



RWC Partners Limited  
Annual Report and Financial Statements  
31 December 2013



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RWC Partners Limited

## INFORMATION

### Officers and professional advisors

#### Designated Members

P Harrison  
J H Innes  
G Bainbridge  
P Larche  
D C Mannix  
R D Goodchild

#### Secretary

J Kaufmann

#### Registered office

60 Petty France  
London  
SW1H 9EU

#### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

#### Bankers

HSBC Bank plc  
6 Commercial Way  
Woking  
Surrey  
GU21 6EZ

#### Solicitors

Dechert  
160 Queen Victoria Street  
London  
EC4V 4QQ

#### Registered number

03517613

## Group strategic report for the year ended 31 December 2013

The directors present their strategic report and the audited consolidated financial statements in respect of RWC Partners Limited the group holding company and its subsidiaries, for the year ended 31 December 2013.

### Principal activity and business review

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

2013 was an important year in RWC's development. We began the year with assets under management of \$5.2 billion which was a high for the firm. This positive momentum continued and after strong net inflows and good performance across many of our products we concluded the year with \$8 billion of assets under management.

Across the firm's product range performance was generally very good with all funds posting positive returns for the year. Net inflows of \$1.6 billion were achieved across a much broader range of RWC's funds than has historically been the case and the profile and quality of our client base continues to develop which is extremely encouraging. We also reached the key three year anniversary on a number of our funds, a sign of the increasing maturity of the business.

Following the successful on boarding of the Focus Fund team from Hermes in 2012 we sought to further enhance this product offering with the launch of a Cayman version of the European Focus Fund in March. Demand from US investors has led to some key wins and the establishment of significant relationships which we are focussed on developing further in 2014. As a result of this activity we became SEC registered in September.

The decision to close the Absolute Rate and Currency team at the start of the year was a difficult but necessary one. The former Cautious Absolute Rate and Currency Fund was renamed RWC Core Plus and taken over by the Convertible Bond team bringing additional capacity to the strategy. We added a further investment team in April with Louise Keeling who joined from Marathon Asset Management to establish a Global Equity team. The Global Horizon Fund was successfully launched in November under the existing RWC Fund SICAV.

In February Dan Mannix assumed the role of Chief Executive following Peter Harrison's appointment at Schroders. Peter remains non-executive Chairman of RWC and a significant shareholder in the business. As part of the transition, Paul Larche was appointed to the newly created role of Chief Operating Officer and James Tollemache appointed as Head of Sales. We also hired Sean Capstick as Head of New Markets. The transition was a smooth one and business as usual ensued following the appointments.

We enter 2014 with a stable and maturing business and will seek to identify new opportunities to further develop our offering with new and existing product. The ever changing regulatory landscape is a significant challenge and we have spent much of 2013 preparing ourselves for the impact of AIFMD, FATCA, EMIR and UCITS V to name but a few. We continue to recognise the need to invest in good people and infrastructure to ensure that we have the ability to service our clients to the highest standard. This remains a key priority in the months and years ahead.

### Key risks

The identification and mitigation of risks to the business remains high on the agenda. It is imperative that we evolve and address the continuously changing risk profile of the business addressing both internal and external factors with a robust and embedded risk management framework.



## RWC Partners Limited

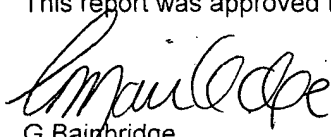
The most significant risk facing the RWC group is that performance across the fund range is poor thus leading to investor dissatisfaction and redemptions from the funds. The group mitigates this risk through the diversification of the funds and strategies it manages and also by carefully monitoring the 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 the compensation structure of key individuals is aligned with a long term view, underpinning the stable culture that we seek to achieve as a business. Employee ownership and the sense of partnership culture are two facets that 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.

This report was approved by the board on 25 April 2014 and signed on its behalf by



G Bainbridge  
Director

## Directors' report for the year ended 31 December 2013

The directors present their annual report and the consolidated audited financial statements of RWC Partners Limited for the year ended 31 December 2013.

### Results and dividends

The profit for the year, after taxation and minority interests, amounted to £4,625,029 (2012 - £1,867,141).

During the year the group paid dividends of £1,483,164 (2012 - £856,359). Since the year end the Directors have declared and paid a total dividend of £2,349,449.

### Directors

The directors who served during the year were:

P Harrison

J H Innes

G Bainbridge

K R Lambden (resigned 15 March 2013)

R D Goodchild

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

### Charitable contributions

The financial statements include charitable donations of £22,700 (2012: £6,544) in support of sport and education.

### Pillar III disclosure

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

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 financial statements on the going concern basis unless it is inappropriate to presume that the company and 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and

## RWC Partners Limited

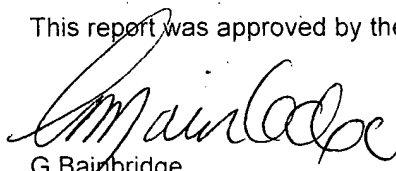
the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure of information to auditors**

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, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution will be proposed concerning their reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 April 2014 and signed on its behalf by:



G Bainbridge  
Director

## Independent auditors' report to the members of RWC Partners Limited

### Report on the financial statements

#### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's profit and Cash Flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### What we have audited

The Group financial statements and Parent Company financial statements (the "financial statements"), which are prepared by RWC Partners Limited, comprise:

- the Group and Parent Company balance sheet as at 31 December 2013;
- the Group Profit and Loss account;
- the Group Cash Flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.





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

In our opinion 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.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.

We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Jeremy Jensen (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
25 April 2014

## Consolidated profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
<b>Turnover</b>	2	37,773,097	21,899,359
Cost of sales		(1,833,058)	(830,718)
<b>Gross profit</b>		35,940,039	21,068,641
Administrative expenses		(21,704,490)	(13,428,262)
<b>Operating profit</b>	3	14,235,549	7,640,379
Loss on disposal of investments		-	(38,649)
Interest receivable and similar income		21,819	3,087
Interest payable and similar charges	6	(771)	(34)
<b>Profit on ordinary activities before taxation</b>		14,256,597	7,604,783
Tax on profit on ordinary activities	7	(330,297)	(167,522)
<b>Profit on ordinary activities after taxation</b>		13,926,300	7,437,261
Minority interests		(8,956,830)	(5,570,120)
<b>Profit for the financial year</b>	18	4,969,470	1,867,141

All amounts relate to continuing operations.


There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account and therefore no separate statement of total gains and losses has been presented.

The notes on pages 13 to 26 form part of these financial statements.

## Consolidated Balance Sheet as at 31 December 2013

	Note	2013	2012
		£	£
<b>Fixed assets</b>			
Intangible fixed assets	9	174,274	-
Tangible assets	10	365,146	336,717
Investments	11	8,399	8,563
		<u>547,819</u>	<u>345,280</u>
<b>Current assets</b>			
Debtors	12	9,426,400	4,239,813
Investments	13	2,903,803	1,820,753
Cash at bank and in hand		11,784,698	7,021,154
		<u>24,114,901</u>	<u>13,081,720</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(9,932,745)</u>	<u>(5,354,035)</u>
<b>Net current assets</b>		<u>14,182,156</u>	<u>7,727,685</u>
<b>Total assets less current liabilities</b>		<u>14,729,975</u>	<u>8,072,965</u>
<b>Net assets</b>		<u>14,729,975</u>	<u>8,072,965</u>
<b>Capital and reserves</b>			
Called up share capital	17	151,050	124,750
Share premium account	18	8,419,600	5,615,500
Other reserves	18	(2,722,518)	(1,095,003)
Profit and loss account	18	8,136,580	4,630,674
<b>Total shareholders' funds</b>	19	<u>13,984,712</u>	<u>9,275,921</u>
Minority interests	20	<u>745,263</u>	<u>(1,202,956)</u>
<b>Capital Employed</b>		<u>14,729,975</u>	<u>8,072,965</u>

The financial statements on pages 9 to 26 were approved and authorised for issue by the board and were signed on its behalf by;



G Bainbridge

Director

25 April 2014

The notes on pages 13 to 26 form part of these financial statements.

Registered number: 03517613



## Company Balance Sheet as at 31 December 2013

	Note	2013	2012
		£	£
<b>Fixed assets</b>			
Tangible assets	10	351,237	314,982
Investments	11	<u>3,313,240</u>	<u>3,313,239</u>
		3,664,477	3,628,221
<b>Current assets</b>			
Debtors	12	13,807,693	8,357,095
Investments	13	2,903,803	1,820,753
Cash at bank and in hand		<u>1,352,846</u>	<u>421,124</u>
		18,064,342	10,598,972
<b>Creditors:</b> amounts falling due within one year	14	<u>(10,576,773)</u>	<u>(5,538,043)</u>
Net current assets		<u>7,487,569</u>	<u>5,060,929</u>
<b>Total assets less current liabilities</b>		<u>11,152,046</u>	<u>8,689,150</u>
<b>Net assets</b>		<u>11,152,046</u>	<u>8,689,150</u>
<b>Capital and reserves</b>			
Called up share capital	17	151,050	124,750
Share premium account	18	8,419,600	5,615,500
Other reserves	18	(2,722,518)	(1,095,003)
Profit and loss account	18	<u>5,303,914</u>	<u>4,043,903</u>
<b>Capital Employed</b>	19	<u>11,152,046</u>	<u>8,689,150</u>

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

G Bainbridge

Director

25 April 2014

The notes on pages 13 to 26 form part of these financial statements.

## Consolidated Cash Flow Statement for the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	21	6,840,128	495,533
Returns on investments and servicing of finance	22	21,048	3,053
Taxation		(743,838)	(751,265)
Capital expenditure and financial investment	22	(260,251)	(136,760)
Acquisitions and disposals	22	-	810,188
Equity dividends paid to shareholders		(1,483,164)	(856,359)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		<b>4,373,923</b>	<b>(435,610)</b>
Management of liquid resources	21	(813,264)	1,119,685
Financing	21	1,202,885	(494,169)
<b>Increase in cash in the year</b>		<b>4,763,544</b>	<b>189,906</b>

## Reconciliation of Net Cash Flow to Movements in Net Funds for the year ended 31 December 2013

	2013 £	2012 £
Increase in cash in the year	4,763,544	189,906
Cash outflow/(inflow) from management of liquid resources	813,264	(1,119,685)
<b>Change in net funds resulting from cash flows</b>	<b>5,576,808</b>	<b>(929,779)</b>
Change in market value of other current asset investments	269,786	152,611
Loss on sale of current asset investments	-	(38,649)
<b>Movement in net funds in the year</b>	<b>5,846,594</b>	<b>(815,817)</b>
Net funds at 1 January	8,841,907	9,657,724
<b>Net funds at 31 December</b>	<b>14,688,501</b>	<b>8,841,907</b>

The notes on pages 13 to 26 form part of these financial statements

## Notes to the financial statements for the year ended 31 December 2013

### 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 financial statements of RWC Partners Limited and its subsidiary undertakings, RWC Asset Management LLP, RWC Focus Asset Management Limited, RWC Asset Advisors (US) LLC and RWC Partners (US) Inc.

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 financial statements 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 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss account over its estimated economic life.

#### 1.5 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 and fittings	- 3 years straight line
Equipment	- 3 years straight line

#### 1.6 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.

#### 1.7 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.

## 1. Accounting policies (continued)

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.

### 1.8 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.

### 1.9 Fixed asset investments

#### (a) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

#### (b) Other investments

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

### 1.10 Current asset investments

Current asset investments are valued at market value.

### 1.11 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.

### 1.12 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.

### 1.13 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.

## Notes to the financial statements for the year ended 31 December 2013 (continued)

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

### 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 £4,188,181 (2012: £3,269,266), is derived entirely from outside the UK.

### 3. Operating Profit

The operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the group	231,808	207,524
Auditors' remuneration – audit	39,110	39,780
Auditors' remuneration – audit related assurance services	16,000	13,500
Operating lease rentals:		
- other operating leases	634,133	504,483
Foreign exchange (gains)/losses	<u>(25,743)</u>	<u>181,399</u>

Auditors' fees for the company were £57,000 (2012 - £16,500).

### 4. Staff Costs

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

	2013 £	2012 £
Wages and salaries	11,135,928	9,761,659
Social security costs	1,782,782	1,150,041
Pension costs	428,954	486,400
	<u>13,347,664</u>	<u>11,398,100</u>

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

	2013 No	2012 No
Management staff	8	9
Fund management staff	26	19
Administrative staff	34	35
	<u>68</u>	<u>63</u>



## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 5. Directors' remuneration

	2013	2012
	£	£
Emoluments	<u>2,004,510</u>	<u>1,490,641</u>
Company pension contributions to defined contribution pension schemes	<u>42,092</u>	<u>21,120</u>

During the year retirement benefits were accruing to 4 directors (2012 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £756,769 (2012 - £1,220,984).

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 (2012 - £10,560).

	2013	2012
Directors who exercised share options during the year	<u>2</u>	<u>-</u>

During the year, directors exercised 207,500 (2012: none) share options.

### 6. Interests payable and similar charges

	2013	2012
	£	£
On bank loans and overdrafts	<u>771</u>	<u>34</u>

### 7. Tax on profit on ordinary activities

	2013	2012
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	336,534	403,240
Adjustments in respect of prior years	<u>(42,257)</u>	<u>(48,470)</u>
<b>Total current tax</b>	<u>294,277</u>	<u>354,770</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	<u>36,020</u>	<u>(187,248)</u>
<b>Tax on profit on ordinary activities</b>	<u>330,297</u>	<u>167,522</u>

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 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 23.25% (2012 – 24.5%). The differences are explained below:

	2013	2012
	£	£
<b>Profit on ordinary activities before tax</b>	<b><u>14,256,597</u></b>	<b><u>7,604,783</u></b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	3,314,658	1,863,172
Effects of:		
Expenses not deductible for tax purposes	56,313	32,723
Timing differences on fixed assets	(27,529)	14,536
Adjustments in respect of prior years	(42,257)	(49,480)
Non-taxable income	(913,798)	(444,270)
Tax deduction arising from exercise of employee options	(74,307)	3,430
Unrelieved tax losses carried forward	(2,058)	104,634
Change in tax rate	-	965
Other timing differences	90,599	193,740
Profit allocated to minority interests	<u>(2,107,344)</u>	<u>(1,364,680)</u>
<b>Current tax charge for the year (see note above)</b>	<b><u>294,277</u></b>	<b><u>354,770</u></b>

### 8. Dividends

	2013	2012
	£	£
Dividends paid on equity capital	<u>1,483,164</u>	<u>856,359</u>

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 9. Intangible fixed assets

	Goodwill £
<b>Group</b>	
<b>Cost</b>	
At 1 January 2013	-
Additions	174,274
At 31 December 2013	174,274
<b>Amortisation</b>	
At 1 January 2013	-
Charge for the year	-
At 31 December 2013	-
<b>Net book value</b>	
At 31 December 2013	174,274
At 31 December 2012	-

## 10. Tangible fixed assets

	Software £	Fixtures & fittings £	Computer equipment £	Total £
<b>Group</b>				
<b>Cost</b>				
At 1 January 2013	1,115,255	756,564	410,627	2,282,446
Additions	245,655	2,308	12,274	260,237
<b>At 31 December 2013</b>	1,360,910	758,872	422,901	2,542,683
<b>Depreciation</b>				
At 1 January 2013	852,691	730,319	362,719	1,945,729
Charge for the year	184,756	18,517	28,535	231,808
<b>At 31 December 2013</b>	1,037,447	748,836	391,254	2,177,537
<b>Net book value</b>				
<b>At 31 December 2013</b>	323,463	10,036	31,647	365,146
<b>At 31 December 2012</b>	262,564	26,245	47,908	336,717

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## Tangible fixed assets (continued)

	Software £	Fixtures & fittings £	Computer equipment £	Total £
<b>Company</b>				
Cost				
At 1 January 2013	1,115,255	744,229	398,585	2,258,069
Additions	245,655	2,308	12,274	260,237
<b>At 31 December 2013</b>	<b>1,360,910</b>	<b>746,537</b>	<b>410,859</b>	<b>2,518,306</b>
Depreciation				
At 1 January 2013	852,691	729,119	361,277	1,943,087
Charge for the year	184,756	14,405	24,821	223,982
<b>At 31 December 2013</b>	<b>1,037,447</b>	<b>743,524</b>	<b>386,098</b>	<b>2,167,069</b>
Net book value				
<b>At 31 December 2013</b>	<b>323,463</b>	<b>3,013</b>	<b>24,761</b>	<b>351,237</b>
<b>At 31 December 2012</b>	<b>262,564</b>	<b>15,110</b>	<b>37,308</b>	<b>314,982</b>

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 11. Fixed asset investments

	Investments in Focus funds £
<b>Group</b>	
Cost or valuation	
At 1 January 2013	8,563
Foreign exchange revaluation of initial cost	(164)
<b>At 31 December 2013</b>	<u>8,399</u>
Net book value	
<b>At 31 December 2013</b>	<u>8,399</u>
<b>At 31 December 2012</b>	<u>8,563</u>

	Investments in subsidiary entity £
<b>Company</b>	
Cost or valuation	
At 1 January 2013	3,313,239
Additions	1
<b>At 31 December 2013</b>	<u>3,313,240</u>
Net book value	
<b>At 31 December 2013</b>	<u>3,313,240</u>
<b>At 31 December 2012</b>	<u>3,313,239</u>

Included in fixed asset investments of the company is £500,000 (2012: £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 £565,000 (2012: £555,000).

£2,813,239 (2012: £2,813,239) represents the entire share capital of RWC Focus Asset Management Ltd, an investment management firm incorporated in England and Wales.

On 30 April 2013 the company acquired the entire share capital of the newly-incorporated company RWC Partners (US) Inc., incorporated in the United States of America, for consideration of £1.

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 12. Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade debtors	7,635,034	2,653,425	-	5
Amounts owed by group undertakings	-	-	12,078,254	6,841,817
VAT recoverable	335,158	365,628	303,727	355,961
Other debtors	578,221	667,813	576,906	638,077
Prepayments and accrued income	349,932	366,853	320,751	335,141
Corporation tax	377,981	-	377,981	-
Deferred tax asset (see note 14)	150,074	186,094	150,074	186,094
	<u>9,426,400</u>	<u>4,239,813</u>	<u>13,807,693</u>	<u>8,357,095</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 13. Current asset investments

	Group and Company	
	2013 £	2012 £
Other investments	<u>2,903,803</u>	<u>1,820,753</u>

Other investments represent RWC Partners Limited investments in RWC Funds and products.

### 14. Creditors

Amounts falling due within one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade creditors	939,168	493,947	773,441	359,203
Amounts owed to group undertakings	-	-	2,520,462	2,695,271
Corporation tax	-	71,580	-	71,580
Tax and social security	212,989	261,864	191,264	185,541
Other creditors	282,756	349,996	1,240	1,359
Accruals and deferred income	<u>8,497,832</u>	<u>4,176,648</u>	<u>7,090,366</u>	<u>2,225,089</u>
	<u>9,932,745</u>	<u>5,354,035</u>	<u>10,576,773</u>	<u>5,538,043</u>

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 15. Deferred taxation

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
At 1 January	186,094	(1,154)	186,094	(1,154)
Recognised during the year	(36,020)	187,248	(36,020)	187,248
At 31 December	<u>150,074</u>	<u>186,094</u>	<u>150,074</u>	<u>186,094</u>

The deferred taxation balance is made up as follows:

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Timing differences on fixed assets	20,721	51,117	20,721	51,117
Other timing differences	<u>129,353</u>	<u>134,977</u>	<u>129,353</u>	<u>134,977</u>
	<u>150,074</u>	<u>186,094</u>	<u>150,074</u>	<u>186,094</u>

### 16. Operating lease commitments

At 31 December 2013 the Group and the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013 £	2012 £
<b>Company</b>		
Expiry date:		
Between 2 and 5 years	<u>580,000</u>	<u>580,000</u>

### 17. Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid		
1,510,500 (2012: 1,247,500) A Ordinary shares of £0.10 each	<u>151,050</u>	<u>124,750</u>

On 8 April 2013, 142,588 A Ordinary shares were issued for cash consideration of £1,126,280. A further 49,912 A Ordinary shares were issued on 10 May 2013 for cash consideration of £974,120. On 24 October 2013 65,500 A Ordinary shares were issued for cash consideration of £655,000 and finally 5,000 were issued for cash consideration of £75,000 on 16 December 2013.

## RWC Partners Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

## Called up share capital (continued)

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 2013	617,900	9
Granted during the year	11,500	25
Exercised during the year	(263,000)	11
Cancelled during the year	(16,800)	25
Outstanding at 31 December 2013	<u>349,600</u>	<u>22</u>
<b>Exercisable at 31 December 2013</b>	<u>287,100</u>	<u>23</u>

The weighted average share price at the dates at which the above share options were exercised was £11 (2012: £8). At 31 December 2013, the range of exercise prices of the outstanding options was from £10 to £30 (2012: £10 to £30). The weighted average remaining contractual life of these options was 5.8 years (2012: 5.6 years).

## 18. Reserves

	Share premium account £	Other reserves £	Profit and loss account £
Group			
At 1 January 2013	5,615,500	(1,095,003)	4,630,674
Profit for the year	-	-	4,969,470
Dividends paid	-	-	(1,483,164)
Premium on shares issued during the year	2,804,100	-	-
FRS 25 share option expense	-	-	19,600
Movement on other reserves	-	(1,627,515)	-
<b>At 31 December 2013</b>	<u>8,419,600</u>	<u>(2,722,518)</u>	<u>8,136,580</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 99,523 (2012: 41,757) 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 2013 (continued)

### Reserves (continued)

	Share premium account £	Other reserves £	Profit and loss account £
<b>Company</b>			
At 1 January 2013	5,615,500	(1,095,003)	4,043,903
Profit for the year	-	-	2,723,575
Dividends paid	-	-	(1,483,164)
Premium on shares issued during the year	2,804,100	-	-
FRS 25 share option expense	-	-	19,600
Movement on other reserves	-	(1,627,515)	-
<b>At 31 December 2013</b>	<u>8,419,600</u>	<u>(2,722,518)</u>	<u>5,303,914</u>

### 19. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
<b>Group</b>		
Opening shareholders' funds	9,275,921	8,759,308
Profit for the year	4,969,470	1,867,141
Dividends (Note 8)	(1,483,164)	(856,359)
FRS 25 share option expense	19,600	-
Shares issued during the year	26,300	200
Share premium on shares issued (net of expenses)	2,804,100	29,800
Purchase of own shares	(1,627,515)	(524,169)
<b>Closing shareholders' funds</b>	<u>13,984,712</u>	<u>9,275,921</u>

	2013 £	2012 £
<b>Company</b>		
Opening shareholders' funds	8,689,150	8,759,308
Profit for the year	2,723,575	1,280,370
Dividends (Note 8)	(1,483,164)	(856,359)
FRS 25 share option expense	19,600	-
Shares issued during the year	26,300	200
Share premium on shares issued (net of expenses)	2,804,100	29,800
Purchase of own shares	(1,627,515)	(524,169)
<b>Closing shareholders' funds</b>	<u>11,152,076</u>	<u>8,689,150</u>

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.

## RWC Partners Limited

The profit for the year dealt with in the financial statements of the company was £2,723,575 (2012: £1,280,370).

## 20. Minority interests and unallocated profits of the subsidiary

	2013	2012
	£	£
Minority interest in the capital of the subsidiaries	66,316	55,000
Amounts owed to minority interests	1,105,595	426,475
Amounts owed by minority interests	<u>(426,648)</u>	<u>(1,684,431)</u>
	<u>745,263</u>	<u>(1,202,956)</u>

## 21. Net cash flow from operating activities

	2013	2012
	£	£
Operating profit	14,235,549	7,640,379
Depreciation of tangible fixed assets	231,808	207,524
(Increase) in debtors	(4,844,626)	(743,714)
Increase/(decrease) in creditors	4,476,016	(420,294)
Change in market value of investments	(269,622)	(152,611)
Share option expense	19,600	-
Loss on disposal of fixed assets	14	-
Net payments to minority interests	<u>(7,008,611)</u>	<u>(6,035,751)</u>
<b>Net cash inflow from operating activities</b>	<u>6,840,128</u>	<u>495,533</u>

## 22. Analysis of cash flows for headings netted in cash flow statement

	2013	2012
	£	£
Returns on investments and servicing of finance		
Interest received	21,819	3,087
Interest paid	<u>(771)</u>	<u>(34)</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u>21,048</u>	<u>3,053</u>

	2013	2012
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(260,251)	(136,559)
Purchase of unlisted and other investments	-	(201)
<b>Net cash outflow from capital expenditure</b>	<u>(260,251)</u>	<u>(136,760)</u>

	2013	2012
	£	£
Acquisitions and disposals		
Net cash inflow on acquisition of subsidiary undertaking	<u>-</u>	<u>810,188</u>



## Notes to the financial statements for the year ended 31 December 2013 (continued)

### Analysis of cash flows for headings netted in cash flow statement (continued)

	2013 £	2012 £
Management of liquid resources		
Payments to acquire other current asset investments	(813,264)	(55,531)
Receipts from other current asset investments	-	1,175,216
<b>Net cash (outflow)/inflow from management of liquid resources</b>	<b>(813,264)</b>	<b>1,119,685</b>
	2013 £	2012 £
Financing		
Issue of ordinary shares	2,830,400	30,000
Purchase of own shares	(1,627,515)	(524,169)
<b>Net cash inflow/(outflow) from financing</b>	<b>1,202,885</b>	<b>(494,169)</b>

### 23. Analysis of changes in net funds

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	7,021,154	4,763,544	-	11,784,698
Liquid resources:				
Current asset investments	1,820,753	813,264	269,786	2,903,803
<b>Net funds</b>	<b>8,841,907</b>	<b>5,576,808</b>	<b>269,786</b>	<b>14,688,501</b>

### 24. Controlling party

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