Company registered no: 03517613

TUESDAY

A9F2GFCZ

A09 06/10/2020 #193

COMPANIES HOUSE

RWC

RWC Partners Limited
Annual Report and Financial Statements

31 December 2019

CONTENTS

INFORMATION

Directors and professional advisors

Directors
S Brennan (appointed 29 January 2020)
P Clarke
R Goodchild (resigned 31 January 2020)
J Innes
P Larche
A Leness (appointed 29 January 2020)
D Mannix
N Richards (resigned 31 January 2020, reappointed 5 March 2020)
T Stallvik (appointed 29 January 2020)
C Williams

Registered office
Verde 4th Floor
10 Bressenden Place
London
SW1E 5DH

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

Brown Brothers Harriman (Lux.) S.C.A
80, Route D'Esch
L-1470 Luxembourg

Registered number
03517613

Group Strategic Report for the year ended 31 December 2019

The directors present their Group Strategic Report and the Annual Report and Financial Statements in respect of RWC Partners Limited (the "company") and its subsidiaries (the "group" or "RWC") for the year ended 31 December 2019. The Strategic Report is formed of two sections, the first being a report from the Chief Executive Officer followed by Other Strategic Reporting Matters.

Report from the CEO

As I write this report the world is in the middle of the COVID-19 pandemic. This has brought uncertainty, disruption, and hardship to the world's population. Although the World Economic Forum's annual risk report has highlighted for many years that infectious diseases are a high impact risk, governments, companies and communities have had to rapidly adjust to something they had not prepared well for. Governments across the globe are acting on an unprecedented scale to slow the spread of COVID-19 and minimise the hardship to individuals and the longer term economic and social impacts. We believe these efforts will be successful. Our priorities are to be a supportive and good participant in our communities and a dedicated partner to our people and clients.

RWC is navigating the challenges presented by COVID-19 and we are functioning well. Our people are healthy, our infrastructure has allowed us to continue operations without disruption and our ability to service our clients has been maintained largely at pre-crisis levels. From a financial perspective, given our revenues are derived from investment management and related services to our clients which are typically calculated as a percentage of the market value of AUM, RWC's short-term revenues have been negatively impacted by the equity markets falling. However, the organisation remains profitable and we are both able, and committed to, retaining all our people on full salaries. The COVID-19 pandemic has also led to volatility in foreign currency exchange rates. As always, we have continued mitigate this risk through close operational review. At the time of writing, foreign exchange movements have positively impacted both the profit before tax of RWC, as well as the valuation of the balance sheet. The balance sheet is strong and resilient, it allows us to continue our investment programs and have confidence about the future.

The organisation's ability to weather these periods is best represented by our view of resilience. While the regulator in the UK rightly focuses on operational and financial resilience, we also include the resilience of our people, investment strategies, culture and owners as critical to the long-term success of our organisation. We will touch on these areas through this report and the insights will reflect how resilient the organisation is.

2019 was a year of strong returns for investors as all major assets progressed strongly. The fuel of low interest rates and benign inflation fed appetite for risk and returns. The S&P 500's longest bull run in history culminated in 2019 rising 31.5% in USD (26.4% GBP), MSCI Emerging Markets was up 18.8% in USD (14.2% in GBP), MSCI Europe 24.3% in USD (19.5% in GBP) and MSCI World 28.4% in USD (23.4% in GBP). Government Bonds, credit, gold, and oil were also up on the year. It was a year where we experienced the politics and impact of trade wars, although with limited impact on investor's overall appetite for risk. We finally had resolution to a long period of political turmoil in the UK with the population eventually providing a strong majority for the Conservative government.

In our twentieth year of operations we saw a significant shareholder event. Replacing Schroders as a minority shareholder enabled us to find a partner who reinforced the commitment we have to our clients and people. Our belief is that RWC is best placed as a focused, independent, and private investment manager, and we need shareholders who are aligned to this view. We are very pleased that Lincoln Peak Capital have become a significant minority shareholder in RWC. We have known them for eight years and they have committed to at least a decade investment in the organisation. They bring expertise in the industry and are aligned with our other stakeholders. This process has helped us achieve a high degree of ownership stability for the years ahead.

The project to bring in a new shareholder required us to present a clear view of our financial priorities. We believe it is important that our shareholders understand the unique characteristics of managing people businesses, the volatility associated with market-based fees and the challenges our industry faces. Although investment managers do not typically have high capital requirements, we believe it is prudent to have a strong balance sheet. RWC has a financial and remuneration model based around three core tenets. Firstly, our investment teams have enshrined revenue sharing agreements that ensure they control the resources that drive investment returns. Secondly, the organisation invests fully in its people and infrastructure. Thirdly, the organisation maintains a strong balance sheet and pays surplus capital to our shareholders.

The financial results for 2019 reflect further progress. We saw the organisation build its revenues and profits whilst investing across functions. It is encouraging to see revenues from management and performance fees associated with long-term clients and investment strategies. The net income increased to £81.9m from £79.9m and £75.4m in the previous two years. Profit before tax increased to £12.5m from £11.9m in 2018 and £9.3m in 2017. Although our organisation does not currently have the margins often associated with fund management businesses, we are proud of the high percentage of client fees that are invested directly in the investment teams that generate returns.

We are also building an organisation that has diverse revenue streams, a global client base and meets the needs of a complex array of stakeholders. Among the most significant structural risks facing the Group is the risk of fund performance not meeting investor expectations. The risk to the overall organisation is mitigated through the diversification of the revenues, funds and strategies managed by the Group. We are also clear with our clients as to what they can expect from our strategies and we maintain the highest levels of transparency and client service. Combining this with the strength of our balance sheet and the long-term support of our shareholders, we believe these characteristics bring longer-term benefits enabling the organisation to have an exciting future as a global, specialist investment manager.

The shape of RWC's growth has led our assets under management to have a long-only, equity bias and, naturally, this brings higher market sensitivity. Through 2019 assets were up significantly, from £11.2bn to just over £15.6bn with approximately half of the increase coming from market gains and half from new inflows. Highlights were $1.5bn of inflows for our Emerging & Frontier Markets team and a significant further win from St James Place for our Equity Income team.

Despite the strong year for all assets, 2019 proved challenging for value-based or defensive strategies. Growth-orientated approaches saw the benefit of both rising markets and a stylistic tailwind. In aggregate our investment teams demonstrated the diversity we have across the organisation.

A distinct characteristic of our approach is the control our investment teams have over their investment resources. It is exciting to see new investments they make in their capabilities and the development of their offerings. Across the teams we saw significant investments in people, client engagement and ESG. ESG continues to rise up the agenda for all stakeholders. Our investment teams continue enhancing their approaches to integrating ESG in their investment processes. In 2020 RWC will become a signatory of the UNPRI. The UNPRI have introduced tighter guidelines for their signatories and a new initiative enabling co-ordination of engagement with investee companies. We see these as extremely positive developments and are looking forward to deepening our engagement with our clients and stakeholders on ESG in 2020.

Building new investment capabilities are a core part of our DNA and 2019 saw us welcome Clark Fenton and his investment team from Agilis to RWC. Clark has a long history in the multi-asset space and brings a strong reputation with investors. Offering a simple, diversifying approach to our clients' portfolios is particularly relevant as we move into a less benign investment environment. We have also recently announced that the Global Equity Income team from Newton will join RWC later in 2020, enabling our organisation to build more breadth and depth in the equity income and value space. RWC reached mutually agreeable terms with Mike Corcell and his team to leave RWC in 2019 after a decade with the organisation.

John Innes has been at RWC since shortly after the organisation was incorporated in 2000, having had a distinguished career in equity fund management. 2019 saw John move away from day-to-day investment management for the first time in 38 years. This provided an opportunity for our European Equities team to take on a dedicated UK strategy. John will stay at RWC, providing counsel and investment expertise to the management team and board. John remains a significant shareholder, executive advisor and director. He has been a great support in bringing in Lincoln Peak to RWC and setting the organisation's direction for the next decade.

Two years ago, we began an ongoing program of investment and development in the organisation's technology and infrastructure. In addition to our investment capabilities we need the organisation to have world class infrastructure that offers efficiency and supports development. The Charles River project is well advanced, as is our project to create a deep, cloud-based data facility. Additionally, we are continuing with the investment program as finance, client relationship management and reporting are all areas of focus for the next 12 months.

Our stakeholders are our people, our clients, our communities and our shareholders. We also think carefully about the impact of our activities on our environment; this creates a focus for our responsible activities that ensure we look over the horizon and think about the future for the people and entities that will rely on our organisation for many years to come. In 2020 we are creating a group of RWC's people who are empowered to co-ordinate and develop our approach to our people, communities and environment.

We have re-committed the organisation to a third year of sponsorship with minds@work. The work the charity does in raising awareness of the importance of looking after employees' mental health has rapidly risen to the top of corporate agendas during the Coronavirus pandemic. We have been actively promoting the importance of people's mental wellbeing for several years and it is fantastic to see so many people at RWC engaged in the discussion. We have also sponsored the Diversity Project Charity and continue to support several local additional charities and initiatives.

2020 is testing organisations' resilience in the toughest of circumstances. We have come into this period as a strong and well-placed investment management organisation - great people working well together, deep relationships with our clients, a strong financial position and supportive shareholders. We will take opportunities to prudently invest further in RWC's future through 2020 and focus on our commitments to our people and clients.

We would like to take this opportunity to thank you for your ongoing support for RWC Partners. The organisation is resilient and has a culture that enables us to navigate challenging times, and we believe the disruption will provide for exciting opportunities.

In the meantime, we wish everyone the best for the coming months, and we look forward to seeing you in person later in 2020.

Dan Mannix
Chief Executive Officer
22 April 2020

Other Strategic Reporting Matters

Principle Risks and Uncertainties

The Group remains focused on identification and mitigation, where possible, of risks to the business. This section reiterates and re-emphasises the key risks and uncertainties facing the organisation covered in the CEO report above:

- COVID-19 – Our infrastructure has allowed us to continue operations without disruption and our ability to service our clients has been maintained largely at pre-crisis levels. From a financial risk perspective, given our revenues are derived from investment management and related services to clients which are typically calculated as a percentage of the market value of AUM, RWC's revenues are subject to the negative impacts of market uncertainty created by COVID-19. The organisation remains profitable and the balance sheet is strong and resilient.
- Fund performance not meeting investor expectations – This risk to the organisation is mitigated through the diversification of the revenues, funds and strategies managed by the Group. We are also clear and realistic as to what our clients can expect from our strategies and we maintain the highest levels of client service. Ultimately, we believe these characteristics bring longer-term benefits enabling the organisation to have an exciting future as a global, specialist investment manager.
- Foreign Exchange – Foreign exchange risk is mitigated through continuous monitoring of currency balances with surplus balances translated into operating currency. The Group also regularly reviews cash flow forecasting and considers the impact of foreign exchange risk.

Key Performance Indicators

The key performance indicator (KPIs) for the business is profit margin (based on PBT against Total Income less Cost of Sales). This KPI reflects the underlying generation of value for shareholders. For the period to 31 December 2019, the Group's profit before tax (PBT) margin was 15.2% (2018 – 14.9%).

Statement by the Directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The Directors consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2019.

Section 172 requires a Director to have regard, amongst other matters to the:

- likely consequences of any decisions in the long term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and others;
- impact of the Group's operations on the community and environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the Group.

In discharging its section 172 duties, the Board has had regard to the factors set out above; the relative importance of each factor will vary depending on the decision being taken. In addition, the Board recognises that certain decisions will require the Board to consider additional factors, as appropriate.

The Board meets quarterly throughout the year, at a minimum. At each Board meeting, the Board considers updates on matters such as fund performance, risk, compliance, financial reporting, operations and regulatory matters. Over the year, matters such as the Group's strategy are also considered.

As previously referenced in the CEO's section of this report, our stakeholders are our people, our clients, our communities and our shareholders. We also think carefully about the impact of our activities on our environment; this creates a focus for our responsible activities that ensure we look over the horizon and think about the future for the people and entities that will rely on our organisation for many years to come.

In 2020 we are creating a group of RWC's people who are empowered to co-ordinate and develop our approach to our people, communities and environment. The interest of these stakeholders are considered as part of the Board's decision making, as appropriate.

The following items are material developments, activities or transactions for the Group during the financial period under review.

Financial performance:
During the year, the Directors reviewed and discussed the financial performance of the Group. Despite the recent market volatility and lower revenue levels, the organisation remains profitable. The strength of our balance sheet and the long-term support of our shareholders enables us to continue our investment and development programs.

Shareholder transaction:
On 31st January 2020 the Group completed a shareholder transaction ("Pinetree") which saw the Group and a new long-term equity partner, Lincoln Peak Capital LLC ("Lincoln Peak"), purchase the entire 41% minority equity stake held by Schroders International Holdings Limited ("Schroders"). The transaction saw Lincoln Peak purchase a 28% stake in the Group with the remainder of Schroders equity purchased by the Group and its employees. The transaction also resulted in a change to the board of Directors effective 31st January 2020, with five Directors appointed by RWC, two appointed by Lincoln Peak and two non-Executive Directors including the Chairman, Peter Clarke.

This report was approved by the Board on 22 April 2020 and signed on its behalf by

Cressida Williams
Chief Financial Officer
22 April 2020

Directors' Report for the year ended 31 December 2019

The directors present their Annual Report and the consolidated audited financial statements of RWC Partners Limited and its subsidiaries for the year ended 31 December 2019.

Results and dividends

The profit for the year of the group, after taxation, amounted to £9,302,196 (2018: £9,033,723).

During the year the group paid dividends of £5,235,561 (2018: £4,781,920). A dividend of £2.25 per share was declared and paid in April 2020 (totalling £4,238,179) in relation to 2019.

Directors

The directors who served during the year and up to the date of signing the financial statements were:
S Brennan (appointed 29 January 2020)
P Clarke
R Goodchild (resigned 31 January 2020)
J Innes
P Larche
A Leness (appointed 29 January 2020)
D Mannix
N Richards (resigned 31 January 2020, reappointed 5 March 2020)
T Stallvik (appointed 29 January 2020)
C Williams

Pillar III disclosure

In accordance with the disclosures required by the Financial Conduct Authority (FCA) under BIPRU 11, the company's Pillar III disclosure is available via its website 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 regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company 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 22 April 2020 and signed on its behalf by:

Cressida Williams
Director
22 April 2020

Independent auditors' report to the members of RWC Partners Limited

Report on the audit of the financial statements

Opinion

In our opinion, RWC Partners Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and Company Balance Sheet as at 31 December 2019; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity, and the Consolidated Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Independent auditors' report to the members of RWC Partners Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report for the year ended 31 December 2019, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report for the year ended 31 December 2019

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report for the year ended 31 December 2019.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of RWC Partners Limited (continued)

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Saira Choudhry

Saira Choudhry (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 April 2020

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019	2018 (restated)
		£'000	£'000
Turnover	2	85,395	81,482
Cost of sales		(3,406)	(1,580)
Net income		81,989	79,902
Administrative expenses		(59,597)	(55,642)
Fair value movements	13	449	(125)
Expenses to non-controlling interests		(10,593)	(12,333)
Profit on ordinary activities before interest and taxation	3	12,248	11,802
Interest receivable and similar income		207	70
Profit on ordinary activities before taxation		12,455	11,872
Tax on profit	6	(3,153)	(2,838)
Profit for the financial year		9,302	9,034

All amounts relate to continuing operations.

The notes to the financial statements on pages 20 to 43 form part of these financial statements.

Consolidated Balance Sheet as at 31 December 2019

	Note		2019		2018 (restated)
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8		1,016		3,160
Tangible assets	9		1,694		1,939
			2,710		5,099
Current assets					
Debtors	11	25,658		20,375	
Money market deposit	12	25,000		14,000	
Investments	13	8,172		6,540	
Cash at bank and in hand	14	25,505		36,089	
		84,335		77,004	
Creditors: amounts falling due within one year	15	(38,106)		(35,455)	
Net current assets			46,229		41,549
Total assets less current liabilities			48,939		46,648
Creditors: amounts falling due after more than one year	16		(722)		(2,142)
Provisions for liabilities	17		-		(291)
Net assets			48,217		44,215
Capital and reserves					
Called up share capital	19		188		187
Share premium account			16,698		16,456
Other reserves			(7,498)		(5,969)
Profit and loss account			38,829		33,541
Total shareholders' funds			48,217		44,215

The financial statements on pages 14 to 43 were approved and authorised for issue by the Board and were signed on its behalf by;

Cressida Williams
Director
22 April 2020

The notes to the financial statements on pages 20 to 43 form part of these financial statements.

Registered number: 03517613

Company Balance Sheet as at 31 December 2019

	Note	2019		2018 (restated)	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8		1,007		3,150
Tangible assets	9		1,422		1,594
Investments in subsidiary undertakings	10		1,480		4,217
			3,909		8,961
Current assets					
Debtors	11	36,559		37,603	
Money market deposit	12	25,000		14,000	
Investments	13	8,012		6,434	
Cash at bank and in hand	14	6,311		3,971	
		75,882		62,008	
Creditors: amounts falling due within one year	15	(37,672)		(29,543)	
Net current assets			38,210		32,465
Total assets less current liabilities			42,119		41,426
Creditors: amounts falling due after more than one year	16		(722)		(2,142)
Provisions for liabilities	17		-		(291)
Net assets			41,397		38,993
Capital and reserves					
Called up share capital	19		188		187
Share premium account			16,698		16,456
Other reserves			(7,498)		(5,969)
Profit and loss account			32,009		28,319
Total shareholders' funds			41,397		38,993

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

Cressida Williams
Director
22 April 2020

The notes to the financial statements on pages 20 to 43 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Note	Called-up share capital	Share premium account	Other reserves	Profit and loss account	Total
		£'000	£'000	£'000	£'000	£'000
At 1 January 2018		185	16,176	(6,049)	28,039	38,351
Profit for the financial year		-	-	-	9,034	9,034
Issue of shares	19	2	280	-	-	282
Dividends paid	7	-	-	-	(4,782)	(4,782)
Share based payment expense		-	-	-	1,250	1,250
Purchase of own shares		-	-	(4,291)	-	(4,291)
Net sale of own shares		-	-	4,371	-	4,371
At 31 December 2018		**187**	**16,456**	**(5,969)**	**33,541**	**44,215**
Profit for the financial year		-	-	-	9,302	9,302
Issue of shares	19	1	242	-	-	243
Dividends paid	7	-	-	-	(5,236)	(5,236)
Share based payment expense		-	-	-	1,222	1,222
Purchase of own shares		-	-	(3,036)	-	(3,036)
Sale of own shares		-	-	1,507	-	1,507
At 31 December 2019		**188**	**16,698**	**(7,498)**	**38,829**	**48,217**

The notes to the financial statements on pages 20 to 43 form part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 December 2019

	Note	Called-up share capital	Share premium account	Other reserves	Profit and loss account	**Total**
		£'000	£'000	£'000	£'000	£'000
At 1 January 2018		185	16,176	(6,049)	13,682	23,994
Profit for the financial year		-	-	-	18,169	18,169
Issue of shares	19	2	280	-	-	282
Dividends paid	7	-	-	-	(4,782)	(4,782)
Share based payment expense		-	-	-	1,250	1,250
Purchase of own shares		-	-	(4,291)	-	(4,291)
Net sale of own shares		-	-	4,371	-	4,371
At 31 December 2018		**187**	**16,456**	**(5,969)**	**28,319**	**38,993**
Profit for the financial year		-	-	-	7,704	7,704
Issue of shares	19	1	242	-	-	243
Dividends paid	7	-	-	-	(5,236)	(5,236)
Share based payment expense		-	-	-	1,222	1,222
Purchase of own shares		-	-	(3,036)	-	(3,036)
Sale of own shares		-	-	1,507	-	1,507
At 31 December 2019		**188**	**16,698**	**(7,498)**	**32,009**	**41,397**

The notes to the financial statements on pages 20 to 43 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2019

	Note	2019	2018 (restated)
		£'000	£'000
Operating activities			
Net cash generated from operating activities	20	12,723	24,021
Taxation payments		(3,690)	(2,107)
Net cash inflows from operating activities		9,033	21,914
Investing activities			
Interest received		207	70
Payments to acquire fixed assets		(1,119)	(1,388)
Purchase of money market deposit		(11,000)	(14,000)
Purchase of investment in equity instruments		(2,173)	(235)
Sale of investment in equity instruments		990	128
Net cash outflow from investing activities		(13,095)	(15,425)
Financing activities			
Equity dividends paid		(5,236)	(4,782)
Issue of ordinary shares		243	282
Purchase of own shares		(3,036)	(4,291)
Sale of own shares		1,507	4,371
Net cash outflow from financing activities		(6,522)	(4,420)
(Decrease)/Increase in cash and cash equivalents		(10,584)	2,069
Cash and cash equivalents at 1 January		36,089	34,020
Cash and cash equivalents at 31 December		25,505	36,089

The notes on pages 20 to 43 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1. Accounting Policies

1.1 Basis of preparation of financial statements

RWC Partners Limited is a private limited company incorporated in the UK.

The company's registered address is Verde 4th floor, 10 Bressenden Place, London SW1E 5DH.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of current asset investments and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Except where specifically noted (in notes 1.7, 1.8, 1.9, 1.17 & 1.18), Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgement in applying the company's accounting policies. Due to the straight forward nature of the business, except in regard to notes 1.8, 1.9 & 16, management consider that no critical judgements have been made in applying the company's accounting policies.

In the current financial statements, the prior year cost of sales balance has been restated to correct the presentation of management fee rebates in the Statement of Comprehensive Income. Management fee rebates were included in costs of sales in the prior year financial statements but turnover from investment management services should include the amount of any rebates offered by the company.

As a result, 2018 management fee rebates included in costs of sales were restated in the current year financial statements to turnover. The impact of the restatement is as follows:

	2018 (restated)	Restatement	2018
	£'000	£'000	£'000
Turnover	81,482	(3,456)	84,938
Cost of Sales	(1,580)	3,456	(5,036)

Notes to the financial statements for the year ended 31 December 2019

1. Accounting Policies

1.1 Basis of preparation of financial statements (continued)

In the current financial statements, the prior year financial statement line item "expenses to non-controlling interests" on the Statement of Comprehensive Income has been restated to correct the presentation of amounts related to administrative expenses. Certain administrative expenses that were previously included within expenses to non-controlling interests have been reclassified within administrative expenses in order to better reflect the true nature of these costs. There is no impact on profit on ordinary activities before interest and taxation. Note 20, net cash generated from operating activities, has also been restated accordingly. There is no impact on net cash inflow from operating activities.

The impact of the restatement on the Statement of Comprehensive Income is as follows:

	2018 (restated)	Restatement	2018
	£'000	£'000	£'000
Administrative expenses	(55,642)	(7,477)	(48,165)
Expenses to *non-controlling interests*	(12,333)	7,477	(19,810)

In the current financial statements, the prior year cash at bank and in hand balance has been restated to correct the presentation of money market deposits on the Balance Sheet. Money market deposits were included in cash at bank and in hand in the prior year financial statements but as the deposits have a term to maturity of more than three months with no early redemption options they should be presented separately.

As a result, 2018 money market deposits included in cash at bank and in hand were restated in the current year financial statements to money market deposits. The impact of the restatement is as follows:

	2018 (restated)	Restatement	2018
	£'000	£'000	£'000
Money market deposit	14,000	14,000	-
Cash at bank and in hand	36,089	(14,000)	50,089

The following principal accounting policies have been applied:

1.2 Going Concern

The Group meets its day-to-day working capital requirements through revenues from its investment management services. The outbreak of the coronavirus ("COVID-19") has resulted in the implementation of a series of precautionary and control measures across the world which have resulted in general market uncertainty. This has in turn increased volatility across global financial markets. The Group's forecasts and balance sheet position, taking into account reasonably possible changes in operating performance, show that the Group should be able to operate within the level of its forecast revenue and resources for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

1.3 Basis of consolidation

The financial statements consolidate the financial statements of RWC Partners Limited (the "Company") and its subsidiary undertakings; RWC Asset Management LLP, (93% controlling interest) RWC Focus Asset Management Limited, RWC Asset Advisors (US) LLC, RWC (US) LLC, RWC Singapore (Pte) Limited, RWC (GP) Ltd.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. All entities have co-terminus financial accounting year ends.

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

1.4 Turnover

The turnover shown in the statement of comprehensive income represents fees receivable for investment management services provided during the year and arising from continuing activities in the UK, net of rebates offered and exclusive of value added tax. Revenue represents fees for investment management or administrative services and are accrued on a monthly basis and performance fees are recognised on crystallisation.

1.5 Cost of Sales

Cost of Sales is recognised in the Statement of Comprehensive Income as costs directly attributable to Turnover.

1.6 Administrative Expenses

Administrative expenses shown in the Statement of Comprehensive Income represents expenses related to the operation of the business.

1.7 Interest Income and Expense

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.8 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

1.8 Business combinations and goodwill (continued)

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised in the consolidated statement of comprehensive income.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life of five years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

1.9 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives of 5 years.

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

1.10 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group and company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

1.10 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The depreciation expense is charged to administrative expenses in the Statement of Comprehensive Income. The estimated useful lives range as follows:

Leasehold improvements	- 10 years straight line
Software	- 3 years straight line
Fixtures and fittings	- 5 years straight line
Equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last balance sheet date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

1.11 Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

1.13 Foreign currencies (continued)

(a) Functional and presentation currency
The functional and presentation currency of the company and the group is Great British Pound (GBP). The group includes three overseas subsidiaries, of which for two the functional currency is United States Dollar (USD) and the third is Singapore Dollar (SGD).

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the current market closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

1.14 Fixed asset investments

Investments in subsidiary undertakings are valued at cost less accumulated impairment.

1.15 Investment in equity instruments

Investments in equity instruments are held as current asset investments due to their highly liquid nature. They are initially valued at transaction value and revalued to fair value on a monthly basis. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.16 Cash and cash equivalents

Cash comprises cash in hand and cash deposits, less overdrafts payable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts (if any) that are repayable on demand and form an integral part of the group's cash management.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

1.17 Money market deposits
Money market deposits comprises cash placed on fixed term deposit for a period of between six and nine months on acquisition with no option to withdraw prior to maturity. The value on maturity is fixed with no risk of change in value.

1.18 Employee share ownership & employee benefit trust (the "trust")
The Company's loan to the trust is recognised within equity 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 shown as an adjustment to shareholders' funds until such time as the shares vest unconditionally with employees.

1.19 Share based payments
The group, through the Company, issues equity settled share based payments to certain employees (including Directors). These payments are through

- Deferred Compensation Equity (vesting periods up to 39 months);
- Enterprise Management Incentives (EMI) options (no longer issued) (vesting periods of 24 months);
- Non-EMI options (vesting periods of up to 60 months);
- Long Term Service Awards (LTSA) shares (immediately vesting);
- HMRC recognised Share Incentive Plan (SIP) (vesting period of 36 months); and
- Long Term Incentive Plan (LTIP) shares (vesting of up to 39 months).

Each scheme requires the employee to remain employed within the group throughout the vesting period.

For Deferred Compensation Equity and LTIP shares, the fair value of the award at the point of grant is recognised through the Statement of Comprehensive Income on a straight-line bases over the vesting period (including the year of service to which the award relates). The fair value is measured by the current market share price (at the point of grant) of shares in RWC Partners Limited as determined by the Board of Directors. Upon vesting, the amount recognised in equity related to the awards is released to Other Reserves as shares held within the Employee Benefit Trust transfer to the employee (or Director).

For EMI and non-EMI options, the fair value is measured using the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. This value is recognised through the Statement of Comprehensive Income over the vesting period of the options.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

1.19 Share based payments (continued)

SIP shares are held within an onshore trust on behalf of the employees. SIP shareholders benefit from dividend rights to the shares but no other rights of ownership for a period of three years from date of issuance. The fair value of the shares is measured by the market share price of shares in RWC Partners Limited as determined by the Board of Directors at the point of grant/purchase. The fair value is recognised fully at the point of grant/purchase within the Statement of Comprehensive Income. Upon the third anniversary, SIP shareholders gain ownership rights over their SIP shares.

1.20 Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

The group only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at transaction cost and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

1.20 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

1.21 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.22 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.23 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

1.24 Pension

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

1.25 Expenses to Non-controlling Interests

Expenses to non-controlling interests represent the proportion of members' remuneration charged as an expense in the underlying subsidiary entity RWC Asset Management LLP which is attributable to non-controlling interests.

Notes to the financial statements for the year ended 31 December 2019 (continued)

2. Turnover

The turnover shown in the statement of comprehensive income represents the value of services provided during the year, stated net of rebates offered and value added tax.

Group turnover by revenue stream is as follows:

	2019	2018 (restated)
	£'000	£'000
Revenue	79,563	71,855
Performance fee revenue	5,832	9,627
	85,395	81,482

A geographical analysis of the group's turnover is as follows:

	2019	2018 (restated)
	£'000	£'000
United Kingdom	8,843	6,870
Luxembourg	32,815	36,597
Rest of Europe	4,165	4,205
Cayman Islands	26,322	22,864
Rest of the World	13,250	10,946
	85,395	81,482

Notes to the financial statements for the year ended 31 December 2019 (continued)

3. Operating Profit

The operating profit is stated after charging:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets:		
- owned by the group	355	458
Amortisation of intangible assets	958	797
Impairment of intangible assets	2,192	931
Auditors' remuneration		
- Audit of company & group consolidated financial statements	96	63
- Audit of subsidiaries	94	65
- Audit related assurance services	8	8
- Tax compliance services	276	261
- Tax advisory services	42	91
- Other non-audit services	216	261
Operating lease rentals:		
- other operating leases	1,221	1,375
Foreign exchange losses	63	15

4. Staff Costs

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

	2019 £'000	2018 £'000
Wages and salaries	35,759	33,820
Social security costs	1,446	1,612
Pension costs	722	704
	37,927	36,136

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

	2019 Number	2018 Number
Management staff	6	11
Fund management staff	45	47
Administrative staff	78	70
	129	128

In 2019, the grouping between Management staff and Administrative staff has been changed with the creation of a new, smaller management team.

Notes to the financial statements for the year ended 31 December 2019 (continued)

5. Directors' remuneration

	2019	2018
	£'000	£'000
Emoluments	4,938	4,012
Company pension contributions to defined contribution pension schemes	22	32

During the year retirement benefits were accruing to three directors (2018: three) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £3,495,145 (2018: £2,871,068).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,502 (2018: £10,560).

	2019	2018
	Number	Number
Directors who exercised share options during the year	-	-

During the year, directors exercised nil (2018: nil) share options.

6. Tax on profit

	2019	2018
	£'000	£'000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	2,367	2,595
Foreign tax	1,259	316
Adjustments in respect of prior years	102	(37)
Total current tax	3,728	2,874
Deferred tax		
Origination and reversal of timing differences	(575)	(36)
Total deferred tax	(575)	(36)
Tax on profit	3,153	2,838

Deferred taxation is disclosed in note 17.

Notes to the financial statements for the year ended 31 December 2019 (continued)

6. Tax on profit (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 19% (2018 – 19%). The differences are explained below:

	2019	2018
	£'000	£'000
Profit on ordinary activities before tax	12,455	11,872
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	2,367	2,256
Effects of:		
Expenses not deductible for tax purposes	721	470
R&D relief	(75)	-
Timing differences on fixed assets	-	-
Adjustments in respect of prior years	102	(37)
Tax charge arising from share based payments	230	213
Foreign tax	628	59
Timing differences on investment valuations	(8)	(25)
Other timing differences	(237)	(62)
Deferred taxation	(575)	(36)
Total tax charge for the year (see note above)	3,153	2,838

7. Dividends Paid

	2019	2018
	£'000	£'000
Dividends paid on equity capital	5,236	4,782

A Final Dividend of £2.25 per share was proposed in April 2020 in relation to the year ended 31 December 2019, totalling £4,238,179 (the prior year Final Dividend totalled £5,235,561 was proposed at the Board meeting held 26th March 2019).

Notes to the financial statements for the year ended 31 December 2019 (continued)

8. Intangible assets

	Intangibles £'000	Goodwill £'000	Total £'000
Group			
Cost			
At 1 January 2019	2,832	1,473	4,305
Additions	1,009	-	1,009
At 31 December 2019	3,841	1,473	5,314
Amortisation			
At 1 January 2019	752	393	1,145
Charge for the year	730	231	961
Impairment write down	1,343	849	2,192
At 31 December 2019	2,825	1,473	4,298
Net book value			
At 31 December 2019	1,016	-	1,016
At 31 December 2018	2,080	1,080	3,160

Intangible assets at 1 January 2019 include the investment management agreements acquired on the acquisition of the Pensato Capital group in 2017. Goodwill represents the difference between the consideration payable to acquire the group and the fair value of identifiable assets at the acquisition date.

During the period, following an assessment of the contingent element of the consideration for the Pensato Capital group acquisition, a full write down of the intangible asset and goodwill has been recognised in administrative expenses in the Statement of Comprehensive Income.

Company	Intangibles £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2019	2,822	1,473	4,295
Additions	1,007	-	1,007
At 31 December 2019	3,829	1,473	5,302
Amortisation			
At 1 January 2019	752	393	1,145
Charge for the year	727	231	958
Impairment write down	1,343	849	2,192
At 31 December 2019	2,822	1,473	4,295
Net book value			
At 31 December 2019	1,007	-	1,007
At 31 December 2018	2,070	1,080	3,150

Notes to the financial statements for the year ended 31 December 2019 (continued)

9. Tangible assets

	Leasehold £'000	Software £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Group					
Cost					
At 1 January 2019	1,256	1,471	1,670	1,183	5,580
Additions	55	5	-	54	114
Disposals	-	-	(4)	-	(4)
At 31 December 2019	1,311	1,476	1,666	1,237	5,690
Depreciation					
At 1 January 2019	115	1,468	1,056	1,002	3,641
Charge for the year	128	3	128	96	355
At 31 December 2019	243	1,471	1,184	1,098	3,996
Net book value					
At 31 December 2019	1,068	5	482	139	1,694
At 31 December 2018	1,141	3	614	181	1,939

	Leasehold £'000	Software £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Company					
Cost					
At 1 January 2019	1,256	1,458	1,146	857	4,717
Additions	55	5	2	64	126
At 31 December 2019	1,311	1,463	1,148	921	4,843
Depreciation					
At 1 January 2019	115	1,455	833	720	3,123
Charge for the year	128	3	77	90	298
At 31 December 2019	243	1,458	910	810	3,421
Net book value					
At 31 December 2019	1,068	5	238	111	1,422
At 31 December 2018	1,141	3	313	137	1,594

Notes to the financial statements for the year ended 31 December 2019 (continued)

10. Investment in Subsidiary Undertakings

	Investments in subsidiary entities £'000
Company	
Cost or valuation	
At 1 January 2019	4,217
Liquidations	(2,730)
Currency movement	(7)
At 31 December 2019	1,480
Net book value	
At 31 December 2019	1,480
At 31 December 2018	4,217

Included in fixed asset investments of the company is £1,200,000 (2018: £1,200,000) representing the company's contribution of 93% (2018: 94%) 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 £1,285,000 (2018: £1,280,000).

£1 (2018: £1) represents the entire share capital of RWC (US) LLC, an investment management firm incorporated in the United States of America.

£280,379 (2018: £287,803) represents the entire share capital (SGD 500,000) of RWC Singapore Pte Ltd, an investment management firm incorporated in Singapore. This investment is held in SGD and revalued to GBP on a monthly basis.

£nil (2018: £2,729,276) represents the entire share capital of Pensato Cayman Limited, a company incorporated in the Cayman Islands. During the year the Group liquidated its entire holding within Pensato Cayman Limited. The company was subsequently dissolved.

Notes to the financial statements for the year ended 31 December 2019 (continued)

11. Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade debtors	20,091	14,636	-	-
Amounts owed by group undertakings	-	-	32,784	34,945
Amounts owed to non-controlling interests	-	-	-	-
VAT recoverable	960	350	2,097	1,394
Other debtors	3,235	4,703	494	764
Deferred tax asset	287	-	287	-
Prepayments and accrued income	1,086	686	897	500
	25,659	20,375	36,559	37,603

Deferred taxation is disclosed in note 17.

12. Money market deposits

	Group 2019 £'000	Group 2018 (restated) £'000	Company 2019 £'000	Company 2018 (restated) £'000
Money market deposits	25,000	14,000	25,000	14,000
	25,000	14,000	25,000	14,000

13. Investments in Equity Instruments

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Other investments	8,172	6,540	8,012	6,434

Other investments represent RWC Partners Limited and RWC Asset Advisors LLC investments in RWC Funds and products. Investments are revalued on a monthly basis to fair value.

Notes to the financial statements for the year ended 31 December 2019 (continued)

13. Investments in Equity Instruments (continued)

The movement in other investments balance is as follows:

	Investments in Equity Instruments Group £'000	Investments in Equity Instruments Company £'000
Investments		
At 1 January 2018	6,559	6,270
Purchase of investment in equity instruments	235	235
Sale of investment in equity instruments	(128)	(128)
Marked to market movement on equity instruments	(125)	57
At 31 December 2018	6,540	6,434
At 1 January 2019	6,540	6,434
Purchase of investment in equity instruments	2,173	2,017
Sale of investment in equity instruments	(990)	(851)
Marked to market movement on equity instruments	449	412
At 31 December 2019	8,172	8,012

14. Cash at bank and in hand

	Group 2019 £'000	Group 2018 (restated) £'000	Company 2019 £'000	Company 2018 (restated) £'000
Cash at bank and in hand	25,505	36,089	6.311	3,971
	25,505	36,089	6,311	3,971

Notes to the financial statements for the year ended 31 December 2019 (continued)

15. Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade creditors	-	2	2	2
Amounts owed to group undertakings	-	-	13,974	8,258
Amounts owed to non-controlling interests	4,326	6,378	-	-
Corporation tax	971	932	188	1,294
Other taxation and social security	924	923	893	903
Other creditors	1,815	3,570	1,799	3,365
Other financial liabilities	-	732	-	732
Accruals and deferred income	30,070	22,918	20,816	14,989
	38,106	35,455	37,672	29,543

Transactions between Group companies are treated as inter-company loans, interest free and repayable on demand. These net down to zero on consolidation.

16. Creditors: amounts falling due after more than one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Other financial liabilities	722	2,142	722	2,142
	722	2,142	722	2,142

Notes to the financial statements for the year ended 31 December 2019 (continued):

17. Deferred taxation

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
At 1 January	(291)	(327)	(291)	(343)
Other movements	3	-	3	16
Recognised during the year	575	36	575	36
At 31 December	287	(291)	287	(291)

The deferred taxation balance is made up as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
On intangible fixed asset	-	(347)	-	(347)
Timing differences on fixed assets	(60)	(60)	(60)	(60)
Other timing differences	347	116	347	116
	287	(291)	287	(291)

18. Operating lease commitments

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £'000	2018 £'000
Group and Company		
Between 0 and 1 year	1,181	1,134
Between 1 and 2 years	1,125	1,134
Between 2 and 5 years	3,232	3,036
Greater than 5 years	2,449	3,546

19. Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
1,111,545 (2018: 1,098,485) A Ordinary shares of £0.10 each	111	110
772,090 (2018: 772,090) B Ordinary shares of £0.10 each	77	77

Notes to the financial statements for the year ended 31 December 2019 (continued)

19. Called up share capital (continued)

The number of A ordinary shares issued over the year is set out below:

	Number of shares issued	Cash consideration
		£'000
April 2019	13,060	243
Total number of A ordinary shares issued in 2019	13,060	243

Rights, preferences and restrictions attaching to each class include restrictions on the distribution of dividends and the repayment of capital.

Details of options to subscribe for shares in the company, including those held by directors, are set out below. Further information can be found in note 1.18.

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		£		£
Outstanding at 1 January	160,325	38	161,600	35
Granted during the year	52,081	43	19,000	39
Exercised during the year	(13,060)	19	(17,175)	16
Expired during the year	-	-	(1,350)	23
Cancelled during the year	(11,500)	42	(1,750)	48
Outstanding at 31 December	187,846	40	160,325	38
Exercisable at 31 December	114,265	38	99,825	32

The weighted average exercise price at the dates at which the above share options were exercised was £19 (2018: £16). At 31 December 2019, the range of exercise prices of the outstanding options was from £0.01 to £55 (2018: £0.01 to £55). The weighted average remaining contractual life of these options was 6.63 years (2018: 6.81 years).

The total expense recognised in the profit and loss for the period in respect of the share-based payments was £1,221,840 (2018: £1,250,275). The carrying amount at the end of the year for future charges for share-based payment transactions was £2,513,658 (2018: £3,992,583).

Notes to the financial statements for the year ended 31 December 2019 (continued)

20. Net cash generated from operating activities

	2019	2018 (restated)
	£'000	£'000
Profit for the financial year	9,303	9,034
Adjustments for:		
Depreciation of tangible fixed assets	355	458
Amortisation of intangible assets	961	797
Reassessment of intangible fixed assets	2,192	931
Interest received	(207)	(70)
Interest paid	-	-
Taxation	3,153	2,838
(Increase)/decrease in debtors	(5,163)	13,714
Increase in creditors	3,244	1,461
Change in market value of investments	(449)	125
Share option expense	1,222	1,250
Expenses to non-controlling interests	10,593	12,333
Payments to non-controlling interests	(12,481)	(18,850)
Net cash inflow from operating activities	12,723	24,021

21. Controlling party

For the accounting year and as at the 31 December 2019 there was no ultimate controlling party. Following the subsequent event disclosed in note 23, RWC Partners Holdings Limited became the ultimate controlling party.

Notes to the financial statements for the year ended 31 December 2019 (continued)

22. Related Party Transactions

Transactions between Group companies are treated as inter-company loans, repayable on demand. These net down to zero on consolidation.

The Group is formed of the following entities (all wholly owned unless stated):

- RWC Partners Limited (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- RWC Asset Management LLP (93% capital contribution) (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- RWC Focus Asset Management Limited (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH, UK) (dissolved as of April 2019)
- RWC (US) LLC (incorporated in the USA) (Suite 201, 2640 South Bayshore Drive, Miami, Florida, 33133, USA)
- RWC Asset Advisors (US) LLC (incorporated in the USA) (Suite 201, 2640 South Bayshore Drive, Miami, Florida, 33133, USA)
- RWC Singapore (Pte) Limited (incorporated in Singapore) (#22-23, 80 Raffles Place, UOB Plaza 2, Singapore 048624)
- RWC GP Limited (incorporated in the Cayman Islands) (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- Pensato Capital Management Limited (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of March 2019)
- Pensato Cayman Limited (incorporated in the Cayman Islands) (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of April 2019)
- Pensato Capital LLP (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of March 2019)
- RWC Specialist UK Focus Fund Limited Partnership (Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH) (dissolved as of November 2018)

The outstanding balance between the Company and the subsidiary entity (RWC Asset Management LLP) was £30.0m (2018: £30.1m). Transactions between the Company and RWC Asset Management LLP include profit allocation due to the Company; administrative costs borne by the Company; and cash movements between the Company and RWC Asset Management LLP. The net of the transactions within the period was £0.1m (2018: £9.9m).

23. Subsequent events

On 31st January 2020 the Group completed a shareholder transaction ("Pinetree") which saw the Group and a new long-term equity partner, Lincoln Peak Capital LLC ("Lincoln Peak"), purchase the entire 41% minority equity stake held by Schroders International Holdings Limited ("Schroders"). The transaction saw Lincoln Peak purchase a 28% stake in the Group with the remainder of Schroders equity purchased by the Group and its employees. The transaction also resulted in a change to the board of Directors effective 31st January 2020, with five Directors appointed by RWC, two appointed by Lincoln Peak and two non-Executive Directors including the Chairman, Peter Clarke.

Notes to the financial statements for the year ended 31 December 2019 (continued)

23. Subsequent events (continued)

Since January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of the coronavirus disease ("COVID-19"). The outbreak of COVID-19 has resulted in the implementation of a series of precautionary and control measures across the world which have resulted in general market uncertainty. The Directors continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact. Given that the most significant effects of COVID-19 and the measures taken by governments to restrict its spread occurred after the balance sheet date, COVID-19 is considered to be a non-adjusting post balance sheet event and, therefore, the measurement of assets and liabilities in the financial statements have not been adjusted for its potential impact. The Directors do not consider that there has been a material adverse effect at the date the financial statements were approved as a result of the COVID-19 outbreak. As an illustration, the Group has a portfolio of investments that were valued at £8,172,008 as at 31st December 2019. As COVID-19 developed, the Directors chose to increase the hedging held against the portfolio, such that the net fall in value of the Group's investments was under 7% by 31st March 2020.