

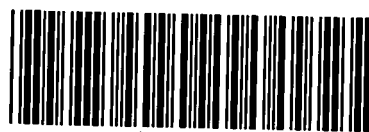
Company Number 02122340

# Investec Wealth & Investment Limited

## Annual Report and Financial Statements

For the year ended  
31 March 2023

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## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT**

The directors have pleasure in presenting the strategic report of Investec Wealth & Investment Limited (the 'company') for the year ended 31 March 2023.

#### **Principal activities**

The principal activities of the company throughout the period have continued to be the provision of investment management services to private clients, pension funds, charities and companies, and financial planning services to private clients. The company is authorised and regulated by the Financial Conduct Authority.

#### **Market conditions**

During the year, financial markets have had to contend with numerous challenges; rising interest rates aimed at combatting high levels of inflation, which is fueling a 'cost-of-living' crisis, political uncertainty both in the UK and overseas, and the continuing economic implications of the war in Ukraine. The market volatility caused by these events has inevitably dampened transaction activity and adversely impacted both funds under management and net inflows.

The MSCI PIMFA Balanced index (being the index most representative of client portfolios) started the year at 1,799.2, fell almost 11% to a month-end low of 1,605.5 mid-way through the financial year, before recovering some of the lost ground to end the year down 5.4% at 1,701.5.

However, despite this challenging backdrop, the financial performance of the business has remained resilient, and we continue to provide clients with a well-diversified offering to meet their needs through these challenging times.

#### **Financial performance**

Revenue increased by 1.5% to £340.40 million (2022: £335.41 million). After adjusting for client relationship amortisation, underlying operating profit for the year was £87.78 million (2022: £90.01 million), a decrease of 2.5%. Profit after tax for the year was £69.03 million (2022: £68.55 million).

Revenue growth was driven by higher net interest income from rising global interest rates, offset by a reduction in fee and commission income as a result of lower market levels.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Financial performance (continued)**

Operating expenses increased by 2.9% to £257.35 million (2022: £250.05 million), primarily driven by inflationary pressures and the normalisation of certain business expenses as pandemic related restrictions eased.

Consequently, the underlying operating profit margin, after adjusting for client relationship amortisation, reduced by one percentage point to 25.8% (2022: 26.8%), which still compares favourably with levels typical within our industry.

Funds under management ('FUM') at 31 March 2023 were £41.02 billion (31 March 2022: £43.44 billion), a decrease of 5.6%. Net inflows of new funds were £0.58 billion for the year (2022: £1.18 billion), representing an annual rate of net organic growth of 1.3% (2022: 2.9%).

The reduction in FUM was primarily driven by lower market levels, with the MSCI PIMFA Private Investor Balanced index falling by 5.4% over the course of the year. Despite the challenging market backdrop, we have maintained similar levels of net flows relating to both new and lost clients, but have seen lower net flows from existing clients, which is expected given the high inflationary and interest rate rise environment. It is pleasing that we have continued to see value delivered through successful referrals between the Investec Banking and the Wealth & Investment businesses.

Discretionary funds under management at 31 March 2023 were £35.64 billion (2022: £37.33 billion), a decrease of 4.5%, and non-discretionary funds under management were £5.38 billion (2022: £6.11 billion), a decrease of 11.9%. The proportion of funds managed on a discretionary basis was 86.9% (2022: 85.9%).

**INVESTEC WEALTH & INVESTMENT LIMITED****STRATEGIC REPORT (CONTINUED)****Key performance indicators**

The principal financial key performance indicators used by management are as follows:

	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>	<b>Change</b>
Revenue	<b>£340.40m</b>	£335.41m	+1.5%
Funds under management <sup>1</sup>	<b>£41.02bn</b>	£43.44bn	-5.6%
MSCI PIMFA Private Investor Balanced index <sup>2</sup>	<b>1,701.5</b>	1,799.2	-5.4%
Underlying rate of net organic growth in total funds under management <sup>3</sup>	<b>+1.3%</b>	+2.9%	-1.6pp
% of total funds managed on a discretionary basis	<b>86.9%</b>	85.9%	+1.0pp
Underlying operating profit <sup>4</sup>	<b>£87.78m</b>	£90.01m	-2.5%
Underlying operating profit margin <sup>5</sup>	<b>25.8%</b>	26.8%	-1.0pp
Profit before taxation	<b>£85.59m</b>	£84.60m	+1.2%

1 Includes the full value of assets that are managed jointly with other entities within the Investec group as at the year end. For the purposes of consolidated reporting by the Investec group, these jointly managed assets are split and recognised across multiple jurisdictions. Consequently, only a portion of these assets are recognised as being UK managed on a consolidated basis.

2 As at the year end.

3 Organic inflows less outflows (net) as a percentage of the opening funds under management.

4 Operating profit after adjusting for client relationship amortisation of £4.73m (year ended 31 March 2022: £4.65m).

5 Operating profit after adjusting for client relationship amortisation of £4.73m (year ended 31 March 2022: £4.65m) as a percentage of revenue.

**Funds under management:**

	<b>2023 £bn</b>	<b>2022 £bn</b>
At 1 April	<b>43.44</b>	41.11
Net organic inflows at cost	<b>0.58</b>	1.18
Market adjustment <sup>1</sup>	<b>(3.00)</b>	1.15
<b>At 31 March</b>	<b>41.02</b>	<b>43.44</b>
<b>Underlying rate of net organic growth <sup>2</sup></b>	<b>+1.3%</b>	<b>+2.9%</b>

1 Impact of market movements, foreign exchange and relative investment performance.

2 Organic inflows less outflows (net) as a percentage of the opening funds under management.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Strategic developments**

On 3 April 2023, the boards of Investec plc ('Investec') and Rathbones Group plc ('Rathbones') entered into a definitive agreement regarding an all-share combination of Investec Wealth & Investment Limited and Rathbones. See further details in the growth opportunities and outlook section below.

Belonging, inclusion and diversity ('BID') has remained at the forefront of our strategy and a key focus for us is improving representation. Key BID developments during the year were:

- We became members of the Business Disability Forum, the leading business membership organisation in disability inclusion;
- For the fifth consecutive year we are participating in the 30% Club mentoring scheme, a cross company, cross industry programme for women;
- We continue to actively engage with colleagues and clients on topics including neurodiversity, International Women's Day and racial inequality;
- We continue to publish both our gender and ethnicity pay gap data. As at 5 April 2022 our mean gender pay gap stood at 43.4% and our mean ethnicity pay gap stood at 23.9%. We remain committed to reducing our gender and ethnicity pay gaps, and we are working hard to increase senior female and Black, Asian and Minority Ethnic representation throughout the organisation;
- We exceeded our Women In Finance target, with over 30% representation of women on the Wealth Leadership Forum.

We are committed to delivering exceptional service to our clients, creating long-term value for our shareholders and contributing meaningfully to our people, communities and the environment in line with our core principles. In line with our One Investec objective, we seek to provide integrated solutions to clients through access to all of the products and services that the Investec group offers. We have continued to see value delivered through successful referrals between the Banking and the Wealth & Investment businesses.

During the second half of the year we developed a more targeted approach to offering our Managed Portfolio Service (MPS) to Independent Financial Advisers (IFAs). We are seeing encouraging early results from this activity, with net inflows of £92mn into our MPS since 1 January 2023. Whilst the funds under management associated with MPS is lower yielding than our core Discretionary Fund Management (DFM) service, the nature of the MPS means it is highly scalable and creates opportunities to build relationships with IFAs who may also require our higher yielding bespoke DFM service for their clients

We successfully completed the acquisition of Edinburgh-based wealth management firm - Murray Asset Management (MAM). The acquisition strengthens our presence in the strategically important Scottish market. Further details are set out in note 13 to the financial statements.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Growth opportunities and outlook**

The boards of Investec and Rathbones have entered into a definitive agreement regarding an all-share combination of Investec Wealth & Investment Limited and Rathbones. This will create the UK's leading discretionary wealth manager, with ~£100 billion of funds under management and administration, delivering scale that will underpin future growth. The combination establishes a long-term strategic partnership between the combined group and Investec, which will enhance the client proposition across banking and wealth management services for both groups.

This is core to Investec's growth strategy, which is underpinned by Investec's commitment to bring the best of Investec to every client interaction, and drives synergies between its business units and geographies. On completion, Investec will own 41.25% of the economic interest in the combined group's enlarged share capital, with Investec's voting rights limited to 29.9%. This reaffirms Investec's commitment to the attractive UK wealth management sector.

The combined group will remain an independent listed business operating under the Rathbones brand, with Investec as a long-term, strategic shareholder. It is intended that the combined group's London office will be at 30 Gresham Street, which will further support the strategic partnership between the two organisations.

The commercial and strategic benefits of the proposed combination include the following:

- The combination of talent and offerings between Investec and Rathbones will create real client value and a powerhouse in the industry. Rathbones and Investec Wealth & Investment have complementary business models providing bespoke investment management and financial planning services to private clients, intermediaries and charities.
- Geographic coverage: The combined group will have an expanded network of offices across 23 towns and cities in the UK and Channel Islands, making it attractive to the brightest and best talent in the industry. This will now give us a presence in strategically important locations like Newcastle and Cambridge and reinforces our presence in the North of England.
- Systems & Technology: The enlarged Rathbones group will also benefit from cooperation on select services with Investec. The combination allows the enlarged Rathbones group to leverage Rathbones' investment in technology and operating model to deliver best-in-class client experience whilst improving operating efficiency across the larger combined business.
- The combination is expected to deliver significant value creation through the strong fit between the two operating models with target annual run rate cash synergies of at least £60 million driven by cost savings and higher revenues from the net interest income generated on client money deposits.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Growth opportunities and outlook (continued)**

The combination was approved by Rathbones' shareholders on 23 June 2023, but remains subject to regulatory approval. Completion is expected to occur in Q4 2023.

The long-term outlook for the UK wealth management industry remains positive and attractive, despite current macro-economic headwinds.

Our commitment to continued investment in technology to improve efficiency remains key and will be realised through the Rathbones combination, given Rathbones is already using the platform we have selected as our platform of choice to scale the business.

#### **Board changes**

During the year, Barbara-Ann King, Mike Rigby and Tim May resigned from their respective roles on the board and we would like to thank them for their service to the company. Iain Hooley has been appointed as Chief Executive Officer, subject to regulatory approval.

#### **Section 172 statement – stakeholder engagement**

In making its decisions throughout the year, the board has considered and taken into account the views and interests of its stakeholders gained through its engagement activities as well as the need to promote the long-term success of the company.

The company's purpose is to create enduring worth for all of its stakeholders, living in, not off, society. In achieving this purpose, the board appreciates the importance of meeting the diverse needs and expectations of all the company's stakeholders. We aim to build lasting relationships with stakeholders through listening and engaging, and maintaining continuous high standards of business conduct that are reflective of the company's culture and values.

## INVESTEC WEALTH & INVESTMENT LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172 statement – stakeholder engagement (continued)

Our stakeholders are our clients, our employees, our shareholder, society and the communities in which we operate, our suppliers and our regulators. The company engages with its stakeholders in the following ways:

##### Clients

Engagement with clients allows the board to understand the needs and expectations of our clients, so that we are able to align and evolve our product offering to best suit those needs.

Methods of engagement	Outcomes from engagement
<ul style="list-style-type: none"> <li>Investec client council – an online portal and in-person network for clients through which members can provide feedback and insights via interviews, roundtables, focus groups and surveys/polls, to help us develop more relevant products and services</li> <li>Regular meetings with investment managers and financial planners</li> <li>Virtual and face-to-face seminars held for private clients and intermediaries</li> <li>Regular research notes and written communications are issued to clients to keep them informed of our investment proposition and our view of world events</li> <li>Weekly Digest keeps our private and intermediaries clients and prospects up-to-date with the latest Market Information and our Research Commentary each week</li> </ul>	<ul style="list-style-type: none"> <li>Insights collated from clients is embedded into the company's strategic decision-making processes, product development, and ensures we comply with our Consumer Duty requirements</li> <li>There are currently over 200 members of the Client Council, completing on average 10 projects per year</li> <li>More than 600 private clients have opted-in to receive invitations to participate in future client research initiatives</li> <li>More than 5,000 clients engaged through in-person events, virtual webinars and seminars last year</li> <li>8,000 private clients and prospective clients, and more than 7,000 intermediaries engaged through our Weekly Digest communications</li> </ul>



## INVESTEC WEALTH & INVESTMENT LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172 statement – stakeholder engagement (continued)

##### Employees

Engagement with our employees allows the board to understand how to attract, retain and develop talented individuals and to provide a diverse and inclusive environment within which those individuals feel they belong and can thrive.

Methods of engagement	Outcomes from engagement
<ul style="list-style-type: none"> <li>▪ Regular staff “town hall” meetings hosted by leaders of the business, conducted both in person and virtually, together with e-mail and digital communications to share information about our strategy, growth plans, performance and results, changes to the economic and regulatory environment, and to celebrate successes</li> <li>▪ Focus groups in which employees discuss relevant matters and provide feedback to the board, e.g. on the company’s approach to flexible hybrid-working</li> <li>▪ Dedicated, comprehensive intranet including a wealth of resources to support the health and wellbeing of our people</li> <li>▪ In person sessions held in a number of offices with the non-executive director responsible for workforce engagement</li> <li>▪ ‘Listening posts’ focus groups to take the pulse of the lived experience of our culture and climate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular wellbeing sessions are run for employees covering relevant topics e.g. adapting to hybrid-working and dealing with digital fatigue</li> <li>▪ A number of initiatives were undertaken during the year in support of the company’s strategy to promote belonging, inclusion and diversity. Full details of these initiatives are set out in the strategic developments section on page 4</li> <li>▪ Feedback from employees is embedded into the company’s strategic decision-making process and has been invaluable in assisting the board when taking key strategic decisions e.g. on our flexible hybrid-working model</li> <li>▪ Engagement with employees was fundamental in developing and defining our culture statements</li> </ul>

## INVESTEC WEALTH & INVESTMENT LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172 statement – stakeholder engagement (continued)

##### Shareholder

Engagement with our shareholder allows the board to keep them informed of financial and non-financial performance, progress against strategic objectives, and the company's contribution to the overall returns for shareholders of the group.

Methods of engagement	Outcomes from engagement
<ul style="list-style-type: none"> <li>▪ Regular dialogue with the group executive and investor relations team on financial and non-financial performance and progress against key strategic initiatives</li> <li>▪ Shareholder representation on the board</li> <li>▪ Shareholder and group board member attendance at company board meetings to support a two-way collaborative approach to key business initiatives</li> <li>▪ Input into the presentation of the company's results to the shareholders of the group and other key stakeholders, e.g. rating agencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provision of integrated solutions to clients through access to the products and services that the Investec group offers</li> <li>▪ Value delivered through successful referrals between the Banking and the Wealth &amp; Investment businesses</li> </ul>

##### Society and communities

The board recognises the company's responsibilities to society and the communities within which we operate. The company's purpose is to create enduring worth for all of its stakeholders, living in, not off, society.

Methods of engagement	Outcomes from engagement
<ul style="list-style-type: none"> <li>▪ Collaborating with charities and community partners to provide financial and non-financial support</li> <li>▪ Time volunteered by our employees to raise money or to contribute to the work of charities and community partners</li> <li>▪ Comprehensive community website and social media platforms to encourage participation</li> <li>▪ Environmental, social and governance ('ESG') considerations are integrated into our investment process and we actively engage with the businesses in which we invest on behalf of our clients</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company undertook a number of initiatives during the year to benefit society and the local communities within which we operate. Full details are set out in the environmental, social and governance initiatives section on pages 11 to 13.</li> </ul>

## INVESTEC WEALTH & INVESTMENT LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172 statement – stakeholder engagement (continued)

##### Suppliers

Engagement with our suppliers allows the board to ensure the smooth functioning of our operations, which are spread across 14 locations in the UK, and to ensure the company and its clients are not exposed to any unnecessary risks.

Methods of engagement	Outcomes from engagement
<ul style="list-style-type: none"> <li>▪ Dedicated vendor management and legal functions to engage new suppliers, considering the contractual terms of engagement together with the extent to which a supplier's practices are aligned with the company's culture, values, and environmental, social and governance standards</li> <li>▪ Regular cyber security and business continuity due diligence is performed on suppliers of business-critical services</li> <li>▪ We ensure our payment terms with all suppliers are fair and that we comply with our payment practices obligations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Critical supplier contracts are maintained in line with EBA regulatory guidelines</li> <li>▪ <i>Business continuity and third-party operational resilience is strengthened through supplier assessment and engagement</i></li> <li>▪ Due diligence processes around financial crime, data security and financial screening have been further enhanced</li> </ul>

##### Regulators

Engagement with the company's regulators on a proactive, responsive and transparent basis helps to build positive relationships and fosters a deeper understanding of our business model, strategy, culture and values. The level of engagement and dialogue with the regulator has increased over recent months which has primarily been driven by the Rathbones combination and changes to senior management roles in the company.

Methods of engagement	Outcomes from engagement
<ul style="list-style-type: none"> <li>▪ Regular dialogue with the FCA in relation to significant business developments</li> <li>▪ Regular dialogue with the FCA in relation to governance and oversight of the firm including in respect of changes to Senior Management arrangements</li> <li>▪ Participation with trade and supervisory bodies (PIMFA/UK Finance/TISA)</li> <li>▪ Engagement with Information Commissioner's Office (ICO) in relation to advice or reporting any relevant developments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dedicated and well-resourced teams to address the company's regulatory obligations, including in new areas such as the assessment of Operational Resilience and Consumer Duty</li> <li>▪ Relevant FCA feedback on governance arrangements incorporated into ongoing programme of enhancement. Approval for regulatory roles is obtained and responsibilities are documented under Senior Managers and Certification Regime (SM&amp;CR) obligations</li> <li>▪ Open communication and full cooperation with regulators in respect of reviews and timely responses to regulatory requests</li> <li>▪ Maintenance of regulatory knowledge and delivery of expected actions</li> </ul>

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Environmental, social and governance initiatives**

The Investec Wealth & Investment donations committee has provided support throughout the year, with donations to good causes and by supporting our communities with a range of initiatives, both locally and nationally. We actively encourage our staff across the UK to get involved within their communities by providing financial support and by using volunteering days granted by the company. This has led to charitable, environmental and educational projects that have been initiated by our staff.

Now in the seventh year of our partnership, Invest for Success ('IFS'), an innovative six-month programme designed for students wanting to succeed in the financial sector, was delivered in a hybrid fashion across three regions in the UK. Over the course of the programme, 60 students (2022: 60 students) were taught the principles of trading through a simulated stock portfolio game, where they were given fictitious funds to invest in five stocks, while being supported by 24 Investec volunteers from our London, Leeds and Liverpool offices. As part of our partnership with Arrival Education, we aim to widen access to corporate career opportunities for young people from underrepresented backgrounds. We are proud to report that 52% of this year's IFS cohort were female and 92% of our cohort come from ethnically diverse backgrounds. On an even more positive note, this year we saw our second all-female team win with the best-performing portfolio.

This year, the company piloted the incorporation of MyBnk Uni Dosh Workshop into the Invest for Success core program, to help equip the young people we support with the knowledge, insight and financial resilience so that they can manage their money well as they transition towards living more independently.

The company supports Trees for Cities' Planting Healthy Air in Schools project, which helps address London's poor air quality around specific schools and the detrimental effects this has, particularly on children. The programme involves redesigning areas of the school playgrounds where air quality is particularly poor, including planting trees and other vegetation and creating woodland shelters and wildlife areas to help create greener, healthier playgrounds for play and outdoor learning.

Through our partnership with the Hawk Conservancy Trust ('HCT') in Hampshire, we focus on the rescue, rehabilitation and release of birds of prey. We also work closely with the wider Investec team in South Africa to rescue vultures via poison response training and equipment in Southern Africa through the HCT and the Endangered Wildlife Trust. We work with the HCT on creating new opportunities to inspire future generations of conservationists by working with local schools, and on understanding the wellbeing and health benefits of engaging with nature.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Environmental, social and governance initiatives (continued)**

Our Edinburgh office supports the homelessness charity Fresh Start, which helps people who have experienced homelessness to establish themselves in their new homes. Each year, Fresh Start helps thousands of new tenants, ranging from families to individuals, to make a home for themselves.

Our Leeds office supports Leeds Baby Bank, a charity which through financial and physical donations, provides basic baby essentials to families that are living in poverty across Leeds.

The company entered into a new partnership with the Canal & River Trust and adopted a one-mile stretch of Woodlesford Lock. This partnership offers volunteering opportunities for colleagues in Leeds, Liverpool, Sheffield and Manchester to help the trust to maintain and keep the lock healthy.

Our Cheltenham office chose to support Suicide Crisis during 2020 and 2021 and this was extended into 2022 when fundraising opportunities became limited by the pandemic. This charity works both locally and nationally to prevent suicide and runs an award-winning crisis centre in Gloucestershire. It also has a Trauma Centre for those experiencing post-traumatic stress disorder ('PTSD'). Despite challenging conditions for fundraising the office was delighted to have raised a record total of over £17,000 over the 3 year period.

The earthquake devastation in Turkey and Syria in 2023 was described as one of the "worst natural disasters in 100 years". In response to the tragic events that unfolded, the company made a donation of over £72,000, including staff donations of over £23,000, to the Disasters Emergency Committee.

In October 2022, as a response to the cost-of-living crisis, the company partnered with two leading UK food charities that rescue surplus food from across the supply chain, The Felix Project and FareShare, to help deliver one million meals to our communities in need, thus using one problem to help solve the other. Since launching in October 2022, staff from our London office joined the Felix Project in their kitchen and London-based warehouses to prepare delicious and nutritious meals for the community and help fulfil food orders placed by charity and community groups. In December, staff across our regional offices supported FareShare with their Tesco food collection scheme.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Environmental, social and governance initiatives (continued)**

We continued to focus on investing responsibly on behalf of clients, with environmental, social and governance ('ESG') considerations integrated into our investment process and active engagement with the businesses that we invest in. We believe that failing to adhere to sound business practices will likely harm a company financially or reputationally, with a consequent negative impact on investment returns. For our direct equity investments this is bolstered by input from third party service providers who score each of the companies in our core research universe on a variety of ESG metrics including environmental credentials, business ethics and human rights issues. This allows us to add a quantitative ESG overlay to our normal assessment of a company's investment appeal in the broadest sense. For our collectivised investments our ESG approach assesses funds to ensure their approach is consistent with our ESG philosophy and meets our qualitative approved criteria. We focus on the ability of our third party managers to integrate ESG considerations into their investment process in ways which are appropriate for their target asset class and style of active management, as this can influence the risk-adjusted returns that are generated by managers over time.

ESG factors are incorporated into our standard investment process, from which all clients benefit. We also have the ability to add specific additional restrictions on a client-by-client basis, which is a key benefit of our bespoke approach. We have been managing assets on behalf of charities in the UK for more than 80 years and we work closely with each charity client to create an investment portfolio that is tailored to their needs, aims and ethical considerations.

We were successful in our application to remain signatories to the Financial Reporting Council's revised UK Stewardship Code, which sets standards for investing on behalf of UK savers and pensioners. We published our full year disclosure of Stewardship activity including a summary of our engagement and policy work. This also demonstrates our commitment to being active owners and signifies our support for the UN Principles for Responsible Investment ('PRI') to which we are signatories, active ownership being a key UN PRI priority.

We joined the Institutional Investors Group on Climate Change ('IIGCC'), the European membership body for investor collaboration on climate change, which aims to support and enable the investment community in driving significant and real progress by 2030 towards a net zero and resilient future.

We signed up to Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Our executive team and Investment & Research Office ('IRO') completed a bespoke training package on Sustainable Finance developed in collaboration with the Cambridge Institute for Sustainability Leadership ('CISL') with a further 30 client facing and IRO staff undertaking an 8 week Sustainable Finance course with CISL to enhance sustainability knowledge and practices.

## INVESTEC WEALTH & INVESTMENT LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Principal risks and uncertainties

The potentially significant risks faced by the company and the controls operating over such risks are kept under regular review by the board.

The principal risks and uncertainties, as set out below, have been faced by the company throughout the reporting period and are expected to continue to be faced going forward. Hence, the appropriate management of these principal risks is key to the successful long-term development, performance and position of the company.

The principal risks and uncertainties, together with the associated controls, are:

1. Reputational risk, which may arise from poor investment advice or service to clients, a public censure by the regulator, or an operational event, such as a breach of the company's IT infrastructure. This risk is mitigated by the company's internal control procedures and strong service ethos, demonstrated by its professionally qualified and experienced staff who operate in an environment where compliance and risk management are given the highest priority and are supported by a strong internal research function and investment committee. We continue to invest significant resources into our digital security infrastructure.
2. Market risk from the company's exposure to sudden movements and/or downturns in the UK and world financial markets in which it operates and the subsequent impact on the company's revenue. We continue to reduce this risk by seeking to further increase the proportion of the company's income which is recurring in nature and also by keeping a significant proportion of the total remuneration of client-facing staff in the form of variable, discretionary remuneration. The company undertakes transactions on behalf of its clients on an agency or matched principal basis and hence the potential risk to the company's own assets from market movements is not considered to be material.
3. Regulatory risk, given the company operates in the highly regulated financial services sector where failure to comply with regulatory requirements could lead to substantial fines or other disciplinary action. The company invests substantial resources into ensuring that the company and its employees maintain compliance on an ongoing basis in respect of all regulatory obligations.
4. Competition risk, which manifests itself in a reduction in clients due to inappropriate and/or poorly priced service or product offerings, or insufficient professional staff to properly serve clients. To mitigate this risk we keep developments in the market in which we operate under careful review and we invest appropriately in new service offerings and in our staff, not only in terms of their remuneration packages, but also in the environments in which they operate and in ensuring we meet their ongoing training and development needs. It is a strategic priority of the company to operate in a manner that promotes and supports belonging, inclusion and diversity and to ensure that remuneration structures align performance incentives with strategic goals, culture and values.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Principal risks and uncertainties (continued)**

The company continues to focus on investing responsibly on behalf of clients, with environmental, social and governance considerations integrated into investment processes and active engagement with the businesses we invest in.

5. Operational risk, which arises as a result of failures relating to processes, people, systems or from external events, whether delivered internally or by third parties. A key area of focus is to ensure the operational resilience of the company's important business services, namely portfolio management, trade execution, trade settlements, custody, and payments in and out. Business continuity, disaster recovery, and the specific risks associated with cybercrime, are areas where we invest significant management time and financial resources to mitigate this risk.

With regard to settlement and the support functions, the adequacy and operation of our internal processes are kept under regular review by both management and the Investec group internal audit function. The company's internal control environment is also subject to an annual external assurance review. The Audit and Assurance Faculty ("AAF 01/20") control report on the company's control environment is prepared in conjunction with the criteria for investment management operations services, as determined by the Institute of Chartered Accountants in England & Wales Technical Release AAF 01/20.

6. Fraud risk (including that relating to cybercrime), mainly in relation to a potential misappropriation of assets, that follows from holding significant cash and securities both on the company's own behalf and on behalf of our clients. This risk is mitigated by appropriate segregation of duties, the company's internal control procedures, particularly in relation to changes to client standing data and external payments, regular reconciliations of both company and client assets, significant levels of insurance carried by the company and the detailed personal knowledge of the company's investment management clients that their investment management team possesses which, in particular, assists greatly in protecting against the ever increasing risk of identity theft.
7. Financial risks are considered in the directors' report.



## INVESTEC WEALTH & INVESTMENT LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Principal risks and uncertainties (continued)

The specific risks and uncertainties that presented themselves, or have been heightened by the economic, geo-political or operating environment, and the mitigating actions to address those risks, are set out below:

Area	Risk	Mitigating actions
Market risk – high levels of inflation	<ul style="list-style-type: none"> <li>High levels of inflation which result in unfavourable changes to monetary and fiscal policies, which in-turn potentially reduce funds under management and revenue through lower net client inflows and increased client withdrawals</li> <li>Strategic Asset Allocation ('SAA') is not fit for purpose, as a result of the changes in the macro-economic environment and global trends</li> </ul>	<ul style="list-style-type: none"> <li>Base rate rises in a high inflationary environment support revenues through the net interest income generated on client money and company cash deposits</li> <li>SAA project underway to ensure the company's SAA remains appropriate and fit for purpose</li> <li>Investment Management Committee terms of reference enhanced and membership expanded</li> </ul>
Regulatory Risk	<ul style="list-style-type: none"> <li>Introduction of Consumer Duty regulations</li> </ul>	<ul style="list-style-type: none"> <li>The board has appointed a non-executive director as the Consumer Duty Champion and an accountable Senior Management Function ('SMF')</li> <li>Consumer duty team established, then project launched to deliver and meet the Consumer Duty regulations and outcomes</li> <li>External third party engaged to provide independent assurance of the company's Consumer Duty programme</li> </ul>
Operational resilience and control environment	<ul style="list-style-type: none"> <li>Technology disruptions which result in the inability to execute business processes or client instructions</li> <li>Inability to sustain a prolonged period of remote working</li> <li>Potential key person dependencies through sickness or reduced working capacity</li> </ul>	<ul style="list-style-type: none"> <li>Stabilisation projects and initiatives have been completed to improve the operational resilience of core systems</li> <li>Successful BCP and DR tests have been performed on important business services and technology infrastructure</li> <li>Employees were provided with the necessary equipment to work from home effectively</li> <li>Infrastructure and system capabilities are proactively monitored and have proved resilient to supporting remote working</li> <li>All of the company's important business services have remained within impact tolerance</li> <li>Multi-channel campaign to increase understanding of operational resilience across all levels of the organisation, including board and key stakeholder training and all staff training via a mandatory training video and digital hub</li> </ul>

**INVESTEC WEALTH & INVESTMENT LIMITED****STRATEGIC REPORT (CONTINUED)****Principal risks and uncertainties (continued)**

<b>Area</b>	<b>Risk</b>	<b>Mitigating actions</b>
Operational resilience and control environment (continued)	<ul style="list-style-type: none"> <li>Sanctions imposed as a result of the conflict in Ukraine impacting technology, key business services and business continuity</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated Incident Management Team deployed to manage the response to the conflict in Ukraine</li> <li>Impact assessment performed of both direct and indirect exposure to vendors potentially impacted by sanctions</li> <li>Regular monitoring of the advice and guidance issued by the FCA and the National Cyber Security Centre</li> </ul>
Financial crime and fraud	<ul style="list-style-type: none"> <li>Heightened risks of fraud and market abuse targeting clients</li> <li>Increased risk of cyber-attacks involving Russia</li> <li>Increased risk associated with dealing in Russian stocks and/or with individuals sanctioned directly as a result of the conflict in Ukraine</li> </ul>	<ul style="list-style-type: none"> <li>The company's robust and comprehensive internal control environment mitigates the risk of fraud from all sources. This includes a dedicated financial crime team, whose responsibilities include the company's anti-fraud policy and procedures</li> <li>Specific communications to enhance and maintain awareness of fraud risks amongst both clients and employees</li> <li>Fraud-specific training for employees and related initiatives</li> <li>Dedicated Incident Management Team deployed to manage the response to the conflict in Ukraine</li> <li>Regular monitoring of the advice and guidance issued by the National Cyber Security Centre</li> <li>Specific communications to employees to heighten awareness of possible cyber-attacks and to reinforce the company's internal processes for reporting suspicious activity</li> <li>The company's existing robust sanctions checks have been extended to include those individuals sanctioned as a direct result of the conflict in Ukraine</li> <li>Dealing restrictions have been imposed to prevent the purchase or sale of Russian listed stocks and heavily Russian focused collectivised investment funds</li> </ul>
Conduct	<ul style="list-style-type: none"> <li>Volatility in markets, leading to unsuitable or poor investment decisions and/or a deviation from mandate</li> </ul>	<ul style="list-style-type: none"> <li>Continued compliance reviews</li> <li>Remuneration approach aimed at aligning performance incentives and our strategic goals, culture and values</li> </ul>

By order of the board

DocuSigned by:  
  
 5B65EF2F8B474B4...  
 I.W. Hooley  
 Director  
 29 June 2023

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **DIRECTORS' REPORT**

The directors have pleasure in presenting the directors' report and the financial statements for the year ended 31 March 2023.

#### **Results, dividends and future developments**

The results for the year are set out on page 28. For further details of financial performance, including future strategic developments and outlook, please refer to the strategic report on pages 1 to 17.

Interim dividends amounting to £35.0 million (2022: £92.5 million) were declared and paid during the year ended 31 March 2023. The directors are not recommending the payment of a final dividend (2022: £nil).

#### **Financial risk management**

The company's financial instruments are subject to financial risks, comprising credit, liquidity, and market risk. The associated key controls are described in detail in note 23 to the financial statements.

#### **Directors**

The directors who held office during the year and through to the date of signing of these financial statements were as follows:

H.C. Baldock *	
E.M. Catchpole *	
I.W. Hooley	
B. King	(Resigned 15 February 2023)
T. May *	(Resigned 29 August 2022)
M. Rigby	(Resigned 11 August 2022)
C.H. Thorpe *	
J.K.C. Whelan	

\* Non-executive.

#### **Secretary**

S. R. Kilday	(Resigned 2 January 2023)
J. R. A. Gordon	(Appointed 12 January 2023)

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **Employees**

Our employees are at the heart of our business. We aim to be a company that values all of its people for their contributions and celebrates them for who they are. Our employees are fundamental to the continued success of the business and the company is committed to promoting and supporting the growth and development of all employees. We believe that strong business performance is built on integrity and openness in the company's relationships with both our clients and our employees.

Workforce engagement is managed at both a company level and on a group-wide basis and the company fully participates in this process. Cath Thorpe, the company's designated non-executive director for workforce engagement and chair of the company's remuneration committee, meets with the designated non-executive directors for Investec plc and Investec Bank plc, on a bi-annual basis to consider a workforce engagement report, comprising a summary of the board and management's employee engagement activity, the key issues raised by employees, and the actions undertaken to address those issues. The key items from these reports, and details of the workforce engagement activity that has taken place across the wealth & investment and specialist banking divisions, including the findings from that activity, are provided to the board on a six-monthly basis. Management also provide an update at each board meeting, as to the key matters of note in respect of our people. The themes identified through our workforce engagement activities are invaluable in informing board decisions and discussions. Further details of the methods by which the company has engaged with its employees during the year, and the outcomes of that engagement, are set out in the section 172 statement – stakeholder engagement section on page 8.

#### **Training and development**

Managing and developing the performance of the company's employees through our professional development process is crucial to the achievement of the company's objectives and the success of the business. The aim of the process is not only to meet, or in most cases exceed, the professional competency requirements of the regulatory and professional bodies of the industry, but also to ensure that each member of staff understands and actively promotes the company's core values in delivering high standards of client service.

The company supports employees through their professional qualifications by meeting the cost of study materials and courses, providing study leave, and rewarding exam success. Ongoing professional development and training is provided through the company's online interactive training facilities, internal seminars and courses provided by external specialists.

The company invests significant resources into recognising and developing internal talent through mentoring, succession planning and leadership training.

Ethical standards are of paramount importance to the company and these are supported by the company's internal policies, which include a whistle-blowing policy to provide employees with a process to report any concerns they may have, should they believe that the company's high standards of integrity have not been adhered to.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **Equality of opportunity**

Belonging, inclusion and diversity ('BID') is a key strategic objective for the company. The company's approach continues to centre around building an inclusive working environment, improving representation with respect to gender and ethnicity, particularly at a senior level and within decision-making bodies, and enhancing opportunities for progression. Further details of the BID initiatives undertaken during the year are set out in the strategic developments section on page 4.

The company believes in equality of opportunity. All employees and applications for employment are treated fairly and based on merit. Consistent with our strategic objective to achieve a diverse workforce, our recruitment process actively aims to ensure we identify a diverse list of candidates for each vacancy. The company has a dedicated team to oversee diversity and inclusion across the business and the wider Investec group.

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, taking into account their particular aptitudes and abilities and the nature of work involved. Should an employee become disabled, the company would support and accommodate, wherever practicable, them continuing their employment with the company, including the provision of appropriate training and adaptation of the workplace where necessary.

#### **Wellbeing**

The company is committed to ensuring that employees have a safe, healthy and pleasant working environment, whether in one of the company's offices or when working from home, and feel healthier, balanced and more fulfilled in their lives at work and beyond.

As a member of the Investec group, the company draws on the resources of the Investec facilities team, together with external consultants, to manage and monitor the effectiveness of the established health and safety policies and procedures.

Further details of the methods by which the company has engaged with its employees during the year, and the outcomes of that engagement, including on wellbeing matters, are set out in the section 172 statement – stakeholder engagement section on page 8.

#### **Streamlined energy and carbon reporting ('SECR')**

The company's ultimate parent undertaking, Investec plc, reports under the SECR framework on a consolidated basis. The company is therefore not required to disclose how it has complied with the requirements of the SECR framework in the report and financial statements of Investec Wealth & Investment Limited.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **Statement of directors' responsibilities**

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

## INVESTEC WEALTH & INVESTMENT LIMITED

### DIRECTORS' REPORT (CONTINUED)

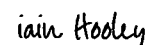
#### Disclosure of information to the independent auditor

The directors who held office at the date of approval of the 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 or she ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### Auditor

Ernst & Young LLP will be deemed to have been formally reappointed as auditor under section 487(2) of the Companies Act 2006.

By order of the board

DocuSigned by:  
  
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I.W. Hooley  
Director  
29 June 2023

30 Gresham Street  
London  
EC2V 7QN

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC WEALTH & INVESTMENT LIMITED**

#### **Opinion**

We have audited the financial statements of Investec Wealth & Investment Limited ("the company") for the year to 31 March 2023 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity, and the related notes 1 to 28 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 30 June 2024.



## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC WEALTH & INVESTMENT LIMITED (CONTINUED)**

#### **Conclusions relating to going concern (continued)**

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC WEALTH & INVESTMENT LIMITED (CONTINUED)**

#### **Matters on which we are required to report by exception (continued)**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### **Auditor's 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 auditor's 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.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC WEALTH & INVESTMENT LIMITED (CONTINUED)**

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

##### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", the Companies Act 2006, the relevant tax compliance regulations and the rules and regulations of the Financial Conduct Authority (FCA).
- We understood how the company is complying with those frameworks through discussion with management and understanding the board and committee structure of the company. We reviewed board approved policies and understood the manner in which they are actioned by employees.
- We reviewed the minutes of key committees in order to understand the nature of the internal reporting and evaluated whether the structures in place provided a robust framework for the directors to monitor compliance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by consideration of both the risks inherent in the business and the processes and associated controls over financial reporting and cash payments. We designed a suite of tests to address these risks, including testing of a sample of journal entries. This assessment was supplemented via discussion with management and those charged with governance.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC WEALTH & INVESTMENT LIMITED (CONTINUED)**

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following, we:
  - reviewed board and key committee minutes;
  - reviewed regulatory correspondence; and
  - made enquiries of those charged with governance.

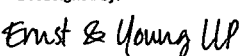
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

#### **Use of our report**

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.

DocuSigned by:  
  
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Michael-John Albert (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

30 June 2023

**INVESTEC WEALTH & INVESTMENT LIMITED****INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £'000	2022 £'000
<b>Revenue</b>		<b>340,399</b>	<b>335,409</b>
Client relationships amortisation	11	(4,733)	(4,654)
Other operating expenses		(252,617)	(245,397)
<b>Total operating expenses</b>		<b>(257,350)</b>	<b>(250,051)</b>
<b>Operating profit</b>	7	<b>83,049</b>	<b>85,358</b>
Finance income	8	3,397	152
Finance expense	8	(859)	(912)
Finance income/(expense) - net	8	2,538	(760)
<b>Profit before taxation</b>		<b>85,587</b>	<b>84,598</b>
Income tax expense	9	(16,558)	(16,051)
<b>Profit for the financial year</b>		<b>69,029</b>	<b>68,547</b>

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 32 to 71 form an integral part of these financial statements.

# **INVESTEC WEALTH & INVESTMENT LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

	Note	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Profit for the financial year</b>		<b>69,029</b>	<b>68,547</b>
<b>Other comprehensive income: items that will not be reclassified to profit or loss</b>			
Actuarial gain on post-retirement benefit liability	18	<u>74</u>	<u>40</u>
<b>Other comprehensive income for the year, net of tax</b>		<b>74</b>	<b>40</b>
<b>Total comprehensive income for the year</b>		<u><b>69,103</b></u>	<u><b>68,587</b></u>

The notes on pages 32 to 71 form an integral part of these financial statements.

**INVESTEC WEALTH & INVESTMENT LIMITED****STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

	Note	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	70,371	72,104
Property, plant and equipment	12	38,488	40,916
Investments in subsidiaries	13	18,753	1,508
Fair value through profit or loss investment securities	17	461	-
		<u>128,073</u>	<u>114,528</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	247,620	296,684
Cash and cash equivalents		<u>207,083</u>	<u>174,335</u>
		454,703	471,019
<b>CREDITORS:</b>			
Amounts falling due within one year	15	(300,599)	(339,278)
<b>NET CURRENT ASSETS</b>		<u>154,104</u>	<u>131,741</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>282,177</u>	<u>246,269</u>
<b>CREDITORS:</b>			
Amounts falling due after one year	16	(42,878)	(40,828)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18	(8,324)	(9,428)
<b>NET ASSETS</b>		<u>230,975</u>	<u>196,013</u>
<b>EQUITY</b>			
Share capital	21	10,455	10,455
Share premium		125,428	125,428
Retained earnings		95,092	60,130
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<u>230,975</u>	<u>196,013</u>

The notes on pages 32 to 71 form an integral part of these financial statements. The financial statements on pages 28 to 71 were authorised for issue by the board of directors on 29 June 2023 and were signed on its behalf by:

DocuSigned by:  
  
 5B65EF2F8B474B4...  
 I.W. Hooley  
 Director  
 29 June 2023

Company registration number: 02122340  
 Registered office: 30 Gresham Street, London, EC2V 7QN

**INVESTEC WEALTH & INVESTMENT LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 April 2021		10,455	125,428	83,323	219,206
Dividends	10	-	-	(92,500)	(92,500)
Total comprehensive income for the year		-	-	68,587	68,587
Deferred tax on share-based payments	9	-	-	168	168
Long-term employee benefit provision	18	-	-	552	552
At 31 March 2022		<u>10,455</u>	<u>125,428</u>	<u>60,130</u>	<u>196,013</u>
At 1 April 2022		10,455	125,428	60,130	196,013
Dividends	10	-	-	(35,000)	(35,000)
Total comprehensive income for the year		-	-	69,103	69,103
Deferred tax on share-based payments	9	-	-	(121)	(121)
Long-term employee benefit provision	18	-	-	980	980
At 31 March 2023		<u>10,455</u>	<u>125,428</u>	<u>95,092</u>	<u>230,975</u>



## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Principal accounting policies

##### (a) Basis of preparation

Investec Wealth & Investment Limited is a private company limited by shares and is registered in England and Wales.

The company's financial statements are presented in British pounds sterling (£), which is also the company's functional currency, and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and applicable accounting standards. They are prepared under the historical cost convention, as modified by the revaluation of certain fixed asset investments, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2023 that have had a material impact on the company's financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a) (iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 'Property Plant and Equipment'; and
  - (iii) paragraph 118 (e) of IAS 38 'Intangibles Assets' (reconciliations between the carrying amount at the beginning and end of the period).

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 1. Principal accounting policies (continued)

##### (a) Basis of preparation (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (minimum and additional comparative information);
  - 40A-D (requirements for a third statement of financial position); and
  - 111 (cash flow statement information).
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member;
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts);
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'; and
- The requirements of paragraph 58 of IFRS 16 'Leases', to provide an analysis of the remaining contractual maturities of lease liabilities.

Investec Wealth & Investment Limited is a financial institution as defined by FRS 101 and is therefore not exempt from the disclosure requirements of IFRS 7 'Financial instruments': Disclosures, IFRS 13 'Fair value measurement' (paragraphs 91 to 99 - to the extent that they apply to financial instruments), and paragraphs 134 to 136 (capital management disclosures) of IAS 1 'Presentation of financial statements'.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Principal accounting policies (continued)**

##### **(b) Going concern**

The directors have undertaken a review to establish whether the use of the going concern basis is appropriate for the preparation of the financial statements. This review involved the preparation of detailed forecasts of the profitability, cash and liquidity position and regulatory capital position of the company for the period to 30 June 2024. These forecasts take into account the current operating environment and economic conditions, including the impact of the continuing conflict in Ukraine, and have been stress tested for the potential further adverse impact on the trading performance, cash and liquidity position, and regulatory capital position that could result from other circumstances beyond those expected.

The financial position of the company, together with details of the key risks and uncertainties faced by the business, are set out in the strategic report on pages 1 to 17. Details of the company's liquidity and financial risk management procedures are set out in note 23. The company has substantial cash resources, the majority of which are held on call, with these deposits being spread across a range of the higher rated banks.

As set out in the strategic report on page 5, the boards of Investec and Rathbones have entered into a definitive agreement regarding an all-share combination of Investec Wealth & Investment Limited and Rathbones. Completion of this transaction is not envisaged to have a material impact on the company in the near-term, as the full integration of the company into the Rathbones Group will not take place until after the end of the period covered by the going concern assessment.

After taking into account the results of the review set out above, the directors consider that the company is well positioned to successfully manage the risks the business faces. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

##### **(c) Group accounts**

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Investec Wealth & Investment Limited is a wholly-owned subsidiary of Investec Bank plc and of its ultimate parent, Investec plc. The registered office of both of these entities is 30 Gresham Street, London, EC2V 7QP. The results of Investec Wealth & Investment Limited are included in the consolidated financial statements of Investec plc which are publicly available. See note 27 for further details.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 1. Principal accounting policies (continued)

##### (d) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue in line with the provision of the service to the customer over the duration of the contract. Investment management fees are recognised in the period in which the related service is provided, net of VAT. Effort to satisfy performance obligations is expended evenly throughout the performance period and therefore performance obligations are considered to be satisfied evenly over time. Commission and other transaction-driven revenue is recognised, net of VAT, once the related transaction has been performed.

Interest received in the ordinary course of investment management business is included within revenue and is calculated and recognised on an accruals basis.

##### (e) Finance income and expenses

Finance income comprises interest earned on cash deposits, dividends received from investments in subsidiaries and other income arising from financial assets. Finance expenses comprise interest payable on bank loans and overdrafts, interest charges implicit within right-of-use asset leases, and other costs arising in respect of financial liabilities, including the unwinding of the discount rate on long-term liabilities where relevant. Interest income and expenses are recognised in the income statement in the period to which they relate, using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

##### (f) Leases

In accordance with IFRS 16 'Leases', the company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- The contract involves the use of an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company;
- The company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- The company has the right to direct the use of the identified asset. The company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Principal accounting policies (continued)**

##### **(f) Leases (continued)**

Measurement and recognition of leases where the company is lessee:

At the lease commencement date, the company recognises a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of any costs to restore the asset at the end of the lease, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful economic life of the right-of-use asset or the end of the lease term. The company assesses the right-of-use asset for impairment when such indicators exist.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate. Lease payments comprise fixed payments (including payments that are in substance, fixed), variable lease payments that depend upon an index or rate, and payments arising from options that are reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to nil.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### **(g) Dividends**

Final dividends payable to the company's shareholder are recognised in the financial statements as a distribution of retained earnings in the period in which the dividend is approved by the company's shareholder. Interim dividends are recognised in the period in which they are paid.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 1. Principal accounting policies (continued)

##### (h) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at market rates of exchange ruling at the statement of financial position date. All foreign currency transactions are translated into sterling at the exchange rates ruling at the time of the transactions. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

##### (i) Intangible assets

###### *Goodwill*

Goodwill arising on business combinations, representing the excess of the fair value of the consideration given over the fair value of identifiable assets and liabilities acquired, is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment in accordance with IAS 36 'Impairment of assets'. This is not in accordance with The Large and Medium-sized companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

###### *Client relationships*

Client relationship assets acquired in a business combination are recognised at fair value at the acquisition date. Where a transaction to acquire client relationship assets includes an element of variable deferred consideration, an estimate is made of the value of consideration that will ultimately be paid. The client relationship assets recognised on the balance sheet are adjusted for any subsequent change in the value of deferred consideration. Client relationship assets are considered to have a finite useful economic life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the client relationships over their estimated useful economic lives, currently between 3 and 20 years.

###### *Computer software*

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software, and are subsequently measured at cost less accumulated amortisation and impairment losses. Capitalised costs are amortised over their estimated useful lives of up to 5 years.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 1. Principal accounting policies (continued)

##### (i) Intangible assets (continued)

###### *Internally generated software*

Expenditure on development activities is capitalised as an intangible fixed asset if the project is technically and commercially feasible, the company intends and has the technical ability and sufficient resources to complete the development, future economic benefits are probable and the expenditure attributable to the asset can be reliably measured during its development.

Once the asset has been brought into use, the capitalised expenditure is amortised on a straight-line basis over the useful economic life of the product, unless there is evidence that the asset is impaired, in which case the impairment is taken to the income statement immediately. Development expenditure that does not meet the criteria for capitalisation is expensed to the income statement as incurred.

##### (j) Property, plant and equipment

The cost of property, plant and equipment represents expenditure that is directly related to the purchase of the asset and is capitalised on initial recognition. Subsequent expenditure is only capitalised when it is probable that future economic benefits will arise as a result of the expenditure, otherwise it is expensed through the income statement at the time it is incurred.

Depreciation has been calculated to write off the cost of property, plant and equipment over the assets' expected useful economic lives, or in respect of right-of-use assets, the shorter of the useful economic life and the lease term, on a straight-line basis to their residual values at the following annual rates:

Fixtures and fittings	Up to 10 years
Computer hardware	Up to 5 years
Right-of-use assets	Up to 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### (k) Impairment of non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. Where there is an indication that an asset may be impaired, the company must establish whether the carrying value of the asset exceeds its estimated recoverable amount, which is the greater of an asset's value in use and its fair value less costs of disposal. Goodwill and intangible assets with an indefinite economic life are required to be tested for impairment annually.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Principal accounting policies (continued)**

##### **(k) Impairment of non-financial assets (continued)**

The purpose of an impairment review is to establish whether the carrying value of an asset exceeds the estimated recoverable amount, which is the greater of an asset's value in use and its fair value less costs of disposal. 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.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows, being Cash Generating Units ('CGU's'). For internal reporting purposes, management considers there to be a single CGU.

Impairment losses relating to assets carried at depreciated historic cost are recognised in the income statement immediately.

Should the recoverable amount of an asset that has previously been impaired subsequently exceed its carrying value, the impairment loss previously recognised may only be reversed where there has been a change in the estimates used to determine the asset's recoverable amount. Such impairment losses would only be reversed to the extent that the asset's recoverable amount exceeds its carrying value, net of depreciation and amortisation, that would have applied had no impairment loss originally been recognised.

##### **(l) Investments in subsidiary undertakings**

Investments in subsidiary undertakings are initially recognised in the financial statements of the company at cost and subsequently at cost less accumulated impairment losses. Dividends paid by subsidiaries to the company are recognised as income of the company in the period in which they are received.

##### **(m) Financial assets**

Financial assets are initially recognised at their fair value and are categorised as either at fair value through profit or loss or at amortised cost, depending upon the company's business model for managing the financial assets and the contractual terms of the associated cash flows.

Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants in the principal market at the measurement date or, in the absence of a principal market, the most advantageous market to which the company has access at that date.



## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Principal accounting policies (continued)**

##### **(m) Financial assets (continued)**

The company classifies its financial assets as at amortised cost where both of the following criteria are met:

- The asset is held with the objective of collecting contractual cash flows; and
- The contractual terms give rise to cash flows that represent solely payments of principal and interest.

Financial assets at amortised cost comprise 'trade and other receivables' and 'cash and cash equivalents'.

All other financial assets are categorised as at fair value through profit or loss ('FVPTL'). FVPTL financial assets are subsequently measured at fair value, with gains and losses recognised within other operating expenses. FVPTL financial assets comprise investment securities.

##### **(n) Impairment of financial assets**

The company applies the simplified approach within IFRS 9 'Financial Instruments' to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

##### **(o) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, where such subsequent measurement would result in a material difference to the carrying value of the asset.

##### **(p) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and deposits with banks and financial institutions with a maturity of up to three months. Cash balances in the financial statements exclude monies held on behalf of clients.

##### **(q) Financial liabilities**

Financial liabilities are initially recognised at their fair value and are categorised as either at fair value through profit or loss or at amortised cost.

Financial liabilities at fair value through profit or loss comprise deferred consideration. Deferred consideration is initially recognised at fair value, determined by reference to the expected discounted cash flows, and is subsequently remeasured to fair value at each reporting date.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Principal accounting policies (continued)**

##### **(q) Financial liabilities (continued)**

Financial liabilities at amortised cost comprise 'trade and other payables'. Trade and other payables are initially recognised at fair value, which is the agreed market price at the time goods or services are provided and are subsequently measured at amortised cost using the effective interest rate method, where such subsequent measurement would result in a material difference to the carrying value of the liability. The company accrues for all goods and services consumed but as yet unbilled at amounts representing management's best estimate of fair value.

##### **(r) Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position, when the company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously. Financial assets and liabilities in respect of client-side settlement balances, where a client's assets are held within the company's nominee, are netted intraday at an individual client level, the resulting net amount being presented within either settlement receivables or settlement payables in the statement of financial position. The company has no legal right of set-off with market counterparties and therefore market-side settlement balances are presented gross in the statement of financial position.

##### **(s) Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds. Current tax represents the expected tax payable on profits chargeable to corporation tax, using the rate of taxation enacted at the statement of financial position date, net of any adjustments to tax payable in respect of prior years.

Deferred tax reflects the tax that is anticipated to be payable or recoverable in the future as a result of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profits. Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences giving rise to tax.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Principal accounting policies (continued)**

##### **(s) Taxation (continued)**

Deferred tax assets are recognised only to the extent that the directors consider it to be probable that there will be suitable taxable profits in the future against which the deductible temporary difference can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference relates to investments in subsidiaries or the initial recognition of goodwill to the extent that they will probably not reverse in the foreseeable future. The carrying amounts of deferred tax assets and liabilities are reviewed at each statement of financial position date.

Deferred tax assets and liabilities are not discounted. Deferred tax is calculated using the rates of taxation enacted or substantively enacted at the statement of financial position date in respect of the periods over which it is anticipated that the related assets and liabilities giving rise to deferred tax will unwind.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority and where there is an intention to settle the balances on a net basis.

##### **(t) Share-based payments**

Where a parent grants rights to its equity instruments to the employees of a subsidiary, the subsidiary is required to measure the fair value of the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions.

Fair value measurements are based on option pricing models, taking into account the risk-free rate, volatility of the underlying equity instrument, expected dividends and current share prices. The fair value is calculated at the date of grant of the award and is charged to the income statement over the period during which the employee becomes unconditionally entitled to the award (the 'vesting period'). For all awards, the granting entity requires payment equivalent to the fair value of the awards granted, and therefore the corresponding credit is recognised as a liability. The fair value charged to the income statement is based on an estimate of the number of equity instruments that will ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognised in the income statement is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

##### **(u) Pensions**

The company only operates defined contribution pension schemes and contributions are charged to the income statement in the period to which they relate.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 1. Principal accounting policies (continued)

##### (v) Provisions

Provisions are recognised when a present obligation exists at the statement of financial position date, either legal or constructive, that can be reliably measured and is the result of a past event, and where it is probable that a transfer of economic benefits will result. The estimated value of a provision at the statement of financial position date is established by discounting the expected future cash flows at a pre-tax discount rate appropriate to the circumstances, where the effect of discounting is significant in the context of the company's overall performance and position.

Provisions for post-retirement benefit and long-term employee benefit arrangements are measured in accordance with IAS 19 'Employee benefits'.

The estimated value of post-retirement benefit liabilities is established by discounting the expected future cash flows using an appropriate discount rate. Actuarial gains and losses are recognised in other comprehensive income. The increase in post-retirement benefit liabilities due to the discount rate unwinding through the passage of time is recognised as a finance expense in the income statement.

The long-term employee benefit liability, as set out in note 20, is calculated using an appropriate option pricing model. Fair value gains and losses are recognised in the income statement.

##### (w) Share capital

Ordinary shares of the company are classified as equity. Share capital represents the nominal value of shares issued. Where shares are issued at an amount greater than their nominal value, the surplus is credited to the share premium account. Costs directly incurred in respect of shares issued are recognised as a deduction from the issue proceeds.

##### (x) Other reserves

The nature and purpose of each reserve can be summarised as follows:

###### *Share premium*

Where shares are issued for an amount exceeding their nominal value, the excess is recorded in the share premium account, less any direct costs of issue. This reserve is not considered to be distributable.

###### *Retained earnings*

This reserve records all income, expenses, gains and losses recognised in the income statement and the statement of comprehensive income and is net of dividends paid to shareholders. This reserve is distributable.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 2. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### **Impairment of goodwill**

In accordance with IAS 36 'Impairment of assets', goodwill is required to be tested annually for impairment. Impairment exists when the carrying value of the cash-generating unit ('CGU') containing the goodwill exceeds its recoverable amount, being the higher of its fair value less costs of disposal and its value in use.

The company uses value in use to determine recoverable amount. The preparation of long-term forecasts requires management to exercise a significant degree of judgement in estimating both the amount and timing of future cash flows and also in respect of the discount rate that is applied to those cash flows. The conclusion of the impairment tests at 31 March 2023 was that no impairment exists.

The pre-tax discount rate applied to the long-term forecasts would need to increase by approximately 23 percentage points, or the present value of the future cash flows (at the unsensitised discount rate applied in the impairment tests) would need to decrease by approximately 75%, in order for the carrying value of the CGU to exceed the discounted value of future cash flows and therefore impairment to exist.

##### **Lease accounting**

Lease payments are discounted using the company's incremental borrowing rate, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions attached.

The company uses incremental borrowing rates specific to each lease. The average rate applied to all leases held at 31 March 2023 was 2.3% (31 March 2022: 1.6%). A 25 basis point increase or decrease in the rate would cause the lease liabilities to increase or decrease by £0.3mn (2022: £0.3mn), with a corresponding decrease or increase in the value of right-of-use assets of £0.2mn (2022: £0.4mn).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are included in the lease term if the lease is reasonably certain to be extended (or not terminated). Generally, this assessment gives consideration to the value of any leasehold improvements that will remain at the extension or termination date, historical lease durations and the costs and business disruption associated with replacing the leased asset.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **2. Critical accounting judgements and key sources of estimation uncertainty (continued)**

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the company. During the year, there have been no such reassessments.

##### **Amortisation of client relationship intangibles**

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 on account closure and client tenure rates and expectations that these will continue in the future. During the year, client relationship intangible assets were amortised over a 3 to 20 year period.

Amortisation of £4.7mn (2022: £4.7mn) was charged during the year. At 31 March 2023, the carrying value of client relationship intangible assets was £12.0mn (2022: £15.2mn). A reduction of one year in the amortisation period of the company's client relationship intangible assets would increase the annual amortisation charge by £0.5mn.

##### **Fair value of deferred consideration**

During the year, the company acquired the entire share capital of Murray Asset Management UK Limited ('MAM'). The purchase price payable includes components of deferred consideration that are contingent upon the successful transfer of funds under management to the company and the achievement of future revenue performance targets.

At 31 March 2023, management's best estimate of the contingent element of the deferred consideration payable is £3.4mn. The maximum contingent deferred consideration payable is £4.0mn, and therefore paying the maximum amount would result in an addition income statement charge of £0.6mn. A payment of £nil would result in an income statement profit of £3.4mn.

#### **3. Financial instruments**

Financial assets measured at fair value through profit or loss comprise unlisted equity investment securities. Financial liabilities measured at fair value through profit or loss comprise deferred consideration (see note 17).

#### **4. Segmental reporting**

The company's activities consist entirely of investment management and financial planning services within the United Kingdom and therefore comprise a single operating segment.

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5. Employee information**

(a) The average number of persons employed by the company, including directors, during the year was 1,304 (2022: 1,250). The actual number of persons employed at 31 March 2023 was 1,325 (2022: 1,276).

(b) Employment costs of employees, including directors, were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>133,741</b>	133,716
Social security costs	<b>17,429</b>	17,518
Other pension costs	<b>12,527</b>	10,371
Share-based charges	<b>1,288</b>	2,240
	<b><u>164,985</u></b>	<b><u>163,845</u></b>

Included within employment costs disclosed above are amounts relating to employees who have contracts of service with the company, but where the cost, or an element of the cost, is recharged to other companies within the Investec group. These employees are remunerated by the company but perform duties either wholly or partly on behalf of other group companies. Employment costs of £1,203,000 (2022: £721,000) have been recharged during the year ended 31 March 2023 to other Investec group companies.

The company incurs additional employment costs that are not disclosed within the amounts above. These are in relation to recharges, where the employee has a contract of service with other companies within the Investec group, but who perform duties either wholly or partly on behalf of the company. Employment costs of £2,453,000 (2022: £2,133,000) have been recharged to the company during the year ended 31 March 2023 by other Investec group companies.

No amounts payable to defined contribution pension funds were outstanding at the end of the financial year (2022: £nil).

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6. Directors' emoluments**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Highest paid director:		
Emoluments	<b>1,373</b>	1,589
Pension contributions	<b>3</b>	3
Directors including highest paid director:		
Emoluments	<b>3,740</b>	4,240
Pension contributions	<b>15</b>	87

Included within directors' emoluments disclosed above are amounts recharged by other group companies for directors' qualifying services in relation to Investec Wealth & Investment Limited.

Certain bonus awards included within directors' emoluments disclosed above are subject to deferral. In such instances, the deferred amount is awarded in the form of a short-term share award, which vests in three equal tranches over a period of approximately three years. Deferred bonuses are subject to malus conditions.

3 directors (2022: 7), including the highest paid director, have exercised share options during the year. Amounts paid to directors or past directors in respect of loss of office amounted to £321,000 (2022: £1,287,000).

The highest paid director received shares under the Investec group long-term share award scheme during the current and prior year, that are not required to be disclosed within directors emoluments as set out above.

At 31 March 2023 there were 3 directors to whom retirement benefits were accruing under defined contribution pension schemes (2022: 5).



**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7. Operating profit**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is stated after charging:		
Audit of these financial statements	<b>184</b>	170
Share-based charges	<b>1,288</b>	2,240
Amortisation of intangible fixed assets	<b>5,738</b>	5,343
Depreciation of property, plant & equipment	<b>7,936</b>	8,009
Loss on disposal of property, plant and equipment	<b>265</b>	126
Operating lease rentals – short-term/low value assets	<b>167</b>	120

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in the report and financial statements of Investec Wealth & Investment Limited since the consolidated accounts of the company's ultimate parent undertaking, Investec plc, are required to disclose non-audit fees on a consolidated basis.

**8. Finance income and expense**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable on bank deposits	<b>3,397</b>	152
Finance income	<b>3,397</b>	152
Interest payable on bank loans and overdrafts	<b>(8)</b>	(17)
Lease liabilities	<b>(819)</b>	(869)
Interest expense on post-retirement benefit provision (note 18)	<b>(32)</b>	(26)
Finance expense	<b>(859)</b>	(912)
Finance income/(expense) - net	<b>2,538</b>	(760)

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. Income tax expense**

The income tax expense on profit, charged to the income statement during the year, is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Current tax:		
United Kingdom current corporation tax at 19% (2022: 19%)	<b>17,530</b>	18,043
Adjustment in respect of prior years	<b>(416)</b>	(9)
Total current tax	<b>17,114</b>	18,034
Deferred tax:		
Origination and reversal of temporary differences	<b>(620)</b>	(1,804)
Adjustment in respect of prior years	<b>64</b>	(179)
Total deferred tax	<b>(556)</b>	(1,983)
Total income tax expense	<b>16,558</b>	16,051

The total tax expense in the income statement for the year ended 31 March 2023 is higher (2022: higher) than the amount calculated by applying the standard UK corporation tax rate of 19% (2022: 19%). The difference can be reconciled as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	<b>85,587</b>	84,598
Tax on profit before taxation at 19% (2022: 19%)	<b>16,262</b>	16,074
Effect of:		
Expenses not tax deductible	<b>655</b>	858
Effect of future rate adjustments	<b>(239)</b>	(159)
Share-based charges	<b>61</b>	(534)
Deferred tax only adjustments	<b>171</b>	-
Adjustments in respect of prior years	<b>(352)</b>	(188)
Total tax expense in the income statement	<b>16,558</b>	16,051

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. Income tax expense (continued)**

The following amounts of deferred tax have been recognised directly in equity:

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Share-based payments	(121)	168
Total deferred tax recognised in equity	<u>(121)</u>	<u>168</u>

**10. Dividends**

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Equity dividends on ordinary shares:		
Interim dividends paid: £3.35 per share (2022: £8.85 per share)	<u>35,000</u>	<u>92,500</u>

**11. Intangible assets**

	Goodwill £'000	Client relationships £'000	Computer software £'000	Internally generated software £'000	Total £'000
Cost:					
At 31 March 2022	54,220	66,086	1,960	3,104	125,370
Additions	-	1,457	2,548	-	4,005
<b>At 31 March 2023</b>	<u><b>54,220</b></u>	<u><b>67,543</b></u>	<u><b>4,508</b></u>	<u><b>3,104</b></u>	<u><b>129,375</b></u>
Amortisation:					
At 31 March 2022	-	50,843	1,906	517	53,266
Charge for the year	-	4,733	384	621	5,738
<b>At 31 March 2023</b>	<u><b>-</b></u>	<u><b>55,576</b></u>	<u><b>2,290</b></u>	<u><b>1,138</b></u>	<u><b>59,004</b></u>
Net book value:					
<b>At 31 March 2023</b>	<u><b>54,220</b></u>	<u><b>11,967</b></u>	<u><b>2,218</b></u>	<u><b>1,966</b></u>	<u><b>70,371</b></u>
Net book value:					
At 31 March 2022	<u>54,220</u>	<u>15,243</u>	<u>54</u>	<u>2,587</u>	<u>72,104</u>

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****12. Property, plant & equipment**

	Right-of-use (‘ROU’) assets: premises £'000	Computer hardware £'000	Fixtures and fittings £'000	Total £'000
Cost:				
At 31 March 2022	47,874	7,820	16,163	71,857
Additions	-	34	1,588	1,622
Disposals	(837)	-	(7)	(844)
Modifications and reassessments	4,151	-	-	4,151
<b>At 31 March 2023</b>	<b>51,188</b>	<b>7,854</b>	<b>17,744</b>	<b>76,786</b>
Depreciation:				
At 31 March 2022	13,478	5,851	11,612	30,941
Charge for the year	5,138	1,184	1,614	7,936
Disposals	(578)	-	(1)	(579)
<b>At 31 March 2023</b>	<b>18,038</b>	<b>7,035</b>	<b>13,225</b>	<b>38,298</b>
Net book value:				
<b>At 31 March 2023</b>	<b>33,150</b>	<b>819</b>	<b>4,519</b>	<b>38,488</b>
Net book value:				
At 31 March 2022	34,396	1,969	4,551	40,916

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****13. Investments in subsidiaries**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Cost:		
At 1 April	<b>60,303</b>	60,303
Additions	<b>17,245</b>	-
<b>At 31 March</b>	<b><u>77,548</u></b>	<u>60,303</u>
Impairments:		
<b>At 1 April and at 31 March</b>	<b><u>58,795</u></b>	<u>58,795</u>
Net book value:		
<b>Carried forward at 31 March</b>	<b><u>18,753</u></b>	<u>1,508</u>
Brought forward at 1 April	<b><u>1,508</u></b>	<u>1,508</u>

On 31 January 2023, the company acquired the entire share capital of Murray Asset Management UK Limited ('MAM'), an Edinburgh-based wealth management firm. MAM is a private company limited by shares and is registered in England and Wales. The total consideration in respect of the acquisition amounted to £17,245,000. This comprised £11,950,000 that was paid upon completion, £1,922,000 of deferred consideration in relation to the surplus of completion date net assets over an agreed amount, plus deferred consideration that is contingent upon the successful transfer of funds under management to the company and the achievement of future revenue performance targets of up to £3,373,000.

A full list of the related undertakings of the company is set out in note 27.

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	141	170
Settlement receivables	204,125	257,784
Amounts owed by group undertakings	1,234	1,032
Other receivables	11,312	4,073
Net deferred tax asset (note 19)	1,725	1,567
Prepayments	7,465	6,830
Accrued income	21,618	25,228
	<b>247,620</b>	<b>296,684</b>

Amounts owed by group undertakings are unsecured, interest-free, have no fixed date of repayment and are payable on demand.

**15. Creditors: amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	3,273	1,514
Settlement payables	198,181	254,725
Lease liabilities	5,670	5,391
Corporation tax payable	718	766
Other tax and social security costs	14,706	13,705
Amounts owed to group undertakings	5,420	8,478
Other payables	266	2,311
Deferred consideration	2,437	1,208
Accruals and deferred income	69,928	51,180
	<b>300,599</b>	<b>339,278</b>

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****16. Creditors: amounts falling due after one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Accruals and deferred income	<b>4,427</b>	4,699
Lease liabilities	<b>34,563</b>	36,129
Deferred consideration	<b>3,888</b>	-
	<b><u>42,878</u></b>	<b><u>40,828</u></b>

Lease liabilities falling due after more than five years amount to £10,376,000 (2022: £13,952,000). There are no other creditors falling due after more than five years.

**17. Financial instruments**

The company holds the following financial instruments:

<b>Financial assets:</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets at amortised cost:		
- Trade and other receivables (excluding non-financial assets)	<b>238,429</b>	288,288
- Cash and cash equivalents	<b>207,083</b>	174,335
Financial assets at fair value through profit or loss:		
- Investment securities	<b>461</b>	-
	<b><u>445,973</u></b>	<b><u>462,623</u></b>
 <b>Financial liabilities:</b>	 <b>2023</b>	 <b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Financial liabilities at amortised cost:		
- Trade and other payables (excluding non-financial liabilities)	<b>(215,855)</b>	(273,276)
Financial liabilities at fair value through profit or loss:		
- Deferred consideration	<b>(6,325)</b>	(1,208)
	<b><u>(222,180)</u></b>	<b><u>(274,484)</u></b>

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **17. Financial instruments (continued)**

Details of the company's exposure to the various risks associated with financial instruments are set out in note 23. The company's maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset. No financial assets of the company are impaired.

None of the financial assets or liabilities shown above have been renegotiated during the years ended 31 March 2023 or 31 March 2022 and no defaults of their terms have occurred.

Financial assets measured at fair value through profit or loss comprise unlisted equity investment securities. Financial liabilities measured at fair value through profit or loss comprise deferred consideration (see notes 15 and 16).

All other financial instruments are held at amortised cost, which is considered to be a reasonable approximation of fair value due to the short-term nature of these balances. Expected credit losses arising on the company's financial instruments are negligible.

With the exception of investment securities, which do not have a fixed contractual maturity, and deferred consideration, all of the financial assets and liabilities disclosed above contractually mature within one year.

Of the total deferred consideration liability of £6,325,000, £2,437,000 contractually matures within less than one year and £3,888,000 within less than two years.

#### **Fair value hierarchy**

Financial instruments carried at fair value are categorised into the following levels based upon valuation method:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.



**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17. Financial instruments (continued)**

Fair value measurements are as follows:

	At 31 March 2023			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets:</b>				
- Investment securities	-	-	461	461
	-	-	461	461
<b>Financial liabilities:</b>				
- Deferred consideration	-	-	(6,325)	(6,325)
	-	-	(6,325)	(6,325)
	At 31 March 2022			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial liabilities:</b>				
Deferred consideration	-	(1,208)	-	(1,208)
	-	(1,208)	-	(1,208)

Deferred consideration comprises the estimated liability required to settle the company's purchase consideration obligations in respect of previous acquisitions of client relationship intangible assets and business combinations. These amounts are classed as level 3 in the fair value hierarchy since readily available observable market data is not available. The valuation reflects management's best estimate of the amounts required to settle the company's deferred consideration obligations, taking into account the current and expected future performance of the underlying assets acquired, measured against the thresholds set out in the respective purchase agreements, and is considered to represent a suitable proxy for fair value.

Fair value through profit or loss investment securities comprises an investment in the equity shares of a non-listed company. These are classed as level 3 in the fair value hierarchy since readily available observable market data is not available. The valuation reflects management's best estimate of the recoverable amount, taking into account the company's non-controlling interest and the available market for the investment securities, and is considered to represent a suitable proxy for fair value.

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****18. Provisions for liabilities and charges**

	Property dilapidations £'000	Post- retirement benefit £'000	Sundry claims & associated costs £'000	Long-term employee benefits £'000	Total £'000
At 1 April 2022	4,007	1,140	2,773	1,508	9,428
Charged to the income statement (excluding interest)	163	98	1,275	83	1,619
Interest expense (note 8)	-	32	-	-	32
Released to the income statement	-	-	(986)	(207)	(1,193)
Utilised in the year	(80)	(196)	(232)	-	(508)
Credited to the statement of comprehensive income	-	(74)	-	-	(74)
Credited directly to equity	-	-	-	(980)	(980)
<b>At 31 March 2023</b>	<b>4,090</b>	<b>1,000</b>	<b>2,830</b>	<b>404</b>	<b>8,324</b>

The provision for property dilapidation costs reflects the obligations that the company has to reinstate leasehold properties to their original condition prior to the expiry of the relevant lease. The leases held on these properties expire in the period up to the year ending 31 March 2034.

The post-retirement benefit provision reflects the company's contractual obligation to pay post-retirement benefits to a limited number of employees. It is expected that this obligation will be settled in the period up to the year ending 31 March 2036.

The key assumptions in this calculation are:

	<b>2023</b>	<b>2022</b>
Discount rate	<b>4.77%</b>	2.85%
Average client life	<b>18 years</b>	18 years
Net annual growth in income	<b>4.50%</b>	4.50%

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****18. Provisions for liabilities and charges (continued)**

The company recognises a provision in respect of the potential settlement of sundry claims and the costs associated with the settlement of those claims. Whilst the timing of settlement is uncertain, the company expects that claims will be settled within 12 months.

Details of the long-term employee benefit liability provision relating to shares of Ninety One plc are set out in note 20.

**19. Deferred tax**

The deferred tax account comprises the following deferred tax assets and liabilities:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Goodwill	<b>173</b>	180	<b>(242)</b>	(194)	<b>(69)</b>	(14)
Client relationship intangible assets	-	-	<b>(2,992)</b>	(3,278)	<b>(2,992)</b>	(3,278)
Property, plant and equipment	<b>1,262</b>	1,342	-	-	<b>1,262</b>	1,342
Provisions	<b>2,319</b>	1,754	-	-	<b>2,319</b>	1,754
Share-based payments	<b>1,205</b>	1,763	-	-	<b>1,205</b>	1,763
<b>Total</b>	<b>4,959</b>	5,039	<b>(3,234)</b>	(3,472)	<b>1,725</b>	1,567

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****19. Deferred tax (continued)**

The movement in deferred tax assets and liabilities during the year is as follows:

<b>Deferred tax assets:</b>	<b>Goodwill £'000</b>	<b>Property, plant and equipment £'000</b>	<b>Provisions £'000</b>	<b>Share- based payments £'000</b>	<b>Total £'000</b>
At 1 April 2021	187	1,006	1,297	889	3,379
(Charged)/credited to:					
Income statement	(7)	336	457	706	1,492
Reserves	-	-	-	168	168
At 31 March 2022	180	1,342	1,754	1,763	5,039
(Charged)/credited to:					
Income statement	(7)	(80)	565	(437)	41
Reserves	-	-	-	(121)	(121)
<b>At 31 March 2023</b>	<b>173</b>	<b>1,262</b>	<b>2,319</b>	<b>1,205</b>	<b>4,959</b>

<b>Deferred tax liabilities:</b>	<b>Goodwill £'000</b>	<b>Client relationship intangible assets £'000</b>	<b>Total £'000</b>
At 1 April 2021	(159)	(3,341)	(3,500)
(Charged)/credited to the income statement	(35)	526	491
Additions to the balance sheet	-	(463)	(463)
At 31 March 2022	(194)	(3,278)	(3,472)
(Charged)/credited to the income statement	(48)	563	515
Additions to the balance sheet	-	(277)	(277)
<b>At 31 March 2023</b>	<b>(242)</b>	<b>(2,992)</b>	<b>(3,234)</b>

The UK Government legislated in the Finance Act 2021 to increase the UK corporation tax rate to 25% from 1 April 2023. The Finance Act 2021 was enacted on 10 June 2021. This has been reflected in the deferred tax calculations.

Deferred taxes at the statement of financial position date have been measured using the enacted rates of tax that it is anticipated will apply as the related balances unwind.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 20. Share-based payments

Investec plc, the company's ultimate parent undertaking, operates the following share-based payment schemes in which certain of the company's employees are eligible to participate:

##### **Long-term share awards ('LTSA')**

In June and December each year, the Investec group considers making awards of conditional and non-conditional nil cost deferred shares under the LTSA to qualifying employees of the company. Both conditional and non-conditional awards are subject to the employee remaining in the employment of the Investec group for a specified period and vest in three equal tranches; one third at the end of years three, four and five. Other than in respect of conditional awards, the employee is eligible to receive dividends on the shares throughout the vesting period. With regard to the awards outstanding at 31 March 2023 and 31 March 2022, the vesting of the awards is not subject to any performance conditions and no consideration is payable by the employee upon the making or vesting of the award.

##### **Long-term employee benefit liability – Ninety One plc shares**

As part of the demerger of Investec Asset Management Limited (subsequently renamed Ninety One plc) from the Investec group during the year ended 31 March 2020, each participant of the Investec plc LTIP and LTSA share-based payment schemes received the right to receive one Ninety One plc share option for every two Investec plc share options that they held. The Ninety One plc share options were granted on the same terms and vesting period as the Investec plc options that they related to. Investec plc has an obligation to deliver Ninety One plc shares to the holders of Investec plc share options, and accordingly this obligation is classified and measured as an other long-term employee benefit liability in terms of IAS 19 'Employee Benefits'.

On 30 May 2022, the Investec group's 15% shareholding in Ninety One plc was distributed to ordinary shareholders. Each participant of the Investec plc LTIP and LTSA share-based payment schemes, received the right to receive 0.13751 Ninety One plc shares for every one Investec plc share option that they held. The IAS 19 'Employee Benefits' charge arising in respect of this distribution amounted to £442,000, of which £84,000 was required to be recognised in the income statement and £358,000 was recognised directly in equity.

In the current year, management approved the acceleration of the remaining Ninety One plc share option awards. The accelerated awards became exercisable on 16 March 2023 and participants had 90 days within which to exercise.

The IAS 19 long-term employee benefit liability in respect of the Ninety One shares, which is measured at fair value through profit or loss, amounted to £404,000 at 31 March 2023 (31 March 2022: £1,508,000).

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20. Share-based payments****Exercise price range and remaining contractual life**

The exercise price range and weighted average remaining contractual life for the awards outstanding at 31 March 2023 are as follows:

	2023	2022
Exercise price		
- Investec plc share options	£nil	£nil
- Ninety One plc share options	£nil	£nil
Weighted average remaining contractual life		
- Investec plc	1.18 years	1.22 years
- Ninety One plc	-	0.98 years

The Investec plc and Ninety One plc average share price for the year ended 31 March 2023 was £4.64 and £2.05 respectively (2022: Investec plc £3.40 and Ninety One plc £2.49).

**21. Share capital**

	2023		2022	
	Number	Value	Number	Value
	'000	£'000	'000	£'000
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>10,455</u>	<u>10,455</u>	<u>10,455</u>	<u>10,455</u>

The rights and obligations attached to the fully paid ordinary shares of £1 each are as follows:

- Every member who is present in person or by proxy at a general meeting of the company shall have one vote on a show of hands and one vote for every share held on a poll;
- All shares in issue at the year end rank pari passu for dividends. Shareholders shall be entitled to receive final dividends following declaration by the company in general meeting and interim dividends declared by the board;
- Ordinary shareholders are entitled to participate in any surplus assets relating to the winding up of the company in proportion to their shareholdings.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **22. Capital management**

The capital of the company comprises share capital, share premium and retained earnings. The total capital at 31 March 2023 amounted to £230.98 million (2022: £196.01 million). The objectives of the company in managing its capital are to:

- Provide a strong capital base to ensure that the company can continue as a going concern, in order to meet the needs of its clients and to provide continuing returns for its shareholder and benefits for its other stakeholders;
- Maintain, as a minimum, the appropriate levels of capital to ensure that the company complies with the capital requirements of the Financial Conduct Authority ('FCA').

These objectives are met by setting the level of dividends paid to shareholders at a level appropriate to the performance and regulatory capital position of the business.

The FCA's Investment Firms Prudential Regime ('IFPR') became applicable to the company on 1 January 2022. Under IFPR, the company's regulatory capital resources are assessed through a set of threshold conditions which include formulaic requirements as prescribed under the IFPR rules, plus additional requirements assessed under the new Internal Capital and Risk Assessment ('ICARA') process. Regulatory capital adequacy is monitored by management and the board, and the ICARA is formally approved by the board at least annually. The company complied with the capital requirements of the FCA throughout the year. Regulatory capital resources at 31 March 2023 amounted to £106.72 million (2022: £122.40 million).

#### **23. Financial risk management**

The company operates a formal risk management process to identify, evaluate and manage the risks to which the company is exposed. A standard risk management framework is used across the company to assess exposure to risks and the controls that are in place to manage those risks.

For the purposes of the risk management process, the company is divided into separate business areas which share common risk characteristics. Each business area has a designated risk owner, who is normally the person with management responsibility for the particular area. The risks identified for each business area are recorded on a centralised Governance Risk and Compliance system, which is used to consolidate risks across the company in order to provide a company-wide view of risk. Where a risk relates to a single business area, the risk is managed within the relevant business area through its control procedures and escalated where appropriate.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **23. Financial risk management (continued)**

Where risks are common to more than one business area, the risks are managed in a centralised manner through the company's risk management structure, which is led by the company's Risk Management Committee, which reports to the company's Executive Committee and Board Risk Committee. The company's attitude towards the acceptance of risk is set out in a formal risk appetite policy, which is approved by the board.

The financial risks to which the company is exposed comprise credit risk, liquidity risk, and market risk. The management of these financial risks is set out below.

##### **Credit risk**

Credit risk is the risk of financial loss arising from a client or other counterparty failing to meet their obligations to repay outstanding amounts as they fall due. For the company, credit risk principally arises from the settlement of market transactions, amounts receivable from clients, and cash deposited with banks relating to its investment management activities.

The settlement risk in respect of client counterparties is mitigated by virtue of the high proportion of client portfolios being managed on a discretionary basis, with relatively little business undertaken on an execution only basis. Normally, the purchase of securities on behalf of clients is undertaken only when cleared funds are available, or are expected to be available, on the settlement date. Sales of securities are normally undertaken only once the related securities are held, or are expected to be held on the settlement date, within the company's nominee company. Any transactions undertaken prior to the receipt of cleared funds or securities are subject to close monitoring as part of the company's internal control procedures.

Trades undertaken on behalf of individual clients, or combined and executed as a bulk order, that exceed the pre-set authorisation limits that are embedded within the company's order management system for each individual, determined by reference to their role and level of seniority, are referred to an individual with the appropriate level of authority for further approval.



## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 23. Financial risk management (continued)

##### Credit risk (continued)

The settlement risk in respect of market counterparties is mitigated as a result of transactions normally being undertaken on recognised exchanges and standard platforms, and delivered through major settlement systems.

The company undertakes investment business only on behalf of its clients and does not trade on its own account, other than in respect of a minority of transactions undertaken on behalf of clients that must be undertaken on a matched principal basis.

The mitigation of credit risk relating to cash deposited with banks is achieved as a result of deposits being held across a spread of major banks.

Deposits are managed by the company's dedicated treasury function in accordance with the company's treasury policy, which is set by the company's Cash and Credit Management Committee ('CCMC').

Financial institutions with which cash deposits are placed are subject to approval by the CCMC, following completion of the company's counterparty due diligence process, and must possess a minimum long-term Standard & Poors rating of BBB+ or equivalent.

As set out in the section on liquidity risk below, the company's fee and commission charges to clients are usually charged to, and paid from, the portfolios of clients managed by the company and therefore the risk of default is low. Modest short-term loan advances to clients may occasionally be made, subject to these being secured against suitable portfolios managed by the company.

Loan advances to clients at 31 March 2023 amounted to £1,139,000 (2022: £1,588,000). These loans are collateralised against the clients' underlying investment portfolios and are structured in such a way to prevent the value of the loan from normally exceeding 50% of the value of the portfolio. As such, the expected credit loss impairment is considered to be negligible.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 23. Financial risk management (continued)

##### Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its financial obligations as they fall due. The company also manages portfolio liquidity on behalf of clients and is subject to a pre-funding risk in exceptional circumstances, where either client assets are traded without cleared funds or where there is a mismatch in the date of settlement of the transaction.

In respect of the company's own cash resources, the company is exposed to the risk relating to the sufficiency of liquid cash resources to meet the company's financial obligations as they become due for payment. The company manages the cash resources of its investment management clients, where client portfolios include an element of cash assets. The management of clients' cash assets is undertaken on the basis that clients' portfolios should retain a sufficient amount of liquidity in order that sufficient cash is available for investment in non-cash assets within clients' portfolios at the relevant time, or repaid to clients upon demand.

The CCMC is responsible for setting and monitoring the company's policy for the management of both the company's cash assets and those of clients. The management of these assets principally involves placing cash deposits with banks and holding other liquid assets that can readily be realised into cash.

The process by which the company's liquidity is managed is formally documented and subject to board approval. The documented process includes a statement of the company's liquidity risk appetite; an assessment of the factors which drive liquidity risk within the company; a detailed assessment of material liquidity risks; and the framework within which liquidity risks are managed.

The company has a documented contingency funding plan which sets out the actions that would be taken to access alternative sources of funding should the company's existing funding ever become insufficient to meet its obligations.

The policy for cash management specifies the institutions with which deposits may be made and sets out the criteria regarding the maximum deposit that may be made with a single institution, the proportion of cash that may be held on call, notice and fixed term deposits, and the maximum term of deposits. The day-to-day management of cash assets within the parameters of the policy is the responsibility of a dedicated treasury team, which reports to the CCMC. In accordance with the company's current policy, a substantial proportion of the company's own cash assets are deposited on call, with the remainder held on fixed term or notice deposits with a maturity or notice period of up to three months. The approved institutions with which deposits may be made represent a range of the more highly-rated banks.

## **INVESTEC WEALTH & INVESTMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **23. Financial risk management (continued)**

##### **Liquidity risk (continued)**

In order to mitigate the company's exposure to demands by clients for cash withdrawals from portfolios, the company's current policy is to maintain a substantial proportion of clients' total cash deposits available on call. The balance may be placed on notice or term deposits of up to 30 days. The proportion of clients' cash deposited on call is considerably greater than the maximum historical demand for client cash in any single month and the policy applied is considered to reduce the liquidity risk in respect of clients' cash assets to an acceptable level. The liquidity risk relating to non-cash investment assets held in clients' portfolios remains with the relevant client.

The company's ability to generate cash from its operating activities remains strong and there continues to be a high correlation between the company's profitability and cash generation. A principal reason for this is that fees, commission and other charges in respect of the company's investment management and dealing activities are usually charged to, and paid directly from, the portfolios of clients managed by the company. There is therefore a minimal period of time between charges being levied and the collection of cash.

Whilst the company has considerable cash resources and continues to generate cash over a relatively short operating cycle, it is the company's policy to maintain overdraft facilities where it is efficient to do so. At 31 March 2023, the company had access to an overdraft facility of £3 million which is due for review in October 2023.

At 31 March 2023, the company had not drawn (2022: £nil drawn) on this facility and all conditions necessary for the company to draw on this facility were satisfied at 31 March 2023.

A significant volume of the trades undertaken on behalf of clients are settled on the Euroclear settlement platform. In order to facilitate the overnight settlement of client trades, the company is required to lodge collateral with Euroclear.

At 31 March 2023 and at 31 March 2022, the company had pledged cash collateral with Euroclear of £7,000,000, which provided a settlement facility of \$8,000,000. Upon termination of the settlement facility, the pledged cash collateral is available for withdrawal by the company.

##### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to two types of market risk, being interest rate risk and price risk.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 23. Financial risk management (continued)

##### Market risk (continued)

##### *Interest rate risk*

Interest rate risk is the risk that future cash flows may be adversely affected as a result of changes in interest rates.

The company does not hold a banking licence and does not therefore undertake banking activity. The interest rate risk to which the company is exposed principally relates to the effect that a change in interest rates would have on the company's cash deposits and on other income that is determined by reference to interest rates.

As explained above in the liquidity risk section, a substantial proportion of the company's cash resources are held on call deposits, which typically earn a floating rate of interest.

A smaller proportion of deposits are held in fixed term or notice deposit accounts. Fixed term deposits normally earn a rate of interest that is fixed for the term of the deposit that has been agreed. Notice accounts typically earn a floating rate of interest. This combination of deposits and interest rates mitigates both interest and liquidity risks to an acceptable level and is considered to provide an overall risk profile that is appropriate for the company and its financial position.

There is a direct relationship between changes in market interest rates and the contribution to profit before tax of the company from the company's cash balances. Using the level of these balances at 31 March 2023 and assuming they remain unchanged, it is estimated that an increase in the market interest rate of 25 basis points would result in an annualised increase in this contribution to profit before tax of approximately £518,000 (2022: £436,000).

Interest rate positions are monitored on a day-to-day basis by the company's treasury team, in accordance with the policy set out by the CCMC. Interest paid by the company to individual clients on cash balances within their portfolios is determined by reference to the rate set by the company and the level of cash held within their portfolio. Interest earned by the company on client cash deposits is expected to exceed the level payable to clients. This interest rate margin is variable and is dependent upon the size of cash balances within client portfolios and the level of interest rates available to the company in the marketplace.

Whilst variations in the interest rate margin represent exposure to interest rate risk for the company, this risk is mitigated to acceptable levels by the company's internal control procedures and the policy set by the CCMC regarding the placing of cash deposits, set out above.

## INVESTEC WEALTH & INVESTMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 23. Financial risk management (continued)

##### Market risk (continued)

##### *Interest rate risk (continued)*

If the applicable central bank base rates were to increase by 25 basis points, and assuming that these rate increases were reflected in full in the interest rates that the company is able to obtain on client cash deposits, the interest rate margin that the company could reasonably expect to generate on client cash deposits would increase by approximately £4.55 million per annum (2022: £5.88 million). This assumes that the levels of cash held within client portfolios and the rates of interest paid to clients on those balances remains unchanged. Should the applicable base rates continue to rise, it is likely that the rate of interest paid to clients would also be revised. If this were the case, the amount of the additional interest margin generated by the company would be less than the headline increase in the base rates. Should base rates go negative, the company has discretion to apply zero or negative interest rates to client cash deposits whilst retaining an appropriate interest margin.

##### *Price risk*

Price risk is the risk that changes in market prices will affect the company's income from, or the value of, its holdings of financial instruments.

The company's fee income is determined by reference to the value of the funds managed by the company. Although these funds represent client assets and are not assets of the company, changes to the level of funds under management directly affect the level of the company's fee income. To the extent that funds under management include equity investments and other traded securities, changes in market prices of investments will affect the value of the company's funds under management and hence the level of fee income earned by the company. This represents exposure to price risk.

Whilst changes in the market prices of investments have significant influence on the value of the company's funds under management, and hence the level of its fee income, factors other than price risk also affect the level of the company's funds under management.

These factors include asset allocations within individual portfolios, the specific investments held within portfolios, individual investment decisions and the company's overall investment performance.

##### Concentration of risk

The business of the company is that of investment management undertaken within the UK. It is therefore inherent within the business that the risk arising from the company's financial instruments are concentrated within this business and geographical sector.

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. Contingent liabilities**

The company has contingent liabilities which cannot be quantified in respect of letters of indemnity, principally for certified stock transfers and share certificates, given in the ordinary course of business.

The company operates in a legal and regulatory environment that exposes it to litigation risk and other regulatory actions. As a result, the company may be involved in disputes and legal proceedings and subject to enquiries, reviews and examinations, requests for information, audits, investigations and other proceedings by regulators and competition authorities which arise in the ordinary course of business. The company evaluates all facts, the stage of completion, the probability of the outcome of the proceedings and advice from internal and external legal advisers when considering accounting and regulatory implications. The company is currently in the early stages of a review by the Financial Conduct Authority in respect of its Senior Management recruitment processes and board effectiveness. As this engagement is at an early stage, the company is not in a position to determine what impact, if any, this review may have on the financial position of the company.

**25. Leases**

The company leases office premises. The leases typically run for a period of between 10 and 15 years, with an option to break after 5 or 10 years, depending upon the overall term of the lease. Leases for office premises are recognised as right-of-use ('ROU') assets in accordance with IFRS 16. The company also leases IT equipment, typically with contract terms of up to five years. These leases are short-term and/or leases of low-value items, and therefore the company has elected not to recognise ROU assets and lease liabilities in respect of these leases. The amounts recognised in the financial statements in relation to leases are as follows:

**Amounts recognised in the statement of financial position**

ROU assets relating to leased premises are presented within property, plant and equipment. A reconciliation of the movement in ROU assets is set out in note 12. Lease liabilities relating to leased premises are presented within 'creditors: amounts falling due within one year' and 'creditors: amounts falling due after one year', as set out in notes 15 and 16 respectively.

**Amounts recognised in the income statement**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of ROU assets	<b>5,138</b>	4,749
Interest on lease liabilities	<b>819</b>	869
Expenses relating to short-term leases	<b>48</b>	-
Expenses relating to leases of low-value assets	<b>119</b>	120

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****26. Parent undertaking**

The company is a subsidiary of Investec plc, the ultimate parent undertaking, which is registered in England & Wales. Investec Bank plc, also registered in England & Wales, is the parent undertaking of the smallest group to consolidate these financial statements. Copies of the Investec plc and Investec Bank plc consolidated financial statements can be obtained from their registered office at 30 Gresham Street, London, EC2V 7QP.

**27. Related undertakings**

The company held the following investments in related undertakings, either directly or indirectly, during the year ended 31 March 2023. Whilst the proportion held by the company may be less than 100%, all related undertakings of the company are wholly-owned within the Investec group. The registered office address of the related undertakings that are incorporated in Guernsey is Gategny Court, Gategny Esplanade, St Peter Port, Guernsey. The registered office address of the related undertakings that are incorporated in Scotland is Quartermile One, Lauriston Place, Edinburgh, Scotland, EH3 9EN. The registered office address of all other related undertakings is 30 Gresham Street, London, EC2V 7QN.

<b>Name of company</b>	<b>Country of Incorporation</b>	<b>Principal activity</b>	<b>Proportion held</b>
Anston Trustees Limited	England & Wales	Non-trading	100%
Bell Nominees Limited	England & Wales	Non-trading	100%
Carr Investment Services Nominees Limited	England & Wales	Non-trading	100%
Carr PEP Nominees Limited	England & Wales	Non-trading	100%
Castle Street Nominees Limited	Scotland	Nominee services	100%
Castle Street Nominees UK Limited	England & Wales	Nominee services	100%
Click Nominees Limited	England & Wales	Non-trading	100%
Ferlim Nominees Limited	England & Wales	Nominee services	100%
Hero Nominees Limited	Guernsey	Nominee services	100%
Investec Wealth & Investment (Channel Islands) Limited	Guernsey	Investment management services	100%
Investec Wealth & Investment Trustees Limited	England & Wales	Trustee services	100%
Investment Administration Nominees Limited	England & Wales	Non-trading	100%
Murray Asset Management UK Limited	England & Wales	Investment management services	100%

**INVESTEC WEALTH & INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. Related undertakings (continued)**

<b>Name of company</b>	<b>Country of Incorporation</b>	<b>Principal activity</b>	<b>Proportion held</b>
Murray Investment Management Limited	Scotland	Non-trading	100%
Murray Asset Management Limited	Scotland	Non-trading	100%
Murray Asset Nominees Limited	Scotland	Nominee services	100%
Murray Asset Nominees UK Limited	England & Wales	Nominee services	100%
PEP Services (Nominees) Limited	England & Wales	Non-trading	100%
R & R Nominees Limited	England & Wales	Non-trading	100%
Rensburg Client Nominees Limited	England & Wales	Nominee services	100%
Scarwood Nominees Limited	England & Wales	Non-trading	100%
Spring Nominees Limited	England & Wales	Non-trading	100%
Tudor Nominees Limited	England & Wales	Non-trading	100%
Torch Nominees Limited	Guernsey	Nominee services	100%

**28. Events after the end of the reporting period**

As set out in the strategic report on page 5, the boards of Investec and Rathbones have entered into a definitive agreement regarding an all-share combination of Investec Wealth & Investment Limited and Rathbones. This will create the UK's leading discretionary wealth manager, with ~£100 billion of funds under management and administration, delivering scale that will underpin future growth. The combination establishes a long-term strategic partnership between the combined group and Investec, which will enhance the client proposition across banking and wealth management services for both groups.

**29. Country by country reporting (unaudited)**

Under Regulation 4 of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 ('the regulations'), the company is exempt from the requirement to publish the reportable information required by the regulations on the grounds that a parent undertaking includes the company in its own consolidated country-by-country reporting, published on the Investec plc website [www.investec.com](http://www.investec.com).