Company Registration Number: 2013947

SMITH & WILLIAMSON
TRUST CORPORATION LIMITED
REPORT AND FINANCIAL STATEMENTS

for the year ended

30 April 2018

Smith & Williamson Trust Corporation Limited
Contents

Report and financial statements for the year ended 30 April 2018

Smith & Williamson Trust Corporation Limited
Directors' report

The directors present their report on the affairs of Smith & Williamson Trust Corporation Limited (the 'company'), together with the audited financial statements for the year ended 30 April 2018.

Principal activities

The principal activity of the company is that of acting as trustee for clients.

Operating performance and key performance indicators

Operating income for the year was £293,000 (2017: £360,000) whilst profit before tax was £69,000 (2017: £88,000). The operating profit margin for the company was 23.5% (2017: 24.4%).

The company has elected not to present a strategic report in accordance with section 414B of the Companies Act 2006 exemption relating to small companies.

Cash flow

Operating cash inflow before movements in operating assets and liabilities was £69,000 (2017: £88,000).

Taxation

The overall effective tax rate for the year was a charge of 18.8% (2017: 20.5%), calculated as the tax charge in the financial statements of £13,000 (2017: £18,000) divided by the profit before tax of £69,000 (2017: £88,000). A full reconciliation is set out in note 4.

Dividends

Dividends of £nil were paid during the year (2017: £500,000). The directors do not recommend the payment of a final dividend (2017: £nil).

Capital

At 30 April 2018, the company had net assets of £915,000 (2017: £859,000).

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.

Principal risks and uncertainties

There has been a continued focus on developing Smith & Williamson Holdings Limited group's risk appetite statements and relevant management information to ensure that appetites set flow down the organisation and that risks are managed accordingly.

Fiduciary risk

The company acts as trustee on behalf of certain trusts. There is a risk of loss arising from factors such as failure to maintain secure custody arrangements or shortcomings in the management of assets on behalf of the trusts. The company's policy of staff training, coupled with appropriate internal procedures, a commitment to client service and a culture of treating clients fairly mitigate this risk.

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of Smith & Williamson Holdings Limited group. Accordingly, the principal risks and uncertainties of the group, which include those of the company, are discussed in the Smith & Williamson Holdings Limited annual report and accounts which does not form part of this report. Details of the company's financial risks are included in note 15.

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. The Smith & Williamson Holdings Limited group will continue to invest in business development, sales and marketing activities to ensure that they are able to take full advantage of the future improvements in overall economic conditions.

In addition, the directors remain committed to progressing with planned investments to enhance and modernise IT infrastructure and systems.

Events after the balance sheet date

There have been no material post balance sheet events.

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.

D M Cobb	(resigned 30 May 2018)
J H Dalrymple	
J Gordon	(resigned 30 May 2018)
G T Hotson	(resigned 30 May 2018)
P D Maher	(resigned 30 May 2018)
G A Murphy	
S T Quayum	
S E Shaw	
K P Stopps	(resigned 30 May 2018)
A Wilkes	(appointed 28 August 2018)
P G Wyse	

Indemnity

The directors have been covered by third party liability insurance throughout the year and the policy of insurance remains in force.

Statement of directors' responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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;
- state whether applicable IFRSs as adopted by the European Union 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

24 September 2018

Independent auditors' report to the members of Smith & Williamson Trust Corporation Limited

Report on the audit of the financial statements

Opinion

In our opinion, Smith & Williamson Trust Corporation 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 cash flow statement, 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 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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 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 2 to 3, 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. 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
26 September 2018

Smith & Williamson Trust Corporation Limited

Statement of comprehensive income

for the year ended 30 April 2018

	Note	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Fee income		**735**	754
Fee expense		**(442)**	(394)
Operating income		**293**	360
Operating expenses	3	**(224)**	(272)
Profit before tax		**69**	88
Taxation	4	**(13)**	(18)
Profit for the year		**56**	70
Total comprehensive income for the year		**56**	70

The accompanying notes to the financial statements on pages 10 to 17 form an integral part of the financial statements.

Smith & Williamson Trust Corporation Limited

Balance sheet

at 30 April 2018

	Note	At 30 April 2018 £'000	At 30 April 2017 £'000
Assets			
Current assets			
Cash and cash equivalents	6	**690**	530
Prepayments, accrued income and other receivables	7	**454**	370
Current tax assets		**-**	75
Total assets		**1,144**	975
Liabilities			
Current liabilities			
Accruals, deferred income, provisions and other payables	8	**226**	116
Current tax liabilities		**3**	-
Total liabilities		**229**	116
Net assets		**915**	859
Equity			
Share capital	9	**250**	250
Retained earnings		**665**	609
Total equity		**915**	859

The accompanying notes to the financial statements on pages 10 to 17 form an integral part of the financial statements.

The financial statements on pages 6 to 17 were approved by the board and authorised for issue on 24 September 2018 and signed on its behalf by:

J H Dalrymple
Director

S E Shaw
Director

Company Registration Number: 2013947

Smith & Williamson Trust Corporation Limited

Cash flow statement

for the year ended 30 April 2018

	Note	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Cash flows from operating activities			
Profit before tax		69	88
Operating cash flows before movements in operating assets and liabilities		69	88
Changes in operating assets and liabilities			
(Increase)/decrease in prepayments, accrued income and other receivables		(84)	229
Increase/(decrease) in accruals, deferred income, provisions and other payables		110	(149)
Cash generated from operations		95	168
Tax received/(paid)		65	(20)
Net cash inflow from operating activities		160	148
Cash flows from financing activities			
Dividends paid		-	(500)
Net cash used in financing activities		-	(500)
Net increase/(decrease) in cash and cash equivalents		160	(352)
Cash and cash equivalents at beginning of the year		530	882
Cash and cash equivalents at the end of the year	6	690	530

The accompanying notes to the financial statements on pages 10 to 17 form an integral part of the financial statements.

Smith & Williamson Trust Corporation Limited

Statement of changes in equity

for the year ended 30 April 2018

	Share capital £'000	Retained earnings £'000	Total equity £'000
Equity at 1 May 2016	250	1,039	1,289
Total comprehensive income for the year ended 30 April 2017	-	70	70
Equity dividend paid	-	(500)	(500)
Equity at 30 April 2017	250	609	859
Total comprehensive income for the year ended 30 April 2018	-	**56**	**56**
Equity at 30 April 2018	**250**	**665**	**915**

The accompanying notes to the financial statements on pages 10 to 17 form an integral part of the financial statements.

1. Principal accounting policies

Smith & Williamson Trust Corporation Limited is a company incorporated and domiciled in England and Wales.

The financial statements have been prepared in accordance with IFRSs as adopted by the EU and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements are also prepared in accordance with those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRSs as adopted by the EU. The financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value.

The company has elected not to present a strategic report in accordance with section 414B of the Companies Act 2006 exemption relating to small companies.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations, which have not been applied in these financial statements, were in issue but not yet mandatorily effective for the company. The company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial instruments

IFRS 9 is effective for financial years commencing on or after 1 January 2018. The first annual report published in accordance with IFRS 9 will be the 30 April 2019 report. The company plans to adopt a retrospective approach from 1 May 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not be restated.

The new classification and measurement rules for financial assets under IFRS 9 have a limited impact on the company as the measurement basis is unchanged from that under IFRS 39. Cash and other receivables measured at cost will be measured at amortised cost.

The classification and measurement of financial liabilities in accordance with IFRS 9 remains largely unchanged from IAS 39 and are either classified as financial liabilities at amortised cost or fair value through profit or loss.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. Expected credit losses are to be recognised on all financial instruments within scope from when they are originated or purchased. Full lifetime expected credit losses are recognised when a financial instrument deteriorates significantly in credit quality. Due to the short duration and high credit quality of the company's financial assets and the high level of collateralisation, expected credit losses are expected to be immaterial (impact is less than 0.01% of total equity).

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the company's disclosures about its financial instruments.

IFRS 15 Revenue from contracts with customers

IFRS 15 is effective for financial years commencing on or after 1 January 2018. The first report and financial statements published in accordance with IFRS 15 will be the 30 April 2019 report. The company plans to adopt a modified retrospective approach from 1 May 2018. Comparatives for 2018 will not be restated.

The core principle of IFRS 15 is for entities to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. A five-step model is applied to determine when to recognise revenue, and at what amount.

Management has reviewed the terms and conditions of customer contracts across multiple business lines in order to determine, using the five-step model, the company's performance obligation and the associated timing of each performance obligation. This review concluded that, while the basis of assessing revenue recognition is different to that used under IAS 18, the recognition point and measurement will be consistent.

Based on management's assessment, the implementation of this standard is not expected to have an impact on the company's reported financial position or performance or require any operational changes to the way that revenue is captured in source systems. However, it will result in expanded disclosures in the company's financial statements.

Going concern

Reference to the company's ability to continue as a going concern is included in the directors' report.

Foreign currencies

Functional and presentation currency

The financial statements are presented in pounds sterling, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Income recognition

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

Fee income

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.

Income in respect of contingent fee assignments (over and above any agreed minimum fee) is only recognised when the contingent event occurs.

Unbilled income on individual client assignments is included as accrued income within prepayments, accrued income and other receivables. Where individual on-account billings exceed revenue on client assignments, the excess is classified as fees in advance within accruals, deferred income, provisions and other payables.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 and an intention to settle on a net basis, 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, 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

Financial liabilities are initially recognised at fair value and classified as fair value though profit and loss (if designated as such or held for trading) or at amortised cost.

The company has not designated any liabilities as fair value through profit and loss and holds no liabilities as held for trading.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Share capital

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

Dividends

Dividends payable to the company's shareholders are recognised as a liability and deducted from equity in the period in which the shareholders' right to receive payment is established.

2. Critical accounting judgements and key sources of estimation 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. Operating expenses

	2018	2017
	£'000	£'000
Other operating expenses	222	270
Auditors' remuneration for the audit of the company's financial statements	2	2
	224	272

Administration fees of £220,000 (2017: £270,000) were charged by other group companies.

The company did not have any contractual employees during the current year or prior year. The resources of directors and staff were provided to the company by Smith & Williamson Corporate Services Limited and the resources of certain partners of Smith & Williamson Investment Management LLP and Smith & Williamson LLP were provided to the company, under service agreements.

4. Taxation

	2018	2017
	£'000	£'000
Current tax charge	13	18

UK corporation tax is calculated at 19.0% (2017: 19.9%) of the estimated assessable profit for the year.

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2018	2017
	£'000	£'000
Profit before tax	69	88
Tax calculated at UK tax rate 19.0% (2017: 19.9%)	13	18

5. Dividends

	2018	2017
	£'000	£'000
Dividends paid in the year	-	500

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

6. Cash and cash equivalents

	2018	2017
	£'000	£'000
Cash at bank	690	530

For the purpose of the cash flow statement, cash and cash equivalents comprise the above balances which have a maturity of three months or less.

7. Prepayments, accrued income and other receivables

	2018	2017
	£'000	£'000
Trade and fee receivables	431	342
Less: provision for impairment of trade and fee receivables	(2)	(4)
	429	338
Accrued income	25	32
	454	370

Concentrations of credit risk with respect to trade receivables are limited due to the company's large and diverse client base. As a result, the directors do not believe that credit risk provisions, in excess of the provision for impairment of trade and fee receivables, are required.

8. Accruals, deferred income, provisions and other payables

	2018	2017
	£'000	£'000
Other taxes	91	89
Accruals	1	2
Fees in advance	7	23
Amount due to group companies	127	2
	226	116

9. Share capital

	Authorised		Allotted and fully paid	
	Ordinary shares of £1 each		Ordinary shares of £1 each	
	Number	£'000	Number	£'000
At 30 April 2017	1,000,000	1,000	250,000	250
At 30 April 2018	1,000,000	1,000	250,000	250

The company has one class of ordinary shares. All issued shares are fully paid.

10. Contingent liabilities and commitments

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

The company is from time to time involved in legal actions that are incidental to its operations. Currently the company is not involved in any legal actions that would significantly affect the financial position or profitability of the company.

11. Events after the balance sheet date

There have been no material post balance sheet events.

12. Related party transactions

Fee income includes intercompany billing fee income from related parties of £1,000 (2017: £2,000), and is shown net of fee expenses arising on intercompany billing of £442,000 (2017: £394,000) paid to related parties.

Administration fees of £220,000 (2017: £270,000) were charged by other group companies.

At the balance sheet date, the amounts due to other group companies were as follows:

	2018	2017
	£'000	£'000
Smith & Williamson LLP	127	2
Total amount due to group companies	127	2

The company had a deposit of £690,000 (2017: £530,000) with Smith & Williamson Investment Services Limited in its capacity as a bank.

The company acts as a trustee of the Smith & Williamson Securities Discretionary Pension Scheme.

13. Directors' remuneration

The total emoluments from group companies of those directors whose executive services were provided to the company during the year ended 30 April were as follows;

	2018	2017
	£'000	£'000
Salaries and other emoluments	5,239	5,128
Pension scheme contributions	32	33
Total emoluments	5,271	5,161

	2018	2017
The highest paid director received the following remuneration:	**£'000**	**£'000**
Salaries and other emoluments	1,098	1,089
Total emoluments	1,098	1,089

The directors are also directors of other group companies. It is not practicable to allocate their total remuneration between their services as executives to this company or other group companies, and no such allocation has been attempted.

There are no key management personnel other than the directors.

14. Capital management

Accounting capital is defined as the total of share capital and retained earnings. Total capital at 30 April 2018 was £915,000 (2017: £859,000).

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 its other stakeholders; and
- maintain a strong capital base to support the future strategy and development of the business.

15. Financial risk management

The company has a formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

The company does not use derivative financial instruments for risk management purposes.

a) Categories of financial instruments

The company has one type of financial asset and financial liability, as described in the accounting policies note 1, therefore no analysis has been prepared.

b) Strategy in using financial instruments

The company does not trade financial instruments for its own account.

c) Credit risk

The company has no significant concentrations of credit risk. The company has policies in place to ensure that services are provided to clients with an appropriate credit history. Senior management periodically review, as a preventative measure, potential bad debts and take appropriate risk mitigating action accordingly. Impairment provisions are made as soon as a debt is considered doubtful or after the expiration of a set period since the invoice was raised, except where objective evidence of repayment exists.

There are no loans and advances past due but not impaired.

Trade and fee receivables

Trade and fee receivables relate to fees that have been raised but not settled by clients. The company has policies in place to ensure that services are provided to clients with an appropriate credit history. Client invoices are typically due for payment on issue and accordingly all trade and fee receivables are disclosed past due. Where trade receivables are impaired, in view of normal client payment patterns, full provision is made against any such trade receivables. Senior management periodically reviews as a preventative measure potential bad debts and takes appropriate risk mitigating action at local levels. Client driven transactions with counterparties and cash transactions are limited to high quality, credit rated financial institutions. The company has policies in place that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The table below represents the company's on-balance sheet credit risk exposure at 30 April. Off-balance sheet balances are shown in section d) Liquidity risk. For accrued income and other receivables, the amount stated is after any provisions for impairment.

	2018	2017
	£'000	£'000
Credit risk relating to on-balance sheet exposures:		
Cash and cash equivalents	690	530
Accrued income and other receivables	454	370
Total credit risk	1,144	900

There are no loans and receivables past due but not impaired.

d) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its obligations as they fall due. The company operates strict criteria for counterparties and as a result is not exposed to any significant liquidity risk.

Cash flows

The table below analyses financial assets and liabilities of the company on an undiscounted future cash flow basis according to the contractual maturity into relevant maturity groupings based upon the remaining period at the balance sheet date. Balances with no fixed maturity are included in the 'over 5 years' category. Included within the 'under 1 month' category, are amounts that are either repayable on demand or which have no contractual maturity.

At 30 April 2018	under 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets						
Cash and cash equivalents	690	-	-	-	-	690
Accrued income and other receivables	201	228	15	5	5	454
Total	891	228	15	5	5	1,144
Liabilities						
Accruals, provisions and other payables	219	-	-	-	-	219
Total	219	-	-	-	-	219
Net liquidity gap	672	228	15	5	5	925

At 30 April 2017	under 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets						
Cash and cash equivalents	530	-	-	-	-	530
Accrued income and other receivables	168	179	15	4	4	370
Total	698	179	15	4	4	900
Liabilities						
Accruals, provisions and other payables	91	2	-	-	-	93
Total	91	2	-	-	-	93
Net liquidity gap	607	177	15	4	4	807

e) Market risk

Interest rate risk

The company does not consider a movement of 2% in the sterling interest rate to have a significant impact on the result for the financial year. The total potential impact on profit or loss after tax would be £11,000 (2017: £9,000) at the balance sheet date for 2% (2017: 2%) movement in interest rates.

Foreign exchange risk

The company has no significant foreign exchange risk.

16. Ultimate controlling party

At 30 April 2018, the company's immediate and ultimate parent undertaking and controlling party is Smith & Williamson Holdings Limited, a company incorporated and domiciled in England and Wales. Smith & Williamson Holdings Limited is the parent undertaking of the largest and smallest group of undertakings for which consolidated financial statements are drawn up and of which the company is a member.

Copies of the group financial statements, which include the results of the company, are available from the Company Secretary, Smith & Williamson Holdings Limited, 25 Moorgate, London EC2R 6AY.