Waverton Investment Management Group Limited
(Formerly known as BNL Investments UK Limited)

Registered in England No. 08440808

Annual Report and Accounts

Year Ended 30 September 2019

WAVERTON
INVESTMENT MANAGEMENT

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Strategic report

The primary activity of Waverton Investment Management Group Limited, formerly known as BNL Investments UK Limited ("The Company"), is to hold the investment of its wholly owned subsidiary, Waverton Investment Management Limited ("Waverton"). The business of the Company and its subsidiaries ("The Group") is to provide investment management and financial advisory services to a wide range of private clients, charities and institutional clients. The group's principal source of revenue is investment management fees which are charged periodically to client portfolios. The largest cost to the Group is personnel costs. The strategy of the Group is to provide the highest quality investment management and financial advisory services to a wide range of clients and to focus on growing its client base.

Waverton comprises four business lines: Private Clients, services for Financial Advisers, Charities, and services for Institutions. The Group is also seeking to broaden its offering to clients and acquired Timothy James and Partners ("TJP"), a London-based Independent Financial Advisor on 12th December 2019 to further this objective.

The Company also seeks to look for business opportunities and to work closely with the companies within the Somers Group, the majority shareholder of the Company. Cooperation in areas such as business development with group companies in Bermuda and Asia, all assist the Company with its strategic objectives.

The Company changed its name from BNL Investments UK Limited to Waverton Investment Management Group Limited effective 5th December, 2019.

The group is located at 16 Babmaes Street, London SW1, and has a representative office located in Thailand, which provides specialist investment research to Waverton.

Performance

One of the most important measures for the group is Assets Under Management ("AUM") as the vast majority of revenue is generated from periodic asset-based fees (94%). AUM at 30th September 2019 was £6,256m (2018: £5,939m).

The revenue for the year to 30 September 2019 was £40.0m (2018: £37.5m), reflecting increased revenues derived from resilient markets and net new assets generated of £193m (2018: £326m). The expenditure for the year 30 September 2019 increased to £33.7m (2018: £29.9m). The increase in expenditure was largely due to investment in personnel.

Profit before taxation was £5.3m (2018: £6.4m) which delivered to the shareholders a profit after tax of £3.9m (2018: £4.8m).

Dividends of £2.9m were paid to the Company's shareholders during the year (2018: £4.8m).

Discussion of risks and uncertainties

The Group is reliant upon asset-based fees for the majority of its revenue and is therefore subject to the inherent risk and uncertainty of financial markets. The Company's exposure to other risks such as interest rate, credit and concentration risk are considered in Note 20.

In the year to 30 September 2019, the MSCI All Countries World Index rose by 7.15%. This performance masks some difficult periods throughout the year. Despite the US Federal Reserve cutting rates in July, the bond market seemed to signal the need for further rate cuts and revisions to important data on corporate profits highlighted the risk that this very prolonged 10 year expansion was running out of steam. Investors were also unsettled by further tariffs announced by the US in their ongoing 'trade war' with China. These factors caused increasing uncertainty in world stock markets, which has continued into 2020.

Within the financial services industry, constant regulatory change poses a significant business risk. Management have invested significant time and resources to ensure recent changes such as the Senior Managers & Certification Regime and the MiFID II regulation are implemented.

In the post balance sheet period, the world has been coping with the Coronavirus pandemic and the disease it causes known as COVID-19. The advent of this pandemic has caused disruption to the world economy, with many countries including the United Kingdom imposing severe restrictions of movement on its citizens. These restrictions have contributed to increased volatility in world financial markets, and an economic recession in the United Kingdom.

Waverton demonstrated its operational resilience by successfully enabling all employees to work remotely where necessary in the weeks leading up to Government imposed movement restrictions ("lockdown"). This effort minimised any disruption to the business when the Babmaes Street office was closed on 23rd March, 2020.

The critical requirement for Waverton is the ability to maintain the quality of its investment process and client service provision remotely, including the capacity to allow clients to access information on their investments in a number of ways, such as the Waverton Client Portal.

Waverton will continue to adapt its processes to the new environment imposed by COVID-19, whilst maintaining the integrity of its control environment. Management believe Waverton's objectives can be met even against this backdrop of increased economic uncertainty and market volatility.

Brexit matters applicable to Waverton

The client base of the Group is predominantly UK-based however there are global clients including some resident and domiciled within the European Economic Area (EEA) which will be affected by the UK leaving the EU.

Under the revised EU *Withdrawal Agreement*, there will be an *Implementation Period*, also referred to as the *Transition Period,* during which the UK will effectively still be in the Customs Union and part of the Single Market until 31 December 2020:

- Passporting arrangements will remain in place
- All EU regulation must be applied

Beyond 2020, the Government's stated approach to the future relationship with EU is to use and expand existing equivalence regimes; for example, the UK will recognise the Irish regulator (CBI) as a competent authority thereby facilitating a continued commitment by the FCA to allow Dublin UCITS funds to be marketed to UK retail investors and allowing the Company to continue as the investment manager based in the UK.

Management has discussed contingency plans which cover various outcomes that would include the use of agents in various EU countries, a passporting registration plan and the option of opening a representative office in Dublin to sit alongside our Fund platform.

Management is aware that if no agreement is reached by the end of the transition period, further action will be required by Waverton in order to continue its ability to serve EEA clients. We believe that the current 'reverse solicitation' exception arrangement will continue whereby clients may approach firms across borders but there are regulations controlling marketing activity.

Management will continue to monitor the development of negotiations between the UK and the EEA very closely.

A N R Fleming stepped down as Chief Executive Officer of Waverton during the year and the Board thanks him for his contribution. The board appointed G N Tucker as the new Chief Executive Officer of Waverton Investment Management Limited in February 2020. He was appointed a director of the Company on 5th March, 2020.

Signed on behalf of the Board of Directors on 24th June 2020

By order of the Board

F D S Rosier
Chairman

Directors' Report

International financial reporting standards

The company's 2019 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU).

The financial statements were authorised for issue by the Directors on 24th June 2020.

Directors and Directors' Interests

The Directors of the company, who served during the year, and at the time these financial statements were issued are listed below:

A N R Fleming	Resigned 6th June 2019
A A Percy	
G N Tucker	Appointed 5th March 2020

The Non-Executive Directors of the company are listed below:

D J Morgan	
C D O Jillings	
F D S Rosier	
W J McLeland (Alternate)	Resigned 24th June 2019

None of the Directors had any interest in the share capital of the Company. Any interests held by the Directors in the share capital of other companies in the group are disclosed in the financial statements of those companies.

During the year the non-executive chairman F D S Rosier also took on the role of interim Chief Executive of Waverton Investment Management Limited until G N Tucker was appointed in the role on 10th February 2020.

Insurance

Throughout the year, the Group maintained insurance to provide protection for clients against losses arising from any negligence or dishonesty of its employees.

Directors' Indemnities

Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report. The Company provided qualifying third party indemnity provisions to directors of associated companies during the financial year and at the date of this report.

Donations

Charitable donations made by the Group during the year to 30 September 2019 amounted to £11,420 (2018: £8,910).
Political donations made by the Group during the year amounted to nil (2017: nil).

Risk Management

The policies of the Company regarding risk management are set out in Note 19 to the financial statements.

Employee Involvement and Employment of Disabled Persons

The Company gives full and fair consideration to disabled persons in employment applications, training and career development including those who became disabled during their period of employment.

Dividends

A dividend of £2,867k was paid during the year (2018: £4,763k).

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of the Strategic and Directors' Report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he 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.

Signed on behalf of the Board of Directors on 24th June 2020

By order of the Board

F D S Rosier
Chairman

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

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group 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.

Signed on behalf of the Board of Directors on 24th June 2020

By order of the Board

F D S Rosier
Chairman
16 Babmaes Street
London
SW1Y 6AH

Independent Auditor's Report to the Members of Waverton Investment Management Group Limited

Opinion

We have audited the financial statements of Waverton Investment Management Group Limited ("the company") for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and related notes, including the significant accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group 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.

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 group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, 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 group and parent 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 group or the parent 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, 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.

Richard Smith

Richard Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
24 June 2020

Consolidated Statement of Comprehensive Income

	Note	Year to 30 September 2019 £000	Year to 30 September 2018 £000
Revenue	4	39,926	37,487
Administrative expenses	5	(34,614)	(31,118)
Operating profit		5,312	6,369
Other income		22	6
Interest receivable/(payable)		-	-
Profit before tax	5	5,334	6,375
Income tax charge	9	(1,461)	(1,604)
Profit after tax for the year		3,873	4,771
Total comprehensive income for the year		3,873	4,771

All gains and losses from activities relate to continuing operations.

The notes on pages 17 to 36 form part of these financial statements.

Consolidated Statement of Financial Position

	Note	As at 30 September 2019 £000	As at 30 September 2018 £000
Non-current assets			
Property, plant and equipment	10	1,278	1,534
Goodwill	21	16,729	16,729
Intangible assets	22	-	1,009
Current assets			
Cash at bank and at hand	11	8,427	8,395
Trade and other receivables	12	10,834	10,680
Other assets	13	4,035	1,822
Deferred tax asset	9	-	12
Total assets		41,303	40,181
Current liabilities			
Trade and other payables	14	9,157	9,009
Corporation tax liability		614	667
Deferred tax liability	9	21	-
Non-current liabilities			
Provision for restoration costs		167	167
Total liabilities		9,959	9,843
Capital & reserves			
Issued share capital	15	17,200	17,200
Treasury shares	15	(600)	(600)
Retained earnings		14,744	13,738
Total equity		31,344	30,338
Total equity and liabilities		41,303	40,181

The notes on pages 17 to 36 form part of these financial statements.

These financial statements were approved by the Board of Directors on 24th June 2020 and signed on its behalf by:

F D S Rosier
Chairman

Company Statement of Financial Position

	Note	As at 30 September 2019 £000	As at 30 September 2018 £000
Non-current assets			
Investment in subsidiaries	19	44,955	44,955
Current assets			
Cash at bank and in hand		4	296
Loan to Employee Benefit Trust		2,446	453
Group relief receivable		-	26
Total Assets		47,405	45,730
Current liabilities			
Intercompany payable	14	437	4,970
Financial liabilities	14	-	-
Total liabilities		437	4,970
Capital & reserves			
Issued share capital	15	17,200	17,200
Retained earnings		29,768	23,560
Total equity		46,968	40,760
Total equity and liabilities		47,405	45,730

The notes on pages 17 to 36 form part of these financial statements.

These financial statements were approved by the Board of Directors on 24th June 2020 and signed on its behalf by:

F D S Rosier
Chairman

Consolidated Statement of Changes in Equity

	Share capital £000	Treasury shares £000	Share premium £000	Retained earnings £000	Total £000
Balance as at 1 October 2017	17,200	(600)	-	13,730	30,330
Net profit for the year	-	-	-	4,771	4,771
Dividend paid	-	-	-	(4,763)	(4,763)
Balance as at 30 September 2018	17,200	(600)	-	13,738	30,338
Net profit for the year	-	-	-	3,873	3,873
Dividend paid	-	-	-	(2,867)	(2,867)
Balance as at 30 September 2019	17,200	(600)	-	14,744	31,344

Company Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Balance as at 1 October 2017	17,200	-	23,425	40,625
Net profit for the year	-	-	4,898	4,898
Dividend paid	-	-	(4,763)	(4,763)
Balance as at 30 September 2018	17,200	-	23,560	40,760
Net profit for the year	-	-	9,075	9,075
Dividend paid	-	-	(2,867)	(2,867)
Balance as at 30 September 2019	17,200	-	29,768	46,968

The Company's profit after tax was £9,075k for the year ended 30 September 2019 (2018: £4,898k).

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

	Note	Year Ended 30 September 2019	£000	Year Ended 30 September 2018	£000
Cash flows from operating activities					
Profit before tax for the year		5,334		6,375	
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities					
Non-cash items included in profit before tax and other adjustments:					
Depreciation on property, plant and equipment	5	365		337	
Amortisation of intangible asset	22	1,009		1,211	
Interest received		(22)		(6)	
Revaluation of shares held		(198)		7	
Foreign exchange losses / (gains)	5	(108)		(46)	
Adjustments for:					
Net (increase)/decrease in operating assets:					
Trade and other receivables		(154)		1,025	
Other assets		(2,015)		567	
Net (decrease)/increase in operating liabilities:					
Trade and other payables		148		(388)	
Tax/Group relief paid		(1,480)		(1,835)	
Other liabilities		-		-	
Net cash flow generated from operating activities			**2,879**		**7,247**
Investing activities					
Capital expenditure for property, plant and Equipment	10	(110)		(248)	
Interest received		22		6	
Acquisition of subsidiary, net of cash acquired		-		(298)	
Net cash flow used in investing activities			**(88)**		**(540)**
Financing activities					
Dividends paid		(2,867)		(4,763)	
Net cash flow used in financing activities			**(2,867)**		**(4,763)**
Net increase / (decrease) in cash and cash equivalents			**(76)**		**1,944**
Cash and cash equivalents at the beginning of the year			**8,395**		**6,405**
Effect of exchange rate fluctuations on cash held	5		108		46
Cash and cash equivalents at the end of the Year	11		**8,427**		**8,395**

Company Statement of Cash Flows

	Note	Year Ended 30 September 2019 £000		Year Ended 30 September 2018 £000	
Cash flows from operating activities					
Profit before tax for the year		9,075		4,897	
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities					
Non-cash items included in profit before tax and other adjustments:					
Inter-Company dividend received		(9,078)		(4,900)	
Adjustments for:					
Net (increase)/decrease in operating assets:					
Other assets		(1,994)		(208)	
Net (decrease)/increase in operating liabilities:					
Trade and other payables		(4,533)		350	
Group relief received		27		-	
Net cash flow (used) / generated from operating activities			**(6,503)**		**139**
Investing activities					
Dividends received		9,078		4,900	
Net cash flow generated / (used) in investing activities			**9,078**		**4,900**
Financing activities					
Loan repayments		-		-	
Dividends paid		(2,867)		(4,763)	
Net cash flow used in financing activities			**(2,867)**		**(4,763)**
Net increase / (decrease) in cash and cash equivalents			**(292)**		**276**
Cash and cash equivalents at the beginning of the year			**296**		**20**
Cash and cash equivalents at the end of the Year	11		**4**		**296**

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

1) General

Waverton Investment Management Group Limited ("the Company") is domiciled in England and Wales. The address of the Company's registered office is 16 Babmaes Street, London, SW1Y 6AH.

2) Significant accounting policies

a) Statement of compliance

The Company's financial statements have been prepared on a going concern basis and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS") They were issued by the Company's board of directors on 24th June 2020.

On publishing the Company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statements of income and related notes.

b) Basis of preparation

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group. The financial statements are presented in pounds sterling ('GBP'), rounded to the nearest thousand. They are prepared on the historical cost basis.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these financial statements are set out in Note 3.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

The assessment of going concern for the Group included assessing the possible effects of the Covid-19 pandemic on the entity's ability to continue as a going concern. In considering plausible scenarios, the Directors considered an assumption of an ongoing drop in revenue by 20%. The result of this test has confirmed the Directors' view that the Group continues to have sufficient liquidity and capital and that the going concern basis of preparation is appropriate.

Standards and interpretations

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 October 2019 have not been applied in preparing these financial statements:

- IFRS 16 Leases – covers the recognition, measurement, presentation and disclosure of leases, and applies to an annual reporting period beginning on or after 1 January 2019.

The Company is in the process of evaluating the potential effect of this standard and will adopt this standard in accordance with the effective dates of 1 October 2019. The Group has an operating lease for its main premises, and will be adding this "right to use" asset and corresponding liability to the balance sheet when the standard is implemented.

IFRS 15 Revenue – this standard was adopted for the period commencing 1 October 2018 (note 4)

IFRS 9 Financial Instruments – this standard was adopted for the period commencing 1 October 2018 (note 18)

Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Company and all its subsidiaries as at 30 September 2019.

All intercompany balances and transactions are eliminated in full on consolidation. The financial statements of the Company's subsidiaries are presented for the same reporting year as the Company, or from the date of acquisition, being the date which the Company obtains control, if less than the reporting year, using consistent accounting policies

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Intangible Assets

Impairment

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date that they are available for use.

Foreign currency

The Company's functional currency is GBP. Transactions denominated in currencies other than GBP are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to GBP at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised at their historic foreign exchange rates.

Loans

Loans are intragroup and commercial borrowings which are recognised initially at fair value net of transaction costs. These borrowings are subsequently stated at amortised cost using the effective interest rate method.

Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Statement of Comprehensive Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the period and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantially enacted at the balance sheet date.

For UK corporation tax purposes the Company may surrender or claim losses from another UK group Company. The surrendering Company will be compensated in full for the value of the tax losses surrendered by the claimant Company.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences arise from the depreciation of property, plant and equipment and other short term temporary differences. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the balance sheet, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liability is recognised on taxable temporary differences arising on un-remitted earnings of subsidiaries except to the extent that it is probable that such temporary differences will not reverse in the foreseeable future.

Information as to the calculation of income tax on the profit or loss and deferred tax for the periods presented is included in Notes 9 and 10.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Between purchase date and next lease break date
Furniture, fittings and equipment	4 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Statement of Comprehensive Income.

Dividends

Dividends are recognised in retained earnings when paid. Dividend income is recognised in the Statement of Comprehensive Income as the dividend is declared.

Finance costs

Interest payable on commercial borrowings is recognised according to the interest rates in the contract and calculated on an accruals basis.

Financial Instruments

Recognition and initial measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing its financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial instruments. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the objective of the Group in realising the value of the financial assets

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Management have assessed the business model of the Group and all financial assets are held with the objective to collect contractual cash flows. The Group does not have any financial assets held for sale.

The Group has adopted IFRS 9 with effect from 01 October 2018. The financial assets of the Group are held over a short period of time, and do not have a significant financing component. The fair value of financial assets held by the Group are therefore not materially different from the book value.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL:
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost:
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI:
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI:
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all of the risks and rewards of ownership.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability us classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss,. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment –Financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on the financial assets held. Due to the short term nature of the financial assets held by the Group, the allowances are measured using a lifetime ECL model.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative

information and analysis, based on the Group's historical experience and informed credit assessment that includes forward looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

On completing an assessment using a simple ECL model, the Group does not have any indication of a material impairment loss and therefore no impairment has been recognised.

Credit-impaired financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is credit impaired. An individual receivable position or portfolio of positions is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. The amount of the loss is recognised in the Statement of Comprehensive Income. An allowance for impairment is reversed only when the credit quality has improved such that there is reasonable assurance of timely collection of the cash flows in accordance with the original contractual terms of the agreement.

Cash and cash equivalents

For the purpose and preparation of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less and that are held for the purpose of cash management.

Performance obligations and revenue recognition policies:

Revenue primarily consists of management fees, commission on dealing and net margin derived from placing client funds on deposit. Revenue is recognised on an accrued basis as the Group's performance obligations with customers have been met in accordance with IFRS 15.

Revenue is measured based on the consideration specified in the contract with a customer. The Group recognises revenue when it meets its obligations for the services it transfers to a customer.

Investment management fees, fees from support services and miscellaneous income:

Invoices for these services are issued on a monthly or quarterly basis and are usually payable within 30 days.

Revenue is recognised over time as the services are provided by the Group. These performance obligations within the customer contracts are ongoing and continuous until the individual contract is terminated.

The revenue is recognised in accordance with the contract terms. The performance obligations are deemed to be met over time by the Group, and the rights to consideration under the contract are then transferred to the Group periodically.

Commission on trade placement and foreign exchange transaction fees:

The commission due to the Group upon completion of each transaction is recognised as revenue at the point in time when each transaction is settled. The consideration under the contract is transferred to the Group when recognised as revenue.

3) Critical accounting estimates, judgements and evaluation of intangibles in applying accounting policies

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the year ended 30 September 2018 include the following:

- Goodwill: Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment at least annually. The basis of the fair valuations of assets, liabilities and contingent liabilities require significant estimates and judgement to estimate their future value to the group as part of the review of the valuation of the carrying goodwill.

- Valuation of assets and share based payment liabilities in the Employee Benefit Trust. The value of shares held in the trust and share based payment liabilities derived from these holdings are subject to forward earnings estimates. The price adopted by the board is subject to an assessment of these estimates at each balance sheet date in the context of wider market and industry conditions.

4) Revenue

The Group generates revenue primarily from the provision of investment management services to its customers. All revenue is generated from continuing operations. The first period in which IFRS 15 has been applied is the period beginning 1st October 2018. There has been no effect on prior period comparatives when applying this standard. All revenue is recognised on the basis that the Group has met its performance obligations on a continuous basis in the case of services, and revenue from individual transactions is met at the point in time the transaction is completed.

Other sources of revenue include amounts generated from interest on client margin and placing and unit trust commission.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Revenue from contracts with customers:	**Year ended 30 September 2019 £000**	**Year ended 30 September 2018 £000**
Total revenue from contracts with customers	39,127	37,110
Other revenue:		
Margin on client money	799	340
Placing and unit trust commission	-	36
Total other revenue	799	376

In the following table, revenue from contracts with customers is disaggregated by services provided by the Company and the timing of revenue recognition:

Disaggregation of revenue from contracts with customers:	Year ended 30 September 2019 £000	Year ended 30 September 2018 £000
Fees from investment management services	36,486	35,105
Foreign exchange transaction fees	1,303	401
Fees from support services	1,045	1,154
Commission on trade placement	285	415
Miscellaneous income	8	35
Total revenue from contracts with customers	39,127	37,110

The company does not have any remaining performance obligations at 30 September 2019.

5) Profit before taxation

Profit on ordinary activities before taxation is stated after charging the following:

	Year to 30 September 2019 £000	Year to 30 September 2018 £000
Depreciation of property, plant and equipment	365	337
Foreign exchange gains	(108)	(46)
Operating leases	1,635	1,628
Amortisation of intangible assets	1,009	1,211

6) Auditor's remuneration

	Year to 30 September 2019 £000	Year to 30 September 2018 £000
Audit of these financial statements	13	9
Auditor's remuneration and their associates:		
Audit of financial statements of subsidiaries	48	40
Audit related regulatory services	38	30
Taxation compliance services	14	22

7) Emoluments of Directors

Excluding pension contributions, the aggregate amount of emoluments of the highest paid Director for the year to 30 September 2019 were £937,879 (2018: £549,125). The group made nil contributions to their pension scheme during the period (2018: nil). The Directors have not received any advances or credit from the group or received any payments relating to long term incentive schemes during the year.

	Year to 30 September 2019 £000	Year to 30 September 2018 £000
Statutory Directors' emoluments (for all group companies)	1,855	1,460
Group contributions to pension schemes invested on a money purchase basis in respect of:		
6 Statutory Directors (2018: 8)	-	-
Compensation for loss of office	88	-
Total	1,943	1,460

8) Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, were as follows:

	Year to 30 September 2019	Year to 30 September 2018
Fund management	45	44
Administration	100	98
Total	145	142

The aggregate payroll costs of these persons were as follows:

	Year to 30 September 2019	Year to 30 September 2018
Wages and salaries	18,317	14,568
Social security costs	1,455	1,245
Other pension costs	1,094	1,283
Total	20,866	17,096

Other pension costs relate to the Group contributions due to the defined contribution pension schemes for the benefit of all employees.

9) Income tax – Consolidated

a) Analysis of tax charge in the year

	Year to 30 September 2019 £000	Year to 30 September 2018 £000
Current tax		
Current tax on profits in the year	1,390	1,598
Adjustments in respect of previous periods	38	-
Total current tax charge	1,428	1,598
Deferred tax		
Origination and reversal of timing differences	3	(13)
Adjustment in respect of previous periods	30	18
Effect of tax rate change	-	1
Total deferred tax	33	6
Total income tax charge	1,461	1,604

b) Factors affecting the tax charge / credit for the period

Income tax expense for the year to 30 September 2019 was £1,461k (2018: £1,604k). This is higher than the statutory tax rate applying in the period of 19.0% (2018: 19.0%). The differences are explained below:

	Year to 30 September 2019 £000	Year to 30 September 2018 £000
Profit on ordinary activities before taxation	5,334	6,375
Profit before tax multiplied by the UK statutory rate of corporation tax at the rate of 19.0% (2018: 19.0%)	1,013	1,211
Total current tax charge	-	-
Permanent differences	380	399
Adjustments to current tax in respect of previous periods	38	-
Adjustments to deferred tax in respect of previous periods	30	18
Effect of change in tax rate	-	1
Share based payments	-	(25)
Income tax expense	1,461	1,604

c) Provision for deferred tax

The movement for the year on the deferred tax account is as follows:

	Year to 30 September 2019	Year to 30 September 2018
At the beginning of the year	12	20
Acquisition of Parrish Blake	0	(3)
Benefit to income for the year	(4)	14
Prior year adjustments	(30)	(18)
Effect of change in tax rate	1	(1)
At end of year	(21)	12
Deferred tax balances are attributable to the following assets:		
Decelerated tax depreciation	(25)	1
Pension accruals	4	11
At end of year	(21)	12

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 30 September 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020, this change was substantively enacted on 17 March 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £2,498.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are calculated on all temporary differences using a tax rate of 17% (2018: 17%).

10) Property, plant and equipment

	Leasehold Improvements	Fixtures, Fittings & Equipment	Total
	£000	£000	£000
Cost			
At 1 October 2018	1,683	795	2,478
Additions	-	110	110
Write-offs	-	(349)	(349)
At 30 September 2019	1,683	556	2,238
Accumulated Depreciation			
At 1 October 2018	(538)	(406)	(944)
Charge for the year	(169)	(196)	(365)
Write-offs	-	349	349
At 30 September 2019	(707)	(253)	(960)
Net book value			
At 30 September 2018	1,145	390	1,534
At 30 September 2019	975	303	1,278

11) Cash and cash equivalents

	Group as at 30 September 2019	Group as at 30 September 2018	Company as at 30 September 2019	Company as at 30 September 2018
	£000	£000	£000	£000
Cash at bank and in hand	8,427	8,395	4	296

Cash at bank earns interest at floating rates based on daily bank deposit rates. The book value of cash and cash equivalents approximates their fair value.

12) Trade and other receivables

	Group as at 30 September 2019	Group as at 30 September 2018
	£000	£000
Trade receivables	381	648
Other receivables	60	115
Rent Deposit	1,137	1,137
Accrued Income	9,256	8,780
Total	10,834	10,680

13) Other assets

	Group as at 30 September 2019 £000	Group as at 30 September 2018 £000
Prepayments	1,790	1,741
Shares held by the Employee Benefit Trust	2,245	81
Total	4,035	1,822

14) Trade and other payables

Trade and other payables

	Group as at 30 September 2019 £000	Group as at 30 September 2018 £000	Company as at 30 September 2019 £000	Company as at 30 September 2018 £000
Current liabilities				
Staff cost liabilities	4,502	3,907	-	-
Other liabilities	4,655	5,102	437	4,970
Total	9,157	9,009	437	4,970

15) Issued share capital

	As at 30 September 2019 £000	As at 30 September 2018 £000
2,640,000 Ordinary A Shares of £1 each	2,640	2,640
3,810,000 Ordinary B Shares of £1 each	3,810	3,810
10,750,000 Ordinary C Shares of £1 each	10,750	10,750
Total	17,200	17,200

All classes of share carry full voting, dividend and capital distribution rights.

Treasury shares are included in the financial statements by consolidation of the Employee Benefit Trust (EBT). The reserves comprise the cost of the company's shares held by the group through the EBT. At 30 September 2019, the EBT held 600,000 of the company's shares.

16) Operating leases

The following table sets forth the details of future minimum payments the Group is committed to under non-cancellable operating leases:

	As at 30 September 2019 £000	As at 30 September 2018 £000
Within 1 year	1,611	1,611
Between 1 - 3 years	6,445	6,445
Between 5 – 10 years	1,612	3,223
Total	9,668	11,279

17) Measurement and fair value of financial instruments

The following table details the financial assets held by the Group, which are short term in nature with an insignificant financing component. On completing the assessment using the simple ECL model, the Group does not have any indication of a material impairment loss. The fair values are therefore equal to the book value initially recognised.

Financial assets

	As at 30 September 2019 £000	As at 30 September 2018 £000
Cash and cash equivalents	8,427	8,395
Shares in JOSH Management Limited	2,245	81
Trade and other receivables	440	764
Accrued income	9,256	8,780
Rent deposit	1,137	1,137
Total	21,505	19,157

Financial liabilities

	As at 30 September 2019 £000	As at 30 September 2018 £000
Staff cost liabilities	4,502	3,907
Share based payment liability	757	727
Other liabilities	166	-
Trade payables	484	882
Other payables	781	592
Accruals	2,467	2,901
Total	9,157	9,009

18) Financial instruments risk management

Overview

The Group's risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with the control framework and in consideration of industry best practices. The primary responsibility for risk management lies with Waverton's senior business line managers, in the subsidiary undertaking. They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk and reputational risk.

Risk management principles

The prudent taking of risk is fundamental to the business of the Group. The primary objectives of risk management are to protect the financial strength and the reputation of the Group, while looking to ensure that capital is well deployed to maximise income and shareholder value. The Group's risk management framework is based on the following principles, which apply universally across all risk types.

- Protection of financial strength: The Group manages risk in order to limit the impact of potentially adverse events on the Group's capital and income. The Group's risk appetite is to be consistent with its financial resources.
- Protection of reputation: The value of the Group's franchise depends on its reputation. Protecting a strong reputation is both fundamental and an overriding concern for all staff members.
- Risk transparency: Risk transparency is essential so that risks are well understood by senior

management and members of the Group Board of Directors and can be balanced against business goals.

- Management accountability: Group is organised into segments that own the comprehensive risks assumed through their operations. Management of each segment is responsible for the ongoing management of their respective risk exposures and earning a sufficient long term return for the risks taken.
- Independent oversight: Risk management is a structured process to identify, measure, monitor and report risk. The risk management, controlling and legal and compliance functions operate independently of the front office to ensure the integrity of the Group's control processes. The risk management functions are responsible for implementing all relevant risk policies, developing tools to assist senior management to determine risk appetite and assessing the overall risk profile of the Group.

Risk management oversight

Risk management oversight is performed at several levels in the organisation. Key responsibilities lie with the following management bodies and committees.

Risk management oversight at the Waverton management level as at 30 September 2019

- The Risk Committee is responsible for reviewing and evaluating the firm's risks, these include credit, market, business, liquidity, systems and concentration risks. The committee meets once a month. The Finance department is responsible for the monitoring and reporting of capital adequacy.
- Waverton Executive Management (Management Committee and Executive Committee): Responsible for implementing the strategy and actively managing its portfolio of businesses and its risk profile with the objective of balancing risk and return appropriately in the prevailing market conditions.

a. Market risk

Overview

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant market parameters, such as market volatilities. The Group is exposed to market risk with regards to foreign currency and interest rates. It is also significantly exposed to investment markets including equities, bonds and commodities. These form the majority of the clients' investments, on which management fees are charged as a percentage of their value. Due to the varied nature of investments, it is not reasonable to assess the impact on profit of movements in equity markets.

Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company may enter into transactions denominated in currencies other than its functional currency. Consequently the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Company's assets or liabilities denominated in currencies other than GBP. Management do not actively manage this risk.

As at 30 September 2019, the Group had foreign company exposure of USD1,717k in net assets. A change of 50 basis points in the USD exchange rate at the balance sheet date would have increased/(decreased) profit by £7,018/(£6,949) (2018: £7,740/(£7,663)).

As at 30 September 2019, the Group had foreign currency exposure of EUR1,080k in net assets. A change of 50 basis points in the EUR exchange rate at the balance sheet date would have increased/(decreased) profit by £4,810/(£4,762) (2018: £3755/(£3,717)).

Interest rate risk

The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances. The exposure of this balance is £8.2 million (2018: £8.0 million). The Company does not actively manage this risk.

A change of 50 basis points in interest rates in the year to 30 September 2019 would have increased/decreased profit by £41,104 (2018: £39,801).

b. Concentration risk

Since the Company does not take proprietary positions and has minimal levels of credit exposure, it is not exposed to potential sources of concentration risk such as sector, industry, country or group exposure. No client is responsible for more than 3% of revenue.

c. Credit risk

Overview

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group does not undertake lending activity as part of its business. Its debtors typically consist of amounts which arise incidentally to its subsidiaries such as management fee income receivable. Waverton has a mandate to debit fees directly from the client portfolio in approximately 80% of cases. The Group's assets are not held as collateral nor are they encumbered. The Group regularly assess the liquidity of its assets in order to assess its ability to comply with capital adequacy requirements.

Maximum exposure to credit risk before collateral held or other credit enhancement:

	As at 30 September 2019 £000	As at 30 September 2018 £000
Trade and other receivables	10,834	10,680
Cash and cash equivalents	8,427	8,395
Shares held by the Employee Benefit Trust	2,245	81
Total	21,506	19,156

Distribution of loans and receivables by credit quality:

	As at 30 September 2019 £000	As at 30 September 2018 £000
Neither past due or impaired	10,833	10,680

Trade and other receivables consist of trade receivables and accruals from funds which are managed by Waverton Investment Management Limited. These funds do not themselves have credit ratings however historically and presently there are no past due amounts to the Group.

d. Liquidity risk

Overview

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's own cash balances are held in call accounts or short-term deposit accounts. All client assets are clearly segregated from the Group's assets. The Group's assets are not held as collateral nor are they encumbered. The Group regularly assesses the liquidity of its assets in order to assess its

ability to comply with capital adequacy requirements.

The following table sets out details on the remaining contractual maturity of all Group financial liabilities:

As at 30 September 2019

	On Demand	Less than one year	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	9,157	-	-	-	-	9,157
Corporation tax liability	-	614	-	-	-	614
Total financial liabilities	9,157	614	-	-	-	9,771

As at 30 September 2018

	On Demand	Less than one year	1-3 years	3-5 Years	More than 5 years	Total
Trade and other payables	9,009	-	-	-	-	9,009
Corporation tax liability	-	667	-	-	-	667
Total financial liabilities	9,009	667	-	-	-	9,676

The following table sets out details on the remaining contractual maturity of the company financial liabilities:

As at 30 September 2019

	On Demand	Less than one year	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	437	-	-	-	-	437
Total financial liabilities	437	-	-	-	-	437

As at 30 September 2018

	On Demand	Less than one year	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	4,970	-	-	-	-	4,970
Total financial liabilities	4,970	-	-	-	-	4,970

19) Investment in Subsidiaries

The carrying value of Investment in Subsidiaries represents the value of the 100% ownership of Waverton Investment Management Limited and its related subsidiaries. For annual impairment review purposes the Directors considered the Company's investment in subsidiaries and reassessed the fair value in the 30 September 2019 balance sheet. Based on this revised assessment which incorporated a number of factors including assets held under management, operating environment and agreed business plan of Waverton Investment Management Limited, no impairment was considered necessary in the current period.

The Company is the settlor of the Employee Benefit Trust ("EBT"), and exercises substantial control over its operation. The results of the EBT have been included in these consolidated financial statements.

The Company has holdings in group undertakings as follows:

Name of Company	Address	% Holding	Type of shares held	Principal activity
held directly				
Waverton Investment Management Limited	16 Babmaes Street, London, SW1Y 6AH	100%	Ordinary shares	Investment management company
held indirectly				
Parrish Blake Limited	16 Babmaes Street, London, SW1Y 6AH	100%	Ordinary shares	Information technology services

20) Interest in unconsolidated unstructured entities

The subsidiary, Waverton Investment Management (Waverton) is the manager and distributor of the Collective Investment in Transferable Securities (UCITS) held within Waverton Investment Funds plc and has been issued one subscriber share. This subscriber share does not confer any rights to participate in the profits or dividends of the UCITS, and the board of Waverton Investment Funds plc maintains the right to terminate the appointment of Waverton. The Group is therefore not exposed to any variability on its returns as a result of this interest and is judged to act as an agent rather than having control under IFRS 10.

21) Goodwill

The carrying value of goodwill represented in the Group statement of financial position was recognised in previous periods as part of the acquisition of Waverton Investment Management Limited and its' associated subsidiary companies.

At each reporting date, the Group reviews the carrying amounts of its goodwill to determine whether there is any indication of impairment. If any such indication exists, then the goodwill's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the group is based on the present value of future cash flows expected to be derived from operations of subsidiary undertakings (value in use). The discount rate of 13% used in the impairment test include assumptions for operating sector market growth in addition to historic cash generation growth rates. Value in use of goodwill was estimated at £70,718k, leaving headroom of £40,318k.

	Goodwill £000
Balance as at 1 October 2019	**16,729**

22) Intangible Assets

The Directors recognised the value of a customer intangible as part of the acquisition process to reflect the value of the client book of Waverton Investment Management Limited. This is amortised over a 6 year period using the straight line method.

	Customer Intangible £000
Balance as at 1 October 2018	1,009
Amortisation during the year to 30 September 2019	(1,009)
Balance as at 30 September 2019	-

23) Related party transactions

The Group enters into transactions with related parties in the ordinary course of business. These transactions are made for the purpose of maintaining liquidity across the Group.

As at 30 September 2019, the outstanding balance of loans advanced to key management personnel was £3,315 (2018: £1,312) and is included in 'trade and other receivables' (see Note 13). No interest is payable on these loans.

During 2018, Waverton took on back/middle office support functions to ICM for Utilico Global Income Plc and Utilico Emerging Markets Fund. ICM is the "in house" investment manager for the UIL group that includes the Group's immediate parent, Somers Limited.

The following table provides information on revenue from related parties:

	Year ended 30 September 2019 £000	Year ended 30 September 2018 £000
Management fees from key management personnel	11	13
Support services	338	123
Total revenue from related parties	349	136

b) Related party assets and liabilities

The Group has related party liabilities in relation to its parent company of nil as at 30 September 2019 (2018: nil). The Group has an interest in 590,875 shares of JOSH Management Limited as at balance sheet date valued at £2,245k.

The company has related party liabilities in relation to its subsidiary undertakings of £437k as at 30 September 2019 (2018: £4,970k). The company has related party assets in relation to its subsidiary undertakings of £2,447k (2018: £453k).

24) Parent and ultimate holding company

Somers Limited is the immediate parent of the Company, and the ultimate controlling party is Somers Isles Private Trust Company. Both companies are incorporated in Bermuda.

Somers Limited does not consolidate the results of the Company by virtue of it being an investment entity in accordance with IFRSs. The financial statements of both the immediate parent and ultimate controlling party are available to the public at their registered address, 34 Bermudiana Road, Hamilton HM 11, Bermuda.

25) Subsequent events

Acquisition of Timothy James & Partners Limited

On 12th December 2019, the Company acquired 100% of the shares and voting interests in the following entities (Timothy James & Partners Group):

Name of Company	Address	% Holding	Type of shares held	Principal activity
held directly				
Timothy James & Partners Holdings Limited	247 Tottenham Court Road, London, W1T 7QX	100%	Ordinary shares	Holding Company
held indirectly				
Timothy James & Partners Limited	247 Tottenham Court Road, London, W1T 7QX	100%	Ordinary shares	Wealth Planning and Financial Services

The Company transferred £6,529k in cash for the acquisition. The Company is liable to pay additional consideration on the first and second anniversaries of the acquisition based on an earnings multiple of the Timothy James & Partners group ("TJP"). The Company has recognised the undiscounted fair value of the contingent consideration, which has been preliminarily estimated at £1,881k.

The arrangement also includes amounts payable to the former owners on the condition they remain in employment. This undiscounted contingent remuneration, which will be expensed in future periods, has been estimated as £6,299k. Both amounts have been determined using various scenarios based on a range of earnings between nil and £4,000k. The total undiscounted consideration under the acquisition agreement is limited to £35,000k.

The Company incurred acquisition related costs of £964k on professional fees and stamp duty costs. These costs will be included in the Company's administrative expenses in the year to 30 September 2020 financial statements. The net assets acquired were immaterial and included the amount of £732k of trade receivables. There has been no impairment required of TJP's trade receivables recognised on acquisition. The Company is currently completing an exercise to fair value intangibles assets acquired. Any amount allocated to the value of intangibles assets will reduce the amount of goodwill recognised.

The results of these entities from acquisition to 30 September 2020 will be disclosed in the Waverton Investment Management Group consolidated financial statements.

Impact of Covid-19

The impact of Covid-19 has been included in the assessment of going concern for the Group and the Directors confirm the basis for preparation is appropriate (Note 2).

Share Reconstruction

At the date of issue for these financial statements, the Company and its shareholder, JOSH Management Limited (JOSH), are in the process of undertaking a capital reconstruction whereby the shareholders of JOSH are exchanging their shares for direct shareholdings in the Company on a pari-passu basis. This action will result in the cessation of JOSH as a significant shareholder of the Company, and will not change the overall percentage of ownership of the ultimate parent company, Somers Limited.