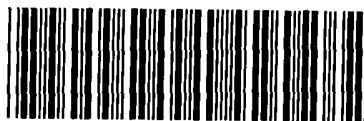


IMPAX ASSET MANAGEMENT LIMITED

Company number: 03583839

**Annual report and financial statements
for the year ended 30 September 2019**

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IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
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IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
COMPANY INFORMATION

Directors J Keith R Falconer
Ian R Simm
Bruce Jenkyn-Jones
Charles D Ridge
Peter V E Rossbach
Joseph Keefe

Secretary Zack Wilson

Company number 03583839

Registered office 7th Floor
30 Panton Street
London
SW1 4AJ

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

Corporate strategy

Impax Asset Management Ltd ("Impax" or "the Company") is a specialist asset manager investing in the transition to a more sustainable global economy and seeks to be the leading investment manager in this area. Impax establishes and seeks to grow a small number of scalable products and to sustain excellent investment performance. Impax markets these products predominantly to larger investors who can deploy a significant quantity of capital. To achieve these objectives, the Company recognises the importance of attracting outstanding investment talent and retaining a core senior management team whose interests are aligned with those of shareholders.

Principal activities and review of the business

The principal activity of the Company during the year was that of investment manager to investment funds and accounts:

The Company's prospects have continued to strengthen during the year with strong inflows into funds the Company manages.

Key performance indicators

The Directors consider assets under management ("AUM"), turnover and profitability to be the key performance indicators of the Company. Turnover for the year was £39,294,000 (2018: £30,943,000) and profit before tax was £10,692,000 (2018: £8,626,000). At 30 September 2019 the Company had AUM of £10,894 million (2018: £8,405 million).

Results and dividends

The results for the year under review are set out on page 11. The net asset position of the Company is set out on page 12. No dividends were paid during the year ended 30 September 2019 (2018: £10,000,000).

Principal risks and uncertainties

The Company is exposed to a variety of financial and operational risks as detailed below.

Reputational risk

Reputational risk can arise from any of the key risks described below and relates to the Company's brand and relationships with stakeholders. Integrity and appropriate conduct are an integral part of the Company's culture and values, and all business dealings. In addition, the controls below help to mitigate the risk of incidents that may have a reputational impact

Market risk

The Company's Listed Equity business charges management fees based on AUM and accordingly its revenue is exposed to market risk. The Company operates a number of strategies which are diversified by geography and industry, and it has a defined investment process that has to be followed. All investments are overseen by the Listed Equity Investment Committee.

The Company also has an investment in another private company and is therefore exposed to the market performance of that company.

Currency risk

The Company receives part of its income in foreign currency and an element of its costs are incurred in foreign currencies. A proportion of its assets and liabilities are also denominated i

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019 *continued*

Principal risks and uncertainties *continued*

foreign currency. The Company's strategy has been to put in place hedges in the form of forward rate contracts where there is sufficient predictability over the income to allow for an effective and cost-efficient hedge, or otherwise to convert the foreign currency income to Sterling as soon as possible after receipt.

Business expansion

The acquisition in Q1 2018 of Impax Asset Management LLC (Impax NH) by the Impax Group has exposed the Company to new integration risks. To manage this risk, the existing management and internal control frameworks have remained in place following the acquisition and have been incorporated into Group-wide governance structures.

Liquidity and cash flow risk

Impax Asset Management Group plc produces consolidated cash flow forecasts for a twelve-month period to manage its liquidity requirements. These forecasts are subject to regular review by management. As part of this process the liquidity requirements of the Company are considered. The Company is also required to comply with the capital requirements of the Financial Conduct Authority and monitors this on a regular basis.

Credit risk

The Company is exposed to the risk of counterparty default from banks and other institutions holding the Company's cash reserves. To manage this risk, the Company deposits cash with institutions that have high credit ratings and by allocating its cash holdings to at least four institutions at any time.

Legal, regulatory and compliance risk

The Company's operations are subject to financial regulations, including minimum capital requirements and compliance procedures in each of the markets in which it operates. The Company seeks to manage these risks by ensuring close monitoring of compliance with the regulations and by tracking proposed changes and reacting immediately when changes are required. The Company has a dedicated Compliance team. The Company is actively monitoring Brexit negotiations and will act promptly following any developments which impact the business model.

People risk

The success of the Company depends on the support and experience of its key employees. The loss of key employees could have a material adverse effect on the Company's result or operations. This risk is managed by offering competitive remuneration packages including share schemes and carried interest in Private Equity funds and by creating a supportive and enjoyable working environment. Sustainable succession and development plans are also put in place. The senior investment team has been stable since the Company's inception.

Operational risk

The Company has established a control framework so that the risk of financial loss to the Company through operational failure is minimised. Furthermore, the Company has in place measures to minimise and manage possible risks of disruption to its business and to ensure the safety of its staff. This plan has been put in place to manage its strategic and operational business risks in the case of an emergency and is aimed at bringing together particular responses such as IT disaster recovery, contingency plans, off-site storage of records, data back-up and recovery procedures, evacuation procedures and customer and staff communications.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019 *continued*

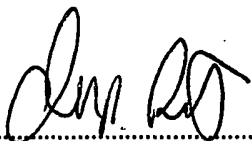
Principal risks and uncertainties *continued*

The Company also has insurance cover which is reviewed each year prior to renewal.

Cyber Risk

The Company has put in place measures to minimise and manage possible technology risks and to ensure the safety of data and General Data Protection Regulation compliance. Information and cyber security is enforced throughout the business. This ensures hardware such as laptops and mobile devices are fully protected. All staff receive regular cyber awareness training in addition external and internal penetration tests are carried out on an annual basis. The company also carries out company-wide phishing tests.

On behalf of the Board



.....
Charles D Ridge

Director

Date: 23 January 2020

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The Directors present their report and financial statements for the year ended 30 September 2019.

Creditor payment policy

The Company seeks to maintain good terms with its trading partners. It is the Company's policy to agree appropriate terms and conditions for its transactions with suppliers and, provided the supplier has complied with its obligations, to abide by the terms of payment agreed. Trade creditor days of the Company for the year ended 30 September 2019 were 20 (2018: 29).

Political and charitable donations

The Company made charitable donations of £4,919. The company did not make any political donations.

Directors

The following Directors held office during the year:

J Keith R Falconer	Ian R Simm
Bruce Jenkyn-Jones	Charles D Ridge
Peter V E Rossbach	Joseph Keefe

Directors' interests

None of the Directors hold any shares in Impax Asset Management Limited. J Keith R Falconer and Ian R Simm are Directors of the ultimate Parent Company, Impax Asset Management Group plc, and their interest in the shares of that company are disclosed in its annual report.

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019 *continued*

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements *continued*

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

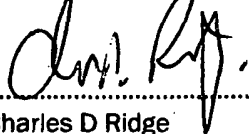
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) he has taken all the steps he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board



Charles D Ridge

Director

Impax Asset Management Limited

7th Floor

30 Panton Street

London

SW1 4AJ

Date: 23 January 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT LTD

Opinion

We have audited the financial statements of Impax Asset Management Limited ("the company") for the year ended 30 September 2019 which comprise the Income statement, Statement of other comprehensive income, Statement of financial position, Statement of changes in equity, Cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The Impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as determining the share-based payment charge and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT LTD

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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,

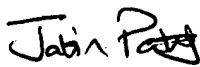
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT LTD

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jatin Patel (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

23 January 2020

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £000s	2018 £000s
Revenue	2	39,294	30,943
Operating costs	3	(28,658)	(24,096)
Other financial income	6	56	1,779
Profit before tax		10,692	8,626
Taxation	7	(2,062)	(1,308)
Profit on ordinary activities after taxation		8,630	7,318

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £000s	2018 £000s
Profit for the year		8,630	7,318
Other comprehensive income		-	-
Total comprehensive income for the year		8,630	7,318

The above statements have been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019
Company number: 03583839

	Notes	2019 £000s	2018 £000s
Assets			
Intangible assets	8	122	73
Investments	9	274	452
Total non-current assets		396	525
Trade and other receivables	10	28,260	19,848
Deferred tax asset	7	2,667	3,282
Current tax asset		91	770
Cash invested in money markets funds and long-term deposit accounts		7,557	8,255
Cash and cash equivalents		5,444	3,443
Total current assets		44,019	35,598
Total assets		44,415	36,123
Equity and liabilities			
Called up share capital	12	10	10
Capital redemption reserve		180	180
Capital contribution reserve		13,189	12,350
Retained earnings		11,264	2,456
Total equity		24,643	14,996
Trade and other payables	11	19,068	20,899
Current tax liability		-	-
Total current liabilities		19,068	20,899
Accruals		704	228
Total non-current liabilities		704	228
Total equity and liabilities		44,415	36,123

These financial statements were approved by the Board of Directors on 23 January 2020 and signed on its behalf by



Charles D Ridge
Director

The notes on pages 15 to 28 form part of these financial statements.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Share capital £000s	Capital redemption reserve £000s	Capital contribution reserve £000s	Retained earnings £000s	Total £000s
As at 30 September 2017	10	180	11,279	3,244	14,713
Profit for the year	-	-	-	7,318	7,318
Dividends paid	-	-	-	(10,000)	(10,000)
Tax credit on long-term incentive schemes (note 7)	-	-	-	1,894	1,894
Capital contribution from Parent Company*	-	-	1,071	-	1,071
As at 30 September 2018	10	180	12,350	2,456	14,996
Profit for the year	-	-	-	8,630	8,630
Tax credit on long-term incentive schemes (note 7)	-	-	-	178	178
Capital contribution from Parent Company*	-	-	839	-	839
As at 30 September 2019	10	180	13,189	11,264	24,643

*The capital contribution relates to share based payment awards made by the Parent Company to employees of the Company

The notes on pages 15 to 28 form part of these financial statements.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £000s	2018 £000s
Operating activities			
Profit before taxation		10,692	8,626
<i>Adjustments for</i>			
Other financial income		(56)	(1,779)
Amortisation and impairment	8	48	20
Share-based payment charge		839	1,071
Operating cash flows before movement in working capital		11,523	7,938
Increase in receivables		(8,807)	(5,181)
(Decrease)/increase in payables		(1,355)	9,097
Cash generated from operations		1,361	11,854
Corporation tax paid		-	(150)
Net cash generated from/(used in) operating activities		1,361	11,704
Investing activities			
Dividends from subsidiary undertakings		-	1,900
Investment income received		39	13
Acquisition of intangible assets	8	(97)	(76)
Decrease/(Increase) in cash held in money market funds and long-term deposit accounts		698	(3,420)
Net cash generated/(used by) from investing activities		640	(1,583)
Financing activities			
Dividends paid		-	(10,000)
Net cash used in financing activities		-	(10,000)
Net increase in cash and cash equivalents		2,001	121
Cash and cash equivalents at the beginning of the year		3,443	3,322
Cash and cash equivalents at the end of the year		5,444	3,443

The notes on pages 15 to 28 form part of these financial statements.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Accounting policies

1.1 Reporting entity

Impax Asset Management Ltd (the "Company") is incorporated and domiciled in the UK. These financial statements present information about the Company which is a wholly-owned subsidiary undertaking of Impax Asset Management Group plc ("the Parent Company" or "the Group"), a company registered in England and Wales.

The Company has not prepared Group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006.

Copies of the Parent Company's accounts can be obtained online from www.impaxam.com.

1.2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted for use by the European Union.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements of the Company.

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of certain investments and derivatives being measured at fair value.

The financial statements are presented in Sterling. All amounts have been rounded to the nearest thousand unless otherwise indicated.

1.3 New accounting standards

IFRS 9 Financial instruments

IFRS 9 replaces the classification and measurement requirements previously contained in IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available-for-sale. In accordance with IFRS 9, the Company's financial assets and liabilities included in Loans and receivables have been reclassified into amortised cost. Financial assets previously classified as fair value through profit or loss ("FVTPL") remain as FVTPL (see note 15).

IFRS 9 requires hedge accounting relationships to be aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. Under the new standard the assessment of effective hedges and the accounting policy has not changed.

The adoption of IFRS 9 has not had a significant impact on the Company.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2019

In considering the requirements of IFRS 15, the Company has reviewed customer contracts to determine the performance obligations and the associated timing of income recognition in accordance with IFRS 15. In doing so, the Company has determined that the requirements of IFRS 15 in respect of these revenue sources are consistent with the Company's accounting policies under IAS 18, such that the adoption of IFRS 15 has not resulted in any significant impact to the Group.

IFRS 16 Leases is effective for the year ended 30 September 2020 but is not expected to have an impact on the Company's financial statements.

1.4 Revenue

Management fee revenue is recognised as the service is provided and it is probable that the fee will be received. Where fees are calculated and billed in arrears amounts are accrued and estimated based on the statement of financial position date.

Revenue also includes transaction-based fees. These fees are recorded as income as the service is provided and the receipt of income is almost certain.

Performance fees arising upon the achievement of the specified targets are recognised when the fees are confirmed as receivable.

1.5 Interest

Interest receivable is recognised using the effective interest method as it accrues.

1.6 Intangible fixed assets

Purchased software licences and associated implementation costs are stated at cost less accumulated amortisation.

Amortisation is charged in equal instalments over their estimated useful lives on a straight-line basis:

Software licences	-	over the life of the licence
Software implementation costs	-	3 years

The cost of acquiring a management contract is recognised and measured at its fair value at the acquisition date. The fair value represents the valuation of the expected profits to be earned from the management contract and is determined by discounting the expected future cash flows.

Management contracts are carried at cost less accumulated amortisation and any impairments losses. Amortisation is provided on a straight-line basis over the expected life of the contract.

1.7 Fixed asset investments

Investments in Group undertakings are stated at cost less provision for any permanent diminution in value. The investment in Ensyn is classified as a financial asset and recorded at fair value with changes in the fair value recorded through the profit and loss account.

1.8 Pensions

The Company operates defined contribution schemes for employees. The assets of the schemes are held separately from those of the Company in independently administered funds.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Accounting policies *continued*

1.9 Taxation

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits differ from "profit before tax" as reported in the income statement because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible in the current year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date. In the United Kingdom tax deductions are available in respect of the award of the Company's shares. In instances where the tax deduction is greater than the associated share-based payment charge due to differences in the Company's share price that amount, tax effected, is recognised in equity.

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that their recoverability is uncertain.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or if hedged forward at the hedged rate. All differences are taken to the income statement.

1.11 Share-based payments

The fair value of employee services received in exchange for the grant of restricted shares or share options is recognised as an expense. The fair value of the shares and share options awarded is determined at the date the employee is deemed to be fully aware of their potential entitlement and all conditions of vesting (termed the "grant date"). The expense is charged over the period starting when the employee commenced the relevant services (termed the "service commencement date") to the vesting date. In instances where the grant date occurs after the date of signing these financial statements the fair value is initially estimated by assuming that the grant date is the reporting date.

1.12 Use of Judgement and Estimates

In preparing these financial statements management has made judgements and estimates that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Revisions to estimates are recognised prospectively. The most significant estimates is described below.

- *Determining the share-based payment charge*

The Company makes share based payments (share options, restricted share awards and other share awards) to staff. The value of these is estimated using the Black-Scholes-Merton or binomial model. Key estimates include the volatility of Impax shares (which is determined based on historical volatility), Impax's dividend yield and the risk free rate.

IMPAX ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Revenue

Analysis of revenue by type of service:

	2019	2018
	£000s	£000s
Investment management and advisory services	38,840	30,815
Transaction fees	454	128
	39,294	30,943

Analysis of revenue by location of customers:

	2019	2018
	£000s	£000s
UK	2,126	1,519
Rest of world	37,168	29,424
	39,294	30,943

Revenue from two of the Company's fund individually represented more than 10% of the Company's revenue, equating to £6,885,000 and £4,823,000 (2018: two, equating to £5,863,000 and £3,626,000).

Revenue includes £38,980,000 from related parties (2018: £30,942,000)

3. Operating costs

	2019	2018
	£000s	£000s
Staff costs (see note 4)	15,638	15,765
Charges related to legacy long term incentive schemes	-	422
IT and communications	1,414	1,097
Amortisation and impairment	48	20
Charges from other Group companies	15,390	12,381
Other costs	2,178	1,070
Charges to other Group companies	(6,010)	(6,659)
	28,658	24,096

Charges related to legacy long-term incentive schemes are in respect of National Insurance Contributions payable by the Company on legacy long-term incentive schemes and retention payments payable by the Company following exercising of options awarded under the long-term incentive schemes. The Company accrues for the estimated payments due based on the year end share price of the Parent Company. The amount accrued therefore varies from period to period in line with the share price with any changes recorded through the income statement. The impact of this cost has been offset by tax credits which were recorded in income and in equity.

Auditor's remuneration in respect of the audit of the financial statements of £26,000 (2018: £26,000) was borne by Impax Asset Management Group plc.

The Company provides services to Impax Asset Management (AIFM) Limited, a fellow subsidiary and the charge for these services is reflected as a credit within operating costs.

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4. Staff costs

	2019	2018
	£000s	£000s
Salaries and variable bonuses	12,755	10,942
Social security costs	925	2,854
Pensions	343	287
Other staff costs	776	611
Share-based payment charge (see note 5)	839	1,071
	15,638	15,765

The Company contributes to employees' private pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost represents contributions paid by the Company to these funds. At year end, there was £nil payable to these funds (2018: £nil).

The average monthly number of employees during the period was:

	2019	2018
	£000s	£000s
Listed equity	16	16
Private equity	11	12
Property	1	2
Portfolio Services	9	9
Client Service & Business Development	18	16
	55	55

Director's emoluments during the year, including the highest-paid Director, were:

	2019	2018
	£000s	£000s
Emoluments for qualifying services	966	1,171
Company pension contributions to money purchase schemes	-	-
	966	1,171
Amounts to the highest paid Director (Included above)		
Emoluments for qualifying services	966	884
Company pension contributions to money purchase schemes	-	-
	966	884

	2019	2018
The average number of Directors		
- to whom pension benefits are accruing within the Company are	1	2
- who have exercised share options in the year is	-	2
- who have benefited from share-based awards in the year is	1	2

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Directors' emoluments borne by Impax Asset Management Group plc

The emoluments of J Keith R Falconer and Ian R Simm are borne by Impax Asset Management Group plc. Full details of their emoluments (together with emoluments paid to other directors) are shown in the accounts of Impax Asset Management Group plc.

Charles D Ridge is also remunerated by Impax Asset Management Group plc. Joseph Keefe is remunerated by Impax Asset Management LLC. Peter Rossbach is remunerated by Impax Asset Management (US) LLC.

5. Share-based payments

The Parent Company makes share-based payment awards to employees of the Company and as described in Note 1.11 the Company records a charge in the income statement to reflect this. Details of the relevant share plans and the awards made to employees of the Company are provided below.

Restricted share scheme

Restricted shares were granted to employees under the 2014, 2015, 2017 plans and 2019 plans. Post year end the Board approved the grant of a further 52,250 restricted shares under the 2019 plan. Details of the awards granted along with their valuation and the inputs used in the valuation are described in the table below. The valuation was determined using the Black-Scholes-Merton model with an adjustment to reflect that dividends are received during the vesting period. Following grant, the shares are held by a nominee for employees - who are then immediately entitled to receive dividends. After a period of three years the employees will be able to sell one third of the shares, after four years a further third and after five years the final third.

	2014 RSS	2015 RSS	2017 RSS	2018 RSS	2019 RSS
Awards originally granted	1,250,000	3,675,000	1,650,000/ 500,000/ 315,000	248,250	52,250
In respect of services provided for period from	1 Oct 2013	1 Oct 2014/ 9 Feb 2016	1 Oct 2016/ 14 Dec 2016/ 11 May 2017	1 Oct 2017	1 Oct 2018
Award value	49.9p	42.1p/41.5p	52.2p/87.7p/ 161.6p	201.3p	236.8p
Weighted average share price	52.5p	41.4p	77.4p	202.8p	239.0p
Expected volatility	32%	32%/31%	29% (all)	30%	31%
Weighted average option life	5.3yrs	4.9yrs	4.3yrs	5.3yrs	5.3yrs
Expected dividend rate	3%	3%	4%/2%/2%	1%	2%
Risk free interest rate	1.2%	1.2%/0.8%	0.6% (all)	1.2%	0.3%

Number of restricted shares	No.
Outstanding at 1 October 2018	6,639,749
Granted during the year	52,250
Vested during the year	(1,049,999)
Outstanding at 30 September 2019	5,642,000

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5. Share-based payments *continued*

Employee share option plan

Options granted between 2012 and 2017

The strike price of these options was set at a 10 per cent premium to the average market price of the Company's shares for the 30 business days (2015 and 2017 ESOP: five days) following the announcement of the results for each of the respective preceding financial years. The 2012 - 2015 ESOP options have vested. The 2017 options do not have performance conditions but do have a time vesting condition such that they vest subject to continued employment on 31 December 2020.

The valuation was determined using the Black-Scholes-Merton model.

Options granted in 2018 and 2019

In December 2019 400,000 options were granted under the 2018 plan. The strike price of these options is £1. The options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on 31 December 2023. Vested shares are restricted from being sold until after 31 December 2028 (other than to settle any resulting tax liability).

Post year end the Board approved the grant of 400,000 options under the 2019 plan with the same conditions as the 2018 plan

The valuation was determined using the binomial model.

An analysis of the options in the ultimate Parent Company granted to employees of the Company is as follows:

	Number	Weighted average exercise price/pence
Options outstanding at the start of the year	3,325,500	56.3
Options granted during the year	400,000	100.0
Options forfeited during the year	-	-
Options exercised during the year	(150,000)	46.2
Options expired during the year	-	-
Options outstanding at the end of the year	3,575,500	61.6
Options exercisable at the end of the year	2,375,500	15.1

For the options outstanding at the end of the period the exercise prices were 1p for the LTIPs (legacy share scheme), 47.9p for the ESOP 2013, 56.9p for the ESOP 2014, 45.4p for the ESOP 2015, 180.2p for the ESOP 2017 and 100p for the ESOP 2018. The weighted average remaining contractual life was 2.96 years.

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6. Other financial income/(loss)

	2019	2018
	£000s	£000s
Investment income	39	12
Dividend from subsidiary	-	1,900
Fair value (losses)/gains on investments (note 9)	(178)	(39)
Foreign exchange losses	195	(94)
	56	1,779

7. Taxation on profit on ordinary activities

(a) Analysis of the tax charge

	2019	2018
	£000s	£000s
Current tax		
UK corporation tax	1,355	(80)
Adjustments in respect of previous periods	(86)	17
	1,269	(63)
Deferred tax		
Charge for the year	681	1,375
Adjustments in respect of previous periods	112	(4)
	793	1,371
Tax charge on profit	2,062	1,308

(b) Factors affecting the tax charge for the year

	2019	2018
	£000s	£000s
Profit on ordinary activities before taxation	10,692	8,626
Tax effective rate of 19% (2018: 19%)	2,031	1,639
Effects of:		
Non-taxable dividend from subsidiary	-	(361)
Non-deductible expenses and charges	5	17
Fair value losses	-	-
Adjustment in respect of prior years	26	13
Changes recorded in tax rates	-	-
	2,062	1,308

(c) Deferred tax

	Share-based payment scheme	Other temporary differences	Total
	£000s	£000s	£000s
As at 1 October 2017	2,727	31	2,758
Credit to equity	1,894	-	1,894
Credit/(charge) to the income statement	(1,812)	442	(1,370)
As at 30 September 2018	2,809	473	3,282
Credit to equity	178	-	178
Credit/(charge) to the income statement	(362)	(431)	(793)
As at 30 September 2019	2,625	42	2,667

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8. Intangible assets

	Software £000s	Management contracts £000s	Total £000s
Cost			
As at 30 September 2017	342	112	454
Additions	76	-	76
As at 30 September 2018	418	112	530
Additions	97	-	97
As at 30 September 2019	515	112	627
Accumulated amortisation			
As at 30 September 2017	325	112	437
As at 30 September 2018	20	-	20
As at 30 September 2018	345	112	457
Charge for the year	48	-	48
As at 30 September 2019	393	112	505
	122	-	122
Net book value			
As at 30 September 2019	122	-	122
As at 30 September 2018	73	-	73
As at 30 September 2017	17	-	17

9. Investments

	Shares in group undertakings £000s	Other investments £000s	Total £000s
As at 1 October 2017	52	439	491
Change in fair value	(52)	13	(39)
As at 30 September 2018	-	452	452
Change in value	-	(178)	(178)
As at 30 September 2019	-	274	274

The Company has an investment in the Ensyn Corporation (an unlisted company based in the USA) which is recorded at a fair market value of £274,000. The valuation is determined on the price of the latest fair market transaction in this entity. The investment is classified as Level 3 for IFRS disclosure purposes.

The investment in Ensyn Corporation is subject to market and foreign exchange risks. The market risk exposure is based on the entity's financial performance. This is monitored by the Directors through periodic reviews of the company's performance and future plans. The foreign exchange risk arises from the investment being denominated in US\$.

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9. Investments *continued*

Holdings of more than 20%

The Company has a 20% equity holding in the following entities, all of which are incorporated in England and Wales (unless otherwise stated):

Company	Class	% held
Impax New Energy Investors (GP) Limited	Equity	100
Impax New Energy Investors II (GP) Limited	Equity	100
Impax Carried Interest Partner (GP) Limited	Equity	100
Impax Carried Interest Partner II (GP) Limited	Equity	100
Impax Asset Management (US) LLC*	Equity	100
Impax FLOW (GP) Limited	Equity	100
Impax Global Resource Optimization (GP) Limited	Equity	100
Climate Property (GP) Limited	Equity	100
INEI I GP (UK) LLP**	Membership interests	100
INEI II GP (UK) LLP***	Membership interests	100

* Incorporated in USA

** Held indirectly through subsidiaries Impax New Energy Investors (GP) Limited and Impax Carried Interest Partner (GP) Limited

*** Held indirectly through subsidiaries Impax New Energy Investors II (GP) Limited and Impax Carried Interest Partner II (GP) Limited

10. Trade and other receivables

	2019	2018
	£000s	£000s
<i>Amounts falling due within one year</i>		
Trade receivables	561	1,072
Amounts owed by Group undertakings	17,631	10,123
Other receivables	326	374
Prepayments and accrued income	9,742	8,180
Taxation and social security	-	99
	28,260	19,848

The ageing analysis of trade receivables at reporting date are as follows:

	2019	2018
	£000s	£000s
0-30 days	320	409
<i>Overdue, but not impaired:</i>		
31-60 days	241	170
61-90 days	-	493
Over 90 days	-	-
	561	1,072

£9,388,000 of trade and other receivables and accrued income were due from related parties (2018: £9,455,000) in respect of investment management services.

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11. Trade and other payables

	2019	2018
	£000s	£000s
<i>Amounts due within one year</i>		
Trade payables	946	5
Amounts due to Group undertakings	6,823	8,439
Other payables	1,027	2,679
Accruals and deferred income	8,093	7,017
Taxation and social security	2,179	2,759
	19,068	20,899
<i>Amounts due after more than one year</i>		
Accruals	704	228

12. Share capital

	2019	2018
	£000s	£000s
<i>Allotted, called up and fully paid</i>		
10,000 ordinary shares of £1 each	10	10

13. Related party transactions

Impax Global Resource Optimization Fund LP, Impax Climate Property Fund LP, Impax New Energy Investors LP, Impax Carried Interest Partners LP, Impax New Energy Investors II LP, Impax New Energy Investors II-B LP and Impax Carried Interest Partners II LP are related parties of the Company by virtue of subsidiaries being the General Partners to these funds.

BNP Paribas Asset Management Holding is a related party of the Company by virtue of owning a 24.48% equity-holding in the ultimate Parent Company, Impax Asset Management Group plc.

Other funds managed by the Company are also related parties by virtue of its management contracts. Transactions with other Group companies are related party transactions.

Related party transactions are disclosed in notes 2,3, 6, 10 and 11.

14. Financial risk management

Risk management is integral to the business of the Company. There are systems of controls in place to create an acceptable balance between the potential cost should such a risk occur and the cost of managing those risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. This section provides details of the Company's exposure to financial risks and describes the methods used by management to control such risk.

Foreign exchange

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. A significant amount of the Company's income is denominated in Euro and US dollars. The Company's foreign exchange risk arises from income received in these currencies, together with an exposure to expenses in foreign currencies, principally US dollars.

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14. Financial risk management *continued*

The strategy of the Company for the year ended 30 September 2019 has been to convert earned income back to Sterling and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge. There was no hedging completed during the current or prior year.

The Company's exposure to foreign exchange risk at 30 September 2019 was as follows:

	EUR/GBP £000s	USD/GBP £000s	Other/GBP £000s
Assets			
Investments	-	274	-
Trade and other receivables	7,728	10,052	833
Cash and cash equivalents	42	976	-
	7,770	11,302	833
Liabilities			
Trade and other payables	1,115	1,005	711
Net exposure	6,655	10,297	122

The Company's exposure to foreign exchange risk at 30 September 2018 was as follows:

	EUR/GBP £000s	USD/GBP £000s	Other/GBP £000s
Assets			
Investments	-	452	-
Trade and other receivables	184	192	160
Cash and cash equivalents	1	672	-
	185	1,316	160
Liabilities			
Trade and other payables	257	9	524
Net exposure	(72)	1,307	(364)

The following table demonstrates the estimated impact on Company post-tax profit and net assets caused by a 5 per cent variance in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit will either increase or (decrease) as shown.

	Post-tax profit	
	2019 £000s	2018 £000s
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	(415)	(52)
GBP weakens against the USD, down 5%	415	52
GBP strengthens against the USD, up 5%	(268)	3
GBP weakens against the USD, down 5%	268	(3)

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at a cost. The Company monitors its liquidity risk using cash flow forecasts considering the cash required to meet the Company's investment plans and its regulatory capital requirements.

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14. Financial risk management *continued*

At 30 September 2019, the Company had total current assets of £44,019,000. This is £24,951,000 in excess of trade and other payables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its interest-bearing assets, specifically cash balances that earn interest at a floating rate.

Market risk

The significant holdings that are exposed to equity market price risk is the Company's investments in Ensyn Corporation. See note 9 for further information.

Financial assets and liabilities by category

	Financial assets measured at fair value £000s	Financial assets/liabilities measured at amortised cost £000s
At 30 September 2019		
Financial assets		
Investments	274	-
Trade and other receivables	-	18,518
Cash held in money market funds & long-term deposit accounts	7,557	-
Cash and cash equivalents	-	5,444
Total financial assets	7,831	23,962
Financial liabilities		
Trade and other payables	-	8,796
	Financial assets measured at fair value £000s	Financial assets/liabilities measured at amortised cost £000s
At 30 September 2018		
Financial assets		
Investments	452	-
Trade and other receivables	-	11,569
Cash held in money market funds & long-term deposit accounts	8,255	-
Cash and cash equivalents	-	3,443
Total financial assets	8,707	15,012
Financial liabilities		
Trade and other payables	-	11,123

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15. Commitments and contingencies

On 18 January 2018 Impax Asset Management Group plc borrowed \$25 million from the Royal Bank of Scotland pursuant to a \$26 million debt facility agreement in connection with the Group's acquisition of Pax World Management LLC. The Company has agreed to provide security for such obligations through a debenture and act as a Guarantor under the debt facility agreement. As a Guarantor it is jointly and severally liable with other Guarantors (being fellow subsidiary undertakings) and has agreed that whenever amounts due under the debt facility agreement have not been paid by Impax Asset Management Group plc, the Company will immediately on demand pay that amount. At 30 September 2019 the debt had been fully repaid but the Group retains the ability to draw up to \$13 million under the facility.

16. Immediate and ultimate Parent Company

The immediate Parent Company and ultimate controlling undertaking is Impax Asset Management Group plc, an AIM-listed company registered in England and Wales. Copies of the financial statements of Impax Asset Management Group plc can be obtained from Companies House or online at www.impaxam.com.