints from clients in relation to the services provided. Complaints are assessed on a case by case basis and provisions for compensation are made where judged necessary.

The timing of settlement of provisions for client compensation is dependent, in part, on the duration of negotiations with third parties.

15 Share capital

	2018 £	2017 £
Issued and fully paid up		
250,000 Ordinary Shares of £1 each	**250,000**	250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. The ordinary shareholders are entitled to any residual assets on the winding up of the Company.

16 Financial instruments

The Company's risk management policies and procedures are integrated with the wider Group's risk management process. The Group has identified the business, operational and financial risks arising from all of its activities, including those of the Company, and has established policies and procedures to manage these items in accordance with its risk appetite. The Company categorises its financial risks into three areas:
(i) credit risk;
(ii) liquidity risk; and
(iii) market risk (which includes fair value interest rate risk, cash flow interest rate risk, and foreign exchange risk).

The sections below outline the Group's risk appetite, as applicable to the Company and explain how the Company defines and manages each category of financial risk.

The Company's financial risk management policies are designed to identify and analyse the financial risks that the Company faces, to set appropriate risk limits and controls and to monitor the financial risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its financial risk management policies and systems to reflect changes in the business and the wider industry.

The Company's overall strategy and policies for monitoring and management of financial risk are set by the Rathbone Trust Company Board of directors ("the Board"). The Board has embedded risk management within the business through Rathbones' executive committee.

(i) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, through its trading activities. The principal sources of credit risk arise from depositing funds with banks, trade debtors and other receivables.

It is the Company's policy to place funds generated internally with high-quality financial institutions. Exposure to credit risk is managed through setting appropriate ratings requirements. The Company categorises its exposures based on the long term ratings awarded to counterparties by Fitch or Moody's. The Company's policy requires that all such exposures are only taken with counterparties that have been awarded a minimum long term rating of A by Fitch or equivalent rating by Moody's.

The above table represents the gross credit risk exposure to the Company at 31 December 2018 and 2017, without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on gross carrying amounts as reported in the balance sheet.

The Company is also exposed to credit risk on trade receivables and other receivables. Trade receivables relate to amounts invoiced to clients in relation to services provided.

No impairment losses on financial assets were recognised in profit or loss in the year (2017: no impairment losses).

Maximum exposure to credit risk	2018 £	2017 £
Trade and other receivables		
- Trade debtors	**733,706**	804,966
- Amounts owed by group companies	**-**	261,379
- Insurance receivable	**252,959**	252,959
Cash and bank balances	**186,355**	196,713
	1,173,020	1,516,017

16 Financial instruments continued

The above table represents the gross credit risk exposure to the Company at 31 December 2018 and 2017 without taking account of any collateral held or other credit enhancements attached.

Trade and other receivables

The Company's exposure to credit risk is primarily on trade receivables in relation to services undertaken. These fees are collected from client money balances held by the Company on behalf of the client, or when the client pays funds to the Company.

These amounts are generally paid to the Company within one month of the balance sheet date, which limits the Company's exposure to credit risk.

The Company uses a provision matrix to measure the ECLs of its trade and other receivables, which comprise a large number of small balances. For such debts, a normal settlement period of up to 30 days is expected.

			Loss allowance		
	Weighted average loss rate	Gross carrying amount	Not credit impaired	Credit impaired	Total
		£	£	£	£
<90 days overdue	0.1%	483,861	(677)	-	(677)
90-180 days overdue	0.7%	60,373	(447)	-	(447)
180-270 days overdue	1.3%	71,244	(899)	(480)	(1,379)
270-365 days overdue	2.0%	66,888	(107)	(61,428)	(61,535)
>365 days overdue	29.0%	51,340	(10,010)	(16,800)	(26,810)
		733,706	(12,140)	(78,708)	(90,848)

The movement in allowance for impairment in respect of trade receivables during the year is set out below. Comparative amounts for 2017 represents the allowance for impairment losses under IAS 39.

	£
At 31 December 2017	65,998
IFRS 9 opening adjustment	20,746
At 1 January 2018	86,744
Amounts written off	(18,130)
Credit to profit or loss	22,234
At 31 December 2018	90,848

The insurance receivable relates to an amount that will be due from a third party insurer upon settlement of a client compensation claim which is fully provided for (note 14). The insurer has acknowledged the receivable.

Cash and bank balances

The credit quality of balances at banks are analysed below by reference to the long-term credit rating awarded by Fitch, or equivalent rating by Moody's as at the balance sheet date.

	2018	2017
	£	£
A	186,355	187,020
BBB	-	9,693
	186,355	196,713

16 Financial instruments continued

(i) Credit risk continued

(a) Geographical sectors

The Company does not have any material credit exposures to geographical sectors as it only had exposure to counterparties domiciled in the United Kingdom at the balance sheet dates (2017: no exposures).

(b) Industry sectors

The Company's credit exposures at the balance sheet date, analysed by the primary industry sectors in which our counterparties operate were:

At 31 December 2018	Financial institutions £	Clients and other corporates £	Total £
Trade and other receivables			
- Trade debtors	-	642,858	642,858
- Amounts owed by group companies	-	-	-
- Insurance receivable	-	252,959	252,959
Cash and bank balances	186,355	-	186,355
	186,355	895,817	1,082,172

At 31 December 2017	Financial institutions £	Clients and other corporates £	Total £
Trade and other receivables			
- Trade debtors	-	738,968	738,968
- Amounts owed by Group companies	261,379	-	261,379
- Insurance receivable	-	252,959	252,959
Cash and bank balances	196,713	-	196,713
	458,092	991,927	1,450,019

16 Financial instruments continued

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by ensuring that the Company will have sufficient liquid resources to ensure that it can meet its obligations as they fall due.

The Company does not rely on external funding for its activities.

The table below presents the undiscounted cash flows receivable and payable by the Company on its financial assets and liabilities by remaining contractual maturities at the balance sheet date.

At 31 December 2018	On demand £	Not more than 3 months £	Total £
Cash flows arising from financial assets			
Trade and other receivables			
- Trade debtors	-	642,858	642,858
- Amounts owed by group companies	-	-	-
- Insurance receivable	252,959	-	252,959
Cash and bank balances	186,355	-	186,355
Cash flows arising from financial assets	439,314	642,858	1,082,172
Cash flows arising from financial liabilities			
Trade and other payables			
- Amounts owed to group companies	1,660,079	-	1,660,079
Other liabilities	-	3,662	3,662
Cash flows arising from financial liabilities	1,660,079	3,662	1,663,741
Net liquidity gap	(1,220,765)	639,196	(581,569)

At 31 December 2017	On demand £	Not more than 3 months £	Total £
Cash flows arising from financial assets			
Trade and other receivables			
- Trade debtors	-	738,968	738,968
- Amounts owed by group companies	261,379	-	261,379
- Insurance receivable	252,959	-	252,959
Cash and bank balances	196,713	-	196,713
Cash flows arising from financial assets	711,051	738,968	1,450,019
Cash flows arising from financial liabilities			
Trade and other payables			
- Amounts owed to group companies	2,863,627	-	2,863,627
Other liabilities	-	1,320	1,320
Cash flows arising from financial liabilities	2,863,627	1,320	2,864,947
Net liquidity gap	(2,152,576)	737,648	(1,414,928)

Included within the amounts due to other creditors disclosed above are balances that are repayable on demand or that do not have a contractual maturity date, which historical experience shows are unlikely to be called in the short term.

Balances held off the balance sheet

There are no cash flows arising from the Company's financial liabilities held off the balance sheet (2017: none).

16 Financial instruments continued

(iii) Market risk

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Company's principal exposure to cash flow interest rate risk arises from the mismatch between the repricing of its financial assets and liabilities.

All of the Company's financial assets and liabilities are non-interest bearing (2017: non-interest bearing).

Foreign exchange risk

The Company does not have any material exposure to transactional foreign exchange risk as all fees are invoiced in sterling (2017: no material exposure).

17 Capital management

Rathbone Trust Company Limited's capital is defined for accounting purposes as the total of share capital and retained earnings. As at 31 December 2018 this totalled £1,886,630 (2017: £1,527,115). The Company has no external borrowings.

The Company's objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain a strong capital base to support the development of its business.

For monitoring purposes, the Company defines capital as equity shareholders' funds. Rathbone Trust Company Limited's Board of directors considers the level of capital held in relation to forecast performance and wider plans for the business, although formal quantitative targets are not set. The Board also monitors the level of dividends to shareholders. The Company's total capital at 31 December 2018, together with movements during the year then ended, is set out in the Statement of changes in equity on page 8. There were no changes in the Company's approach to capital management during the year.

18 Contingent liabilities and commitments

Indemnities are provided by the Company's ultimate parent company to a number of directors and employees in the Company in connection with them acting as directors on client structures in the normal course of business. No indemnities were called on during the year (2017: no indemnities called on).

19 Related party transactions

(i) Parent and ultimate controlling party

The ultimate parent undertaking and controlling party of the Company is Rathbone Brothers Plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Group financial statements may be obtained from the Company secretary, Rathbone Brothers Plc, 8 Finsbury Circus, London EC2M 7AZ.

(ii) Transactions with key management personnel

The key management personnel of the Company are defined as the Company's directors and other members of senior management who are responsible for planning, directing and controlling the activities of the Company.

Key management personnel compensation

As explained in note 6, all staff, including key management personnel, are employed by the Company's ultimate parent undertaking. Key management personnel compensation borne by the Company's ultimate parent undertaking and charged to the Company comprised:

	2018	2017
	£	£
Short term employee benefits	**956,031**	1,026,631
Post-employment benefits	**66,875**	98,091
Share-based payments	**40,780**	32,871
	1,063,686	1,157,593

Key management personnel transactions

During 2018, a number of the Company's key management personnel and their close family members made use of the services provided by the Company. Charges for such services totalled £400 (2017: £385), made at various staff rates.

All amounts outstanding with key management personnel are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by key management personnel.

(iii) Other related party transactions

During the year, the Company entered into the following transactions with its parent undertaking and fellow subsidiaries:

	2018	2018	2017	2017
	Receivable	Payable	Receivable	Payable
	£	£	£	£
Fees and commissions	**50,310**	-	62,512	-
Charges for management services	-	**1,770,796**	-	1,828,525
	50,310	**1,770,796**	62,512	1,828,525

The Company's balances with fellow group companies at 31 December 2018 are set out in notes 12 and 13.

Staff costs and other expenses are initially paid by the Company's ultimate parent company and recharged monthly to the Company at cost. These expenses are to be settled in cash within one year of the balance sheet date. None of the balances are secured and no provisions have been made for doubtful debts for any amounts due from fellow group companies.

20 Statement of cash flows

For the purposes of the Statement of cash flows, cash and cash equivalents comprise the following balances with less than three months until maturity from the date of acquisition:

	2018	2017
	£	£
Cash and bank balances	**186,355**	196,713

There have been no cash flows arising from financing activities, other than total comprehensive income for the year attributable to equity holders. Therefore no separate reconciliation of the movements of liabilities to cash flows from financing liabilities has been presented.

21 Events after the balance sheet date

There have been no material events occurring between the balance sheet date and the date of signing this report.