

3517613

**RWC Partners Limited**  
**Report And Financial Statements**  
*31 December 2012*

Rees Pollock  
Chartered Accountants



**COMPANY INFORMATION**

<b>Directors</b>	R D Goodchild J H Innes P Harrison G Bainbridge P Larche D C Mannix
<b>Company secretary</b>	J Kaufmann
<b>Registered number</b>	03517613
<b>Registered office</b>	60 Petty France London SW1H 9EU
<b>Independent auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Bankers</b>	HSBC Bank plc 6 Commercial Way Woking Surrey GU21 6EZ
<b>Solicitors</b>	Dechert 160 Queen Victoria Street London EC4V 4QQ

## **DIRECTORS' REPORT**

For the year ended 31 December 2012

The directors present their report and the consolidated financial statements of RWC Partners Limited for the year ended 31 December 2012

### **Principal activity and business review**

The principal activity of the company during the year was investment management

Following a year primarily focused on enhancement of internal processes and infrastructure, 2012 by contrast has been one of exploring new opportunities and further development of our existing product range. As a firm we started the year with assets under management of \$3.9 billion and finished at an RWC record high of \$5.2 billion

Across the firm's product range, performance in 2012 was generally very good and gross inflows amounted to \$1.5 billion which was an achievement in itself given the difficulty of markets generally. This figure masks a rotation with investors pulling assets from the firm's long short equity funds and investing in the income and convertible bond funds.

Perhaps the most notable activity in the year was the acquisition of the Focus Fund team from Hermes Fund Managers Limited on 1st October 2012. An experienced team of twelve investment and support staff joined the RWC group who have a long history of working together with companies with a Constructive Activist approach to investing. The team brought with them three funds specialising in the UK, Europe and Japan and in excess of \$800 million in assets.

Since the year end Dan Mannix has replaced Peter Harrison in the role of Chief Executive Officer. Peter will remain as non-executive Chairman of RWC and a significant shareholder in the business. Dan joined RWC in 2006 and has been instrumental in the growth and success of the business thus far, he is therefore considered well placed to take RWC into its next stage of growth as we face the exciting prospect of 2013.

### **Key risks**

The most significant risk facing the RWC group is that performance across the fund range is poor thus leading to investor dissatisfaction and redemptions from the funds. The group mitigates this risk through the diversification of the funds and strategies it manages and also by carefully monitoring the factors that affect performance in order to ensure that any negative influences are minimised.

A further significant risk faced by the group is the unexpected departure of key personnel. This risk is mitigated by ensuring that terms and conditions are competitive and through the continuance of the partnership culture the group has fostered since inception.

### **Key performance indicators**

Given the straightforward nature of the group's accounts, the Directors are of the opinion that analysis using key performance indicators is not necessary to gain an understanding of the development, performance or position of the business. Accordingly no such analysis has been undertaken.

### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £1,867,141 (2011 - £2,565,488)

During the year the group paid dividends of £856,359 (2011 - £1,748,496). At the date of signing these financial statements the final dividend in respect of 2012 had not been declared (2011 - not declared). However, the final dividend for the year is expected to be declared in the coming weeks.

## **DIRECTORS' REPORT**

For the year ended 31 December 2012

### **Directors**

The directors who served during the year were:

R D Goodchild  
J H Innes  
P Harrison  
K R Lambden (resigned 15 March 2013)  
G Bainbridge

P Larche and D C Mannix were appointed to the board on 1 March 2013.

### **Charitable contributions**

The financial statements include charitable donations of £6,544 (2011 £10,990)

### **Pillar III disclosure**

In accordance with the disclosures required by the FSA under BIPRU 11, the company's pillar III disclosure is available via its website [www.rwcpartners.com](http://www.rwcpartners.com).

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the consolidated financial statements of RWC Partners Limited in accordance with applicable law and regulations

Company law requires the directors to prepare consolidated financial statements of RWC Partners Limited for each financial year. Under that law the directors have elected to prepare the consolidated financial statements of RWC Partners Limited in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the consolidated financial statements of RWC Partners Limited unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these consolidated financial statements of RWC Partners Limited, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the consolidated financial statements of RWC Partners Limited on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

**DIRECTORS' REPORT**

For the year ended 31 December 2012

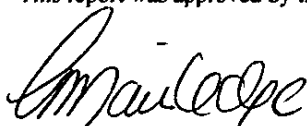
**Auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 18 April 2013 and signed on its behalf.



G Bambridge  
Director



# REESPOLLOCK

*Chartered Accountants*

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London EC4V 6BW  
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Fax 020 7329 6408  
[www.reespollock.co.uk](http://www.reespollock.co.uk)

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RWC PARTNERS LIMITED

We have audited the financial statements of RWC Partners Limited for the year ended 31 December 2012, set out on pages 5 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Simon Rees (Senior statutory auditor)  
for and on behalf of  
**Rees Pollock**

22 April 2013

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2012

	Note	2012 £	2011 £
<b>TURNOVER</b>	1,2	21,899,359	26,389,123
Cost of sales		(830,718)	(1,018,239)
<b>GROSS PROFIT</b>		21,068,641	25,370,884
Administrative expenses		(13,428,262)	(13,080,053)
<b>OPERATING PROFIT</b>	3	7,640,379	12,290,831
(Loss)/profit on disposal of investments		(38,649)	1,615
Interest receivable and similar income		3,087	6,415
Interest payable and similar charges	6	(34)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		7,604,783	12,298,861
Tax on profit on ordinary activities	7	(167,522)	(932,509)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		7,437,261	11,366,352
Minority interests		(5,570,120)	(8,800,864)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	17	1,867,141	2,565,488

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account.

The notes on pages 9 to 22 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**  
as at 31 December 2012

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Tangible assets	9		336,717		407,682
Investments	10		8,563		-
			<u>345,280</u>		<u>407,682</u>
<b>CURRENT ASSETS</b>					
Debtors	11	4,239,813		2,986,185	
Investments	12	1,820,753		2,826,476	
Cash at bank and in hand		7,021,154		6,831,248	
		<u>13,081,720</u>		<u>12,643,909</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	(5,354,035)		(5,028,453)	
<b>NET CURRENT ASSETS</b>			<u>7,727,685</u>		<u>7,615,456</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,072,965</u>		<u>8,023,138</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	14		-		(1,154)
<b>NET ASSETS</b>			<u>8,072,965</u>		<u>8,021,984</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		124,750		124,550
Share premium account	17		5,615,500		5,585,700
Other reserves	17		(1,095,003)		(570,834)
Profit and loss account	17		4,630,674		3,619,892
<b>SHAREHOLDERS' FUNDS</b>	18		<u>9,275,921</u>		<u>8,759,308</u>
<b>MINORITY INTERESTS</b>	19		<u>(1,202,956)</u>		<u>(737,324)</u>
			<u>8,072,965</u>		<u>8,021,984</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 April 2013.



G Bainbridge  
Director

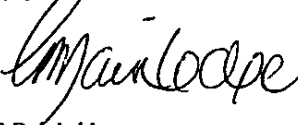
The notes on pages 9 to 22 form part of these financial statements.



COMPANY BALANCE SHEET  
as at 31 December 2012

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Tangible assets	9		314,982		407,682
Investments	10		3,313,239		500,000
			<u>3,628,221</u>		<u>907,682</u>
<b>CURRENT ASSETS</b>					
Debtors	11	8,357,095		6,500,540	
Investments	12	1,820,753		2,826,476	
Cash at bank and in hand		421,124		3,080,555	
		<u>10,598,972</u>		<u>12,407,571</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(5,538,043)		(4,554,791)	
<b>NET CURRENT ASSETS</b>			<u>5,060,929</u>		<u>7,852,780</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,689,150</u>		<u>8,760,462</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	14		-		(1,154)
<b>NET ASSETS</b>			<u><u>8,689,150</u></u>		<u><u>8,759,308</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		124,750		124,550
Share premium account	17		5,615,500		5,585,700
Other reserves	17		(1,095,003)		(570,834)
Profit and loss account	17		4,043,903		3,619,892
<b>SHAREHOLDERS' FUNDS</b>	18		<u><u>8,689,150</u></u>		<u><u>8,759,308</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 April 2013.

  
G Bainbridge  
Director

The notes on pages 9 to 22 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	21	495,533	4,487,282
Returns on investments and servicing of finance	22	3,053	6,415
Taxation	-	(751,265)	(944,000)
Capital expenditure and financial investment	22	(136,760)	(195,995)
Acquisitions and disposals	22	810,188	-
Equity dividends paid		(856,359)	(1,748,496)
<b>CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<b>(435,610)</b>	<b>1,605,206</b>
Management of liquid resources	22	1,119,685	(1,124,939)
Financing	22	(494,169)	160,377
<b>INCREASE IN CASH IN THE YEAR</b>		<b>189,906</b>	<b>640,644</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
For the year ended 31 December 2011

	2012 £	2011 £
Increase in cash in the year	189,906	640,644
Cash (inflow)/outflow from management of liquid resources	(1,119,685)	1,124,939
<b>CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS</b>	<b>(929,779)</b>	<b>1,765,583</b>
Change in market value of other current asset investments	152,611	24,552
(Loss)/Profit on sale of current asset investments	(38,649)	1,615
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>(815,817)</b>	<b>1,791,750</b>
Net funds at 1 January 2012	9,657,724	7,865,974
<b>NET FUNDS AT 31 DECEMBER 2012</b>	<b>8,841,907</b>	<b>9,657,724</b>

The notes on pages 9 to 22 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2012

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of current asset investments and in accordance with applicable accounting standards.

**1.2 Basis of consolidation**

The financial statements consolidate the accounts of RWC Partners Limited and its subsidiary undertakings, RWC Asset Management LLP and RWC Focus Asset Management Limited.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 408 of the Companies Act 2006.

**1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of management fees receivable, exclusive of value added tax.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases.

Software	-	3-4 years straight line
Fixtures & fittings	-	3 years straight line
Equipment	-	3 years straight line

**1.5 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.6 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2012

**1. ACCOUNTING POLICIES (continued)**

**1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account

**1.8 Fixed asset investments**

**(i) Subsidiary undertakings**

Investments in subsidiaries are valued at cost less provision for impairment

**(ii) Other investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**1.9 Current asset investments**

Current asset investments are valued at market value.

**1.10 Cash and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and cash deposits, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise all listed current asset investments

**1.11 Employee share ownership & employee benefit trust**

In accordance with UITF 38, assets and liabilities of the trust are recognised as assets and liabilities of the company. No gain or loss is recognised on the purchase, sale or transfer of the company's shares by the trust and dividend income on shares held by the trust is deducted from aggregate dividends paid and proposed. Consideration paid for shares held by the trust are deducted from shareholders' funds until such time as the shares vest unconditionally with employees

**1.12 Share based payments**

The group issues equity-settled share-based payments to certain employees (including directors). Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the group's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2012

**2. TURNOVER**

The turnover shown in the profit and loss account represents the value of services provided during the year, stated net of value added tax.

The company's turnover, other than £3,269,266 (2011: £3,787,836), is derived entirely from outside the UK.

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the group	207,524	233,652
Auditors' remuneration - audit of the company and its subsidiaries	39,780	22,000
Auditors' remuneration - non-audit	13,500	8,000
Operating lease rentals		
- other operating leases	504,483	448,502
Difference on foreign exchange	181,399	50,016
	<u>          </u>	<u>          </u>

Auditors fees for the company were £16,500 (2011 - £16,000)

**4. STAFF COSTS**

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

	2012 £	2011 £
Wages and salaries	9,761,659	8,071,527
Social security costs	1,150,041	1,081,269
Other pension costs	486,400	324,779
	<u>          </u>	<u>          </u>
	<u>11,398,100</u>	<u>9,477,575</u>

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

	2012 No.	2011 No.
Management staff	9	9
Fund management staff	19	19
Administrative staff	35	31
	<u>          </u>	<u>          </u>
	<u>63</u>	<u>59</u>

# NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2012

## 5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	1,490,641	1,306,208
Company pension contributions to defined contribution pension schemes	21,120	20,941

During the year retirement benefits were accruing to 2 directors (2011 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £1,220,984 (2011 - £1,089,179)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,560 (2011 - £10,560)

	2012	2011
Directors who exercised share options	-	2

During the year, directors exercised no (2011 - 13,700) share options

## 6. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	34	-

## 7. TAXATION

	2012 £	2011 £
<b>Analysis of tax charge in the year</b>		
Current tax (see note below)		
UK corporation tax charge on profit for the year	403,240	932,509
Adjustments in respect of prior periods	(48,470)	-
<b>Total current tax</b>	<b>354,770</b>	<b>932,509</b>
Deferred tax (see note 14)		
Origination and reversal of timing differences	(187,248)	-
<b>Tax on profit on ordinary activities</b>	<b>167,522</b>	<b>932,509</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2012**
**7. TAXATION (continued)****Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24% (2011 - 26%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	7,604,783	12,298,861
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	1,825,148	3,197,704
<b>Effects of:</b>		
Expenses not deductible for tax purposes	32,055	33,054
Timing differences on fixed assets	14,239	(1,695)
Adjustments to tax charge in respect of prior periods	(48,470)	-
Non-taxable income	(435,203)	-
Tax deduction arising from exercise of employee options	3,360	(25,687)
Unrelieved tax losses carried forward	102,499	-
Change in tax rate	8,185	17,358
Other timing differences	189,786	-
Profit allocated to minority interests	(1,336,829)	(2,288,225)
<b>Current tax charge for the year (see note above)</b>	<b>354,770</b>	<b>932,509</b>

**8. DIVIDENDS**

	2012 £	2011 £
Dividends paid on equity capital	856,359	1,748,496

# NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2012

## 9. TANGIBLE FIXED ASSETS

	Software £	Fixtures & fittings £	Computer equipment £	Total £
<b>Group</b>				
<b>Cost</b>				
At 1 January 2012	1,022,017	744,229	379,641	2,145,887
Additions	93,238	12,335	30,986	136,559
At 31 December 2012	1,115,255	756,564	410,627	2,282,446
<b>Depreciation</b>				
At 1 January 2012	720,707	705,681	311,817	1,738,205
Charge for the year	131,984	24,638	50,902	207,524
At 31 December 2012	852,691	730,319	362,719	1,945,729
<b>Net book value</b>				
At 31 December 2012	262,564	26,245	47,908	336,717
At 31 December 2011	301,310	38,548	67,824	407,682
<b>Company</b>				
<b>Cost</b>				
At 1 January 2012	1,022,017	744,229	379,641	2,145,887
Additions	93,238	-	18,944	112,182
At 31 December 2012	1,115,255	744,229	398,585	2,258,069
<b>Depreciation</b>				
At 1 January 2012	720,707	705,681	311,817	1,738,205
Charge for the year	131,984	23,438	49,460	204,882
At 31 December 2012	852,691	729,119	361,277	1,943,087
<b>Net book value</b>				
At 31 December 2012	262,564	15,110	37,308	314,982
At 31 December 2011	301,310	38,548	67,824	407,682



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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2012**
**10. FIXED ASSET INVESTMENTS**

<b>Group</b>	<b>Investment in Focus funds £</b>
<b>Cost or valuation</b>	
At 1 January 2012	-
Additions	201
On acquisition of subsidiaries	8,362
	<hr/>
At 31 December 2012	8,563
	<hr/>
<b>Net book value</b>	
At 31 December 2012	8,563
	<hr/>
At 31 December 2011	-
	<hr/>
	<b>Investment in subsidiary entity £</b>
<b>Company</b>	
<b>Cost or valuation</b>	
At 1 January 2012	500,000
Additions	2,813,239
	<hr/>
At 31 December 2012	3,313,239
	<hr/>
<b>Net book value</b>	
At 31 December 2012	3,313,239
	<hr/>
At 31 December 2011	500,000
	<hr/>

Included in fixed asset investments is £500,000 (2011: £500,000) representing the company's contribution to the member's capital of RWC Asset Management LLP, an investment management firm incorporated in England and Wales. Total member's capital of RWC Asset Management LLP amounts to £555,000 (2011: £560,000)

On 1 October 2012 the company acquired the entire issued share capital of Hermes Focus Asset Management Limited (see note 20)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2012

**11. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	2,653,425	1,596,022	5	56,134
Amounts owed by group undertakings	-	-	6,841,817	5,143,951
VAT recoverable	365,628	23,049	355,961	5,487
Other debtors	667,813	823,866	638,077	823,866
Prepayments and accrued income	366,853	543,248	335,141	471,102
Deferred tax asset (see note 14)	186,094	-	186,094	-
	<b>4,239,813</b>	<b>2,986,185</b>	<b>8,357,095</b>	<b>6,500,540</b>

**12. CURRENT ASSET INVESTMENTS**

	<b>Group and Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Other investments	1,820,753	2,826,476

Other investments are recognised on the balance sheet at current market value.

**13. CREDITORS:**  
**Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	493,947	627,032	359,203	442,745
Amounts owed to group undertakings	-	-	2,695,271	-
Corporation tax	71,580	468,075	71,580	468,075
Social security and other taxes	261,864	23,533	185,541	23,533
Other creditors	349,996	14,740	1,359	14,740
Accruals and deferred income	4,176,648	3,895,073	2,225,089	3,605,698
	<b>5,354,035</b>	<b>5,028,453</b>	<b>5,538,043</b>	<b>4,554,791</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

## 14. DEFERRED TAXATION

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year	(1,154)	(1,154)	(1,154)	(1,154)
Recognised during the year	187,248	-	187,248	-
At end of year	<u>186,094</u>	<u>(1,154)</u>	<u>186,094</u>	<u>(1,154)</u>

The deferred taxation balance is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Timing differences on fixed assets	51,117	-	51,117	(1,154)
Other timing differences	134,977	(1,154)	134,977	-
	<u>186,094</u>	<u>(1,154)</u>	<u>186,094</u>	<u>(1,154)</u>

## 15. OPERATING LEASE COMMITMENTS

At 31 December 2012 the Group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
<b>Expiry date:</b>		
Between 2 and 5 years	580,000	-
After more than 5 years	-	580,000

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as follows.

	<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
<b>Expiry date:</b>		
Between 2 and 5 years	580,000	-
After more than 5 years	-	580,000

## 16. SHARE CAPITAL

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
1,247,500 (2011 - 1,245,500) Ordinary shares shares of £0.10 each	<u>124,750</u>	<u>124,550</u>

During the year, a total of 2,000 £0.10 Ordinary shares were issued for a cash consideration of £30,000.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

Details of options to subscribe for shares in the company, including those held by directors, are set out below:

	Number of options	Weighted average exercise price £
Outstanding at 1 January 2012	594,400	19
Granted during the year	58,500	19
Exercised during the year	(2,000)	15
Cancelled during the year	(33,000)	19
Outstanding at 31 December 2012	<u>617,900</u>	<u>19</u>

### 16. SHARE CAPITAL (continued)

Exercisable at 31 December 2012	<u>520,900</u>	<u>18</u>
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The weighted average share price at the dates at which the above share options were exercised was £8 (2011 £14)

At 31 December 2012, the range of exercise prices of the outstanding options was from £10 to £30 (2011: £10 to £30). The weighted average remaining contractual life of these options was 5.6 years (2011 6.3 years)

### 17. RESERVES

Group	Share premium account £	Other reserves £	Profit and loss account £
At 1 January 2012	5,585,700	(570,834)	3,619,892
Profit for the year	-	-	1,867,141
Dividends Equity capital	-	-	(856,359)
Premium on shares issued during the year	29,800	-	-
Movement on other reserves	-	(524,169)	-
At 31 December 2012	<u>5,615,500</u>	<u>(1,095,003)</u>	<u>4,630,674</u>

In accordance with UITF 38, payments made by The RWC Partners Limited Employee Benefit Trust ('the trust') to acquire shares in RWC Partners Limited are recognised in 'Other reserves'.

At the balance sheet date, the trust held 41,757 (2011 22,170) ordinary shares in RWC Partners Limited. All dividends are waived by the trust. No shares are under option to employees.

# NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2012

## 17. RESERVES (continued)

Company	Share premium account £	Other reserves £	Profit and loss account £
At 1 January 2012	5,585,700	(570,834)	3,619,892
Profit for the year	-	-	1,280,370
Dividends Equity capital	-	-	(856,359)
Premium on shares issued during the year	29,800	-	-
Movement on other reserves	-	(524,169)	-
At 31 December 2012	5,615,500	(1,095,003)	4,043,903

## 18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2012 £	2011 £
Opening shareholders' funds	8,759,308	7,781,939
Profit for the year	1,867,141	2,565,488
Dividends (Note 8)	(856,359)	(1,748,496)
Shares issued during the year	200	2,970
Share premium on shares issued (net of expenses)	29,800	344,030
Purchase of own shares	(524,169)	(186,623)
Closing shareholders' funds	9,275,921	8,759,308

Company	2012 £	2011 £
Opening shareholders' funds	8,759,308	7,781,939
Profit for the year	1,280,370	2,565,488
Dividends (Note 8)	(856,359)	(1,748,496)
Shares issued during the year	200	2,970
Share premium on shares issued (net of expenses)	29,800	344,030
Purchase of own shares	(524,169)	(186,623)
Closing shareholders' funds	8,689,150	8,759,308

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £1,280,370 (2011 - £2,565,488)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

### 19. MINORITY INTERESTS AND UNALLOCATED PROFITS OF THE SUBSIDIARY

	2012 £	2011 £
Minority interest in the capital of the subsidiary	55,000	60,000
Amounts owed to minority interests	426,475	147,100
Amounts owed by minority interests	(1,684,431)	(944,424)
Total	<u>(1,202,956)</u>	<u>(737,324)</u>

### 20. ACQUISITIONS AND DISPOSALS

On 1 October 2012 the company acquired 100% of the issued share capital of Hermes Focus Asset Management Limited. The acquisition is analysed as follows

#### Acquisitions

	Vendors' book value £	Fair value to the group £
<b>Assets and liabilities acquired</b>		
Fixed asset investments	8,362	8,362
Debtors	323,821	323,821
Cash at bank	3,623,427	3,623,427
Other creditors and provisions	(1,142,371)	(1,142,371)
Net assets acquired	<u>2,813,239</u>	<u>2,813,239</u>

#### Satisfied by

Consideration:	
Cash	<u>2,813,239</u>
Surplus arising on consolidation taken to capital reserve (see note 17)	<u>-</u>

Hermes Focus Asset Management Limited earned a profit after taxation of £1,771 884 in the period from 1 January 2012 to 30 September 2012 (year ended 31 December 2011 £1,609,932)

The summarised profit and loss account for the period from 1 January 2012 to the date of acquisition was as follows

Turnover	<u>6,083,369</u>
Operating profit	<u>1,755,234</u>
Interest receivable	<u>16,650</u>
Profit before tax	<u>1,771,884</u>
Profit after tax	<u>1,771,884</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2012**

**20. ACQUISITIONS AND DISPOSALS (continued)**

Cash inflows in respect of the acquisition comprised

	£
Cash consideration	(2,813,239)
Cash at bank and in hand acquired	3,623,427
	<hr/>
Total	810,188
	<hr/>

**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2012 £	2011 £
Operating profit	7,640,379	12,290,831
Depreciation of tangible fixed assets	207,524	233,652
(Increase)/decrease in debtors	(743,714)	3,097,355
(Decrease)/increase in creditors	(420,294)	297,514
Change in market value of investments	(152,611)	(24,552)
Net payments to minority interests	(6,035,751)	(11,407,518)
	<hr/>	<hr/>
Net cash inflow from operating activities	495,533	4,487,282
	<hr/>	<hr/>

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2012 £	2011 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,087	6,415
Interest paid	(34)	-
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	3,053	6,415
	<hr/>	<hr/>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(136,559)	(195,995)
Purchase of unlisted and other investments	(201)	-
	<hr/>	<hr/>
Net cash outflow from capital expenditure	(136,760)	(195,995)
	<hr/>	<hr/>
<b>Acquisitions and disposals</b>		
Net cash inflow on acquisition of subsidiary undertaking	810,188	-
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2012
**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2012 £	2011 £
<b>Management of liquid resources</b>		
Payments to acquire other current asset investments	(55,531)	(1,251,551)
Receipts from other current asset investments	1,175,216	126,612
<b>Net cash inflow/(outflow) from management of liquid resources</b>	<u>1,119,685</u>	<u>(1,124,939)</u>
	2012 £	2011 £
<b>Financing</b>		
Issue of ordinary shares	30,000	347,000
Purchase of own shares	(524,169)	(186,623)
<b>Net cash (outflow)/inflow from financing</b>	<u>(494,169)</u>	<u>160,377</u>

**23. ANALYSIS OF CHANGES IN NET FUNDS**

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	6,831,248	189,906	-	7,021,154
<b>Liquid resources:</b>				
Current asset investments	2,826,476	(1,119,685)	113,962	1,820,753
<b>Net funds</b>	<u>9,657,724</u>	<u>(929,779)</u>	<u>113,962</u>	<u>8,841,907</u>

**24. CONTROLLING PARTY**

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