Registered Number OC325132

KILLIK & Co LLP

ANNUAL REPORT
For the year ended

31 MARCH 2018

Advisers

Registered Office	46 Grosvenor Street London W1K 3HN
Auditors	Nexia Smith & Williamson Chartered Accountants 25 Moorgate London EC2R 6AY
Bankers	Barclays Bank 1 Churchill Place London E14 5HP Bank of Scotland The Mount Edinburgh EH1 1YZ HSBC 12 Tavern Street Ipswich IP1 3AZ
Registered Number	OC325132

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Members' report

The Members present their report, together with the consolidated financial statements of Killik & Co LLP ('the LLP') and its subsidiary undertakings (together 'the Group') for the year ended 31 March 2018.

Principal activities

The principal activity of the Group is the provision of stockbroking and investment management services to the private client community. The Group also provides financial planning, trust administration, tax services and other related services.

Review of business and future developments

It has been the beginnings of a transformational journey for Killik & Co.

In the prestigious Financial Times & Investors Chronicle Awards we were proud to have received four awards this year including "Wealth Manager of the Year" for the third time in four years, and "Best Discretionary / Advisory Wealth Management", for the fourth time.

Our model firmly remains one of organic growth, largely by recommendation from existing clients. We do not acquire other companies, nor do we take on individual Investment Managers or teams with their own book of business. We train our own Investment Managers, and now our own Planners as well.

We are currently in the midst of a major training programme for new Planners as we seek to integrate Planning more deeply into our business, whilst ensuring that Investment remains central to our purpose.

At the beginning of this year we overhauled and re-released most of our services to ensure that we remain well positioned in an increasingly competitive industry and amongst the thought leaders in our space.

We continue to progress in combining the best of technology with the best of human advice and expertise, with both an updated Killik & Co App and Silo, our intelligent save and invest app, in beta testing.

We are pleased to report that our client assets reached a new high during the year and at the 31 March 2018 stood at £5.469bn, an increase of £66m or 1.2% from the £5.403bn at which we opened the year. Over the comparable period the FTSE100 fell by 266.31 or 3.6%.

A key measure of success for a business such as ours is the ability to generate strong inflows of net new core retail assets (organic growth) and in this respect we delivered £271m over the year. We recorded £246m for the year ended March 2017.

Our core retail assets over this period grew from £4.4bn to £4.7bn and at the end of June stood at £5.2bn with total assets at £5.8bn. Our turnover of £46.9m compares to £42.1m during the previous year, an increase of 11.4%.

In June, after the close of our accounting period, we opened House of Killik Northcote Road. This represents a new approach to address the savings and investment market and our early experience has been encouraging. The central theme is Redefining Wealth – What is your life well lived?

Members' report (continued)

It will be recognised that we are currently investing heavily into the business. This is likely to impact profitability in the current year. We are grateful that our Partnership structure, of self-ownership, and supportive Partners, gives us the freedom to make such investment decisions to enhance the prospects for our continued long term growth notwithstanding the impact to shorter term profitability.

Yet again this year, the wealth management industry as a whole, has had to cope with an enormous volume of regulatory and legal change. Whilst the intentions are often laudable and designed to enhance protection for our clients, the scale of the work cannot be underestimated.

The two biggest areas have been MiFID II and the General Data Protection Regulation (GDPR), the implementation of which is ongoing for both. Covering, as they do, all aspects of our business they are proving to be very expensive to implement, forcing changes to our business, and impacting us in ways that were never anticipated. What is more, because we are required to give them priority, they are consuming precious IT and management resource that would otherwise be used in the continuing improvement of our services to clients.

The volume of regulatory publications continues at a pace, amounting to 46 from FCA alone in the first quarter of 2018. Just assessing which of these are relevant to us and which are not is, of itself, a regulatory burden that is seldom recognised and our Compliance team is not alone in struggling to hold back the tide. As an industry we need to urgently address the volume of bureaucracy and the opportunity cost that goes with it. We now face the Senior Managers and Certification Regime (SMCR), another significant piece of work which has to be implemented by the end of next year.

On a more positive note, as we approach our 30th birthday I am particularly proud and excited that our plans, enabled by creative thinking alongside advances in technology, will allow us to expand back to our roots of the saving markets, upon which this business was founded. Our Society needs to better understand the importance of saving and the power of compounding to prepare for increasing longevity.

Our growing client and asset base, combined with these and other exciting new projects and an outstanding team of people, gives us every confidence in the future.

Results for the year and allocation to Members

The profit for the year available for division among Members was £16,274,000 (2017:£ 15,183,000).

Members' report (continued)

Members

The following were Members during the year (unless otherwise stated):

PG Killik (Senior Partner) *
MN Orr (Non Executive Partner)
FD Robinson
SJ Marsh *
KE Overend
GP Neale
MJ Gilligan
CH MacTaggart *
AM Pate
PJ Day
Templeco 658 Limited
PD Gordon
CA Manning
GL Killik
ZA Zambakides
JSB Dunn
GA Meredith
JL Spencer
JJ Sheldon
NA Crellin
MA Savage
JM O'Mahony
MT Berry
TC Scott
PM Rooney
JTJ Chester
FRD Argiolas
TJ Bennett
GR Harrison
JO Henry
PE Martin
RJA O'Neill
NG Ziegelasch
IJ King (appointed 1 April 2017)
GA Smith (appointed 1 April 2017)
S Keller (appointed 1 April 2018)

* denotes Designated Members during the year

Policy on Members' drawings, subscription and repayment of Members' capital

During the year Members receive monthly drawings representing payments on account of profits which may be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP and may be reclaimed from Members until such time as profits have been allocated to them.

A level of profits is determined and allocated between Members during the year with any balance being approved and allocated after the finalisation of the financial statements.

Capital requirements are determined by the Executive Board and are reviewed at least annually. All Members are required to subscribe for a proportion of capital. Upon retirement or departure from the LLP capital is only repaid to outgoing members in accordance with the provisions in the Members' Deed where the firm has sufficient capital for FCA regulatory requirements. The timing of capital repayments depends on the type of Member and the LLP can repay capital over periods between one month and 5 years from departure.

Members' report (continued)

Financial risks and uncertainties

There are a number of potential risks and uncertainties in business which could impact the Group's long term performance. Therefore the Group has identified, documented and monitored those risks and it ensures that there are adequate controls in place that mitigate those risks. The Risks Committee meets fortnightly and closely monitors any financial exposures or other risks of the Group, and reports each fortnight to the Executive Board.

The Group has a clearly defined operational strategy which recognises the necessity to retain strong cash reserves in case of downturns in the Group's markets. An Internal Capital Adequacy Assessment Process ('ICAAP') document has been prepared by the Group which reviews the Group's capital resources. This document considers the risks to which the business is exposed, and for the most significant risks, calculates the effect on capital if they were to materialise. The ICAAP also includes the results of various scenario analyses aimed at assessing the Group's position under turbulent market conditions.

We have identified the principal risks affecting the Group's business, and the controls in place to monitor and mitigate these risks, in the categories below:

Credit Risk

The Group undertakes client deals as agent for the client. In the event of a client default, the Group has a power of sale lien or right of set off against other investments or money in a client account, held by a third party. A daily report of any overdrawn client positions is closely monitored by the Group. Exposures to transaction counterparties are monitored closely by the Risks Committee. All institutional transactions are settled on a cash against delivery basis, and high value transactions are separately authorised. The Group does not undertake derivative business on its own account.

Market Risk

The Group holds certain fixed asset investments, which are held as strategic investments. These investments are carried at fair value. The Group does not deal on its own account so is not exposed to market risk on these dealings. Therefore, the Group is not subject to any significant position risk arising from market movements.

Liquidity Risk

The Group constantly monitors its capital resources to ensure it meets its financial obligations as they fall due. Detailed cash flow projections are produced and monitored against actual cash balances each week by the Executive Board, who also receive a daily report on cash movements. To maximise investment return, the Group places surplus funds on deposit with major UK financial institutions. Regular credit reviews are carried out on those financial institutions.

Interest rate risk

The Group has interest bearing assets. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate.

Members' report (continued)

Financial risks and uncertainties (continued)

Foreign currency exchange rate risk

The Group is exposed to low levels of foreign currency exchange rate risk as and when it transacts in foreign currency, although it does not regularly hold positions in non-sterling currencies.

Pillar 3 Disclosure

The qualitative and quantitative disclosures to comply with Pillar 3 of the FCA Capital Requirement Directive can be found on our website at www.killik.com.

Members' Responsibilities Statement

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law as applied to limited liability partnerships the members 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 limited liability partnership and of the group and of the profit or loss of the group for that period.

In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships. They are also responsible for safeguarding the assets of the limited liability partnership and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members' report (continued)

Auditors

Nexia Smith & Williamson are deemed to be re-appointed as auditor.

Approved by the Members
and signed on their behalf

PG Killik
Senior Member

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILLIK & CO LLP

Opinion

We have audited the financial statements of Killik & Co LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent limited liability partnership Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and limited liability partnership Reconciliation of Members' Interests including statements of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Members' Report other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILLIK & CO LLP (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members
As explained more fully in the members' responsibilities statement set out on page 6, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the parent limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

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

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

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILLIK & CO LLP (continued)

Use of our report

This report is made solely to the parent limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the parent limited liability partnership'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 parent limited liability partnership and the parent limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Giles Murphy
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

24 July 2018

Consolidated Statement of Comprehensive Income for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Turnover	2	46,850	42,132
Cost of sales		(5,288)	(4,492)
Gross profit		41,562	37,640
Administrative expenses		(22,693)	(20,318)
Operating profit		18,869	17,322
Other income		-	204
Interest receivable and similar income		46	30
Profit for the financial year before Members' remuneration and profit share		18,915	17,556
Members' remuneration charged as an expense		(2,481)	(2,337)
Profit before taxation		16,434	15,219
Taxation	6	(160)	(36)
Profit for the financial year available for discretionary division among Members		16,274	15,183
Other comprehensive income		-	-
Total comprehensive income		**16,274**	**15,183**

Consolidated Statement of Financial Position as at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	7	879	912
Investments	8	339	1,005
		1,218	1,917
Current assets			
Debtors	9	12,416	12,489
Cash at bank		18,771	16,985
		31,187	29,474
Creditors: amounts falling due within one year	10	(5,849)	(5,154)
Net current assets		25,338	24,320
Total assets less current liabilities		26,556	26,237
Provisions for liabilities	11	(593)	(678)
Net assets attributable to Members		25,963	25,559
Represented by:			
Loans and other debts due to Members within one year			
Other amounts		2,759	2,897
Equity			
Members' capital		16,307	15,905
Other reserves		6,897	6,757
		25,963	25,559
Total Members' interests			
Members' capital		16,307	15,905
Amounts due from Members		(278)	(894)
Loans and other debts due to Members		2,759	2,897
Other reserves		6,897	6,757
		25,685	24,665

The financial statements were approved by the Members on 18 July 2018 and were signed on their behalf by:

PG Killik
Senior Member

Members' report (continued)

Auditors

Nexia Smith & Williamson are deemed to be re-appointed as auditor.

Approved by the Members
and signed on their behalf

PG Killik
Senior Member

Reconciliation of Consolidated Members' interests including Statement of Changes in Equity – Group

	Members' capital	Other reserves	Total Equity	Loans and other debts due to Members	Total
	£'000	£'000	£'000	£'000	£'000
Amounts due from Members	-	-	-	(684)	-
Amounts due to Members	10,025	3,726	13,151	1,824	14,891
Members' interests at 1 April 2016	10,025	3,726	13,751	1,140	14,891
Capital introduced	6,023	-	6,023	-	6,023
Capital repaid	(143)	-	(143)	-	(143)
Members' remuneration charged as an expense	-	-	-	2,337	2,337
Profit for the financial year available for division among the Members	-	15,183	15,183	-	15,183
Members' interests after profit for the year	15,905	18,909	34,814	3,477	38,291
Allocated profits	-	(12,152)	(12,152)	12,152	-
Drawings	-	-	-	(13,626)	(13,626)
Amounts due from Members	-	-	-	(894)	-
Amounts due to Members	15,905	6,757	22,622	2,897	24,665
Members' interests at 31 March 2017	15,905	6,757	22,662	2,003	24,665
Capital introduced	2,258	-	2,258	-	2,258
Capital repaid	(1,856)	-	(1,856)	-	(1,856)
Members' remuneration charged as an expense	-	-	-	2,481	2,481
Profit for the financial year available for division among the Members	-	16,274	16,274	-	16,274
Members' interests after profit for the year	16,307	23,031	39,338	4,484	43,822
Allocated profits	-	(16,134)	(16,134)	16,134	-
Drawings	-	-	-	(18,137)	(18,137)
Amounts due from Members	-	-	-	(278)	-
Amounts due to Members	16,307	6,897	23,204	2,759	25,685
Members' interests at 31 March 2018	16,307	6,897	23,204	2,481	25,685

In the event of the Group winding up, members capital, loans and other debts to Members would rank equally with unsecured creditors.

Consolidated Statement of Cash Flows for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Operating Profit for the financial year		18,679	17,322
Adjustments for:			
Depreciation of tangible assets		377	465
Gain on sale of tangible assets		-	(14)
Fair value adjustments		(40)	127
Taxation		(116)	(39)
Payments to members		(18,137)	(13,626)
Decrease/(increase) in trade and other debtors		329	(2,332)
Increase/(decrease) in trade and other creditors		140	(99)
Net cash generated from operating activities		**1,232**	**1,804**
Cash flows from investing activities			
Purchases of property, plant and equipment		(344)	(241)
Proceeds on sale of fixed asset investments		504	-
Proceeds on sale of tangible fixed assets		-	573
Purchases of investments		(54)	(17)
Interest received		46	30
Net cash generated in investing activities		**152**	**345**
Cash flows from financing activities			
Capital contributions by members		2,258	6,023
Capital repayments to members		(1,856)	(143)
Net cash generated in financing activities		**402**	**5,880**
Net increase in cash and cash equivalents		**1,786**	**8,029**
Cash and cash equivalents at the beginning of the year		16,985	8,956
Cash and cash equivalents at the end of the year		**18,771**	**16,985**
Components of cash and cash equivalents			
Cash		18,771	16,985

LLP Statement of Financial Position as at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	7	626	702
Investments	8	439	1,105
		1,065	1,807
Current assets			
Debtors	9	12,998	12,882
Cash at bank		17,980	16,209
		30,978	29,091
Creditors: amounts falling due within one year	10	(5,340)	(4,699)
Net current assets		25,638	24,392
Total assets less current liabilities		26,703	26,199
Provisions for liabilities	11	(593)	(678)
Net assets attributable to Members		26,110	25,521
Represented by:			
Loans and other debts due to Members within one year			
Other amounts		2,759	2,897
Equity			
Members' capital		16,307	15,905
Other reserves		7,044	6,719
		26,110	25,521
Total Members' interests			
Members' capital		16,307	15,905
Amounts due from members		(278)	(894)
Loans and other debts due to Members		2,759	2,897
Other reserves		7,044	6,719
		25,832	24,627

The financial statements were approved by the Members on 18 July 2018 and were signed on their behalf by:

PG Killik
Senior Member

Reconciliation of Members' interests including Statement of Changes in Equity – LLP

	Members' capital	Other reserves	Total Equity	Loan and other debts due to Members Other amounts	Total
	£'000	£'000	£'000	£'000	£'000
Amounts due from Members	-	-	-	(684)	-
Amounts due to Members	10,025	3,328	13,353	1,824	14,493
Members' interests at 1 April 2016	10,025	3,328	13,353	1,140	14,493
Capital introduced	6,023	-	6,023	-	6,023
Capital repaid	(143)	-	(143)	-	(143)
Members' remuneration charged as an expense	-	-	-	2,337	2,337
Profit for the financial year available for division among the Members	-	15,543	15,543	-	15,543
Members' interests after profit for the year	15,905	18,871	34,776	3,477	38,253
Allocated profits	-	(12,152)	(12,152)	12,152	-
Drawings	-	-		(13,626)	(13,626)
Amounts due from Members	-	-	-	(894)	-
Amounts due to Members	15,905	6,719	22,624	2,897	24,627
Members' interests at 31 March 2017	15,905	6,719	22,624	2,003	24,627
Capital introduced	2,258	-	2,258	-	2,258
Capital repaid	(1,856)	-	(1,856)	-	(1,856)
Members' remuneration charged as an expense	-	-	-	2,481	2,481
Profit for the financial year available for division among the Members	-	16,459	16,459	-	16,459
Members' interests after profit for the year	16,307	23,178	39,485	4,484	43,969
Allocated profits	-	(16,134)	(16,134)	16,134	-
Drawings	-	-		(18,137)	(18,137)
Amounts due from Members	-	-	-	(278)	-
Amounts due to Members	16,307	7,044	23,351	2,759	25,832
Members' interests at 31 March 2018	16,307	7,044	23,351	2,481	25,832

In the event of the LLP winding up, members capital, loans and other debts to Members would rank equally with unsecured creditors.

Notes to the financial statements for the year ended 31 March 2018

1 ***Statutory information***

Killik & Co LLP is a Limited Liability Partnership domiciled in England and Wales, registration number OC325132. The registered office is 46 Grosvenor Street, London, W1K 3HN.

2 **Accounting policies**

Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the requirements of the statement of recommended practice Accounting for Limited Liability Partnerships and the Financial Conduct Authority. There were no material departures from those standards. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain investments and liabilities as specified in the accounting policies below.

Exemptions

The LLP has taken advantage of the exemption from preparing a statement of cash flows available under FRS 102.

The LLP has taken advantage of the exemption from the disclosure of key management personnel remuneration.

Going concern

The Members have reviewed the results of the business since the year ended 31 March 2018 and the forecasts for the 12 months subsequent to the approval of the financial statements. Based on these the Members believe that the Group has sufficient financial and capital resources to continue as a going concern and as such have prepared the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements comprise the results, assets and liabilities of the LLP and its subsidiary entities, defined as entities that the LLP controls and has beneficial interests in. All subsidiary entities have been consolidated under acquisition accounting principles. Where an investment in a subsidiary is held exclusively with a view for subsequent resale this subsidiary is not consolidated into the financial statements and is held at cost less provision for impairment.

Turnover

Turnover comprises gross stockbroking commission and related income from investment business and associated activities less commissions paid away to external introducers of business.

Revenue from stockbroking, including related charges and foreign exchange, is recognised at the point of trade execution.

Notes to the financial statements for the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Turnover (continued)

Net interest earned on client free money balances, held by a third party, is accrued by reference to the remaining portion of the financial period and the total of the free money balances at the close of business of the previous trading day.

Revenue from the provision of custody services is accrued by reference to the remaining proportion of the financial year, the expected number of physical holdings in the Group's nominee accounts and the number of client accounts at the next quarterly charging date.

Fees receivable for investment management services are based on the value of client holdings. They include amounts invoiced during the year plus amounts accrued by reference to the remaining portion of the financial period and the expected mid-market value of such holdings at the next quarterly charging date.

Leases

Rental payments under non-cancellable leases are charged to the Statement of Comprehensive Income in equal amounts over the lease term.

Pension costs

The Group operates a defined contribution pension scheme for all eligible staff. The amount contributed by the Group is linked to length of service. Pension contributions are charged to the Statement of Comprehensive Income in the period to which they relate.

Profit of the LLP

In accordance with Section 408 of the Companies Act 2006 (as modified for application of LLPs), Killik & Co LLP have taken advantage of the legal dispensation not to present its own income statement. The amount of profit for the financial period before Members' remuneration and profit share is £18,940,000 (2017: £17,880,000).

Allocation of profits and drawings

The appropriation of the profit after the deduction of staff bonuses and Members' remuneration charged as an expense is allocated to Members according to their individual interest in the LLP and their performance during the year, with any balance being approved and allocated after the year end. Prior to allocation, profits are recorded in other reserves and subsequent to allocation the appropriate amount is transferred to loans and other debts due to Members. During the year Members receive monthly drawings representing payments on account of profits which may be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP and may be reclaimed from Members until such time as profits have been allocated to them. Drawings in excess of allocated profits are included within debtors. Unallocated profits at year end are included within equity as 'other reserves'.

Notes to the financial statements for the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Capital

Capital is only repaid to outgoing Members in accordance with the provision in the Members' Deed where the LLP has sufficient capital for FCA regulatory requirements. As such it is accounted for as equity.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at the cost of acquisition.

Design and content development costs are capitalised under computer software only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and the content are next updated, the costs of developing the design and content are charged to the Statement of Comprehensive Income as incurred. All planning costs are charged to the Statement of Comprehensive Income as incurred.

Depreciation on tangible fixed assets is calculated so as to write down the cost to their estimated residual values by equal instalments over the period of their useful economic lives, which are considered to be:

Leasehold improvements – the remaining period of the lease or the next break clause;
Fixtures and fittings – between 3 and 10 years; and
Computer equipment and software – between 2 and 4 years.

The useful economic life of each tangible fixed asset is reviewed at the end of each reporting period and revised if expectations are significantly different from previous estimates. The carrying amount of the tangible fixed asset at the date of revision is depreciated over the revised remaining useful economic lifetime.

Fixed asset investments

Investments in subsidiaries are measured at cost less any impairment. Investments in businesses held for the long term over which the Group does not exert significant influence, are measured at fair value. Changes in fair value are recognised in the Statement of Comprehensive Income.

Provisions for claims

Provisions for claims by clients are considered on a notified basis. Each case is assessed to the extent that the claim is deemed valid, whether an appeal has been made to the Financial Ombudsman and whether any provision may be covered by Professional Indemnity Insurance.

Notes to the financial statements for the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Dilapidations provision

At the end of each reporting period, an assessment is made of the expected cost of meeting the dilapidation repairs under property leases to the extent that such an amount can be reasonably determined. Where this can be determined, an equal amount is charged to the Statement of Comprehensive Income for each remaining year of the lease so as to ensure there are sufficient amounts provided to cover the cost of dilapidation repairs at the end of the lease term.

Taxation

While there is no requirement to accrue for tax payable by Members, separate balances are retained by the LLP within loans and other debts due to members although not separately disclosed in the financial statements to ensure that an estimate of their future tax liabilities can be met. The amount accrued at the period end is an accounting estimate of future liabilities in relation to the profit share for the period and, where there is any shortfall in the estimate, it is the responsibility of the individual Member to ensure that their full tax liability is extinguished as necessary.

Corporation tax

The subsidiaries included in these consolidated financial statements are subject to corporation tax. The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end date in the countries where the company operates and generates income.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Investments in listed shares are classified as basic financial instruments. They are measured at fair value with changes in fair value being recognised in the Statement of Comprehensive Income.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash at bank.

Notes to the financial statements for the year ended 31 March 2018 (continued)

3 Key sources of estimation uncertainty and judgements (continued)

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Client claims provision
A full review of potential client claims is carried out at the fortnightly Risks Committee. Each claim is reviewed individually to determine the likelihood of compensation being paid. Individual client claims above £75,000 are covered through insurance. Whilst every attempt is made to ensure that the client claims provision is as accurate as possible there remains a risk that the provision does not match the level of compensation paid. The client claims provision at 31 March 2018 was £463,000 (2017: £532,000).

Investments
Shares held in unlisted investments are carried at fair value and therefore assumptions are used in the valuation of these investments. Although every attempt is made to ensure that the assumptions used are as accurate as possible there remains a risk that the fair value of these investments is ultimately different to the valuation within these financial statements.

Dilapidations provision
A review of the cost of meeting the dilapidation repairs for each property lease is conducted at the year end and the cost is charged to the Statement of Comprehensive Income. Although every attempt is made to ensure that the dilapidations provision is as accurate as possible there remains a risk that the provision does not match the cost of repairs needed. The dilapidations provision at 31 March 2018 was £130,000 (2017: £146,000).

Recoverability of amounts due from related parties
At the year end the Group was owed £2,671,000 (2017: £2,688,000) from Buzz Software Limited, a related party of the Group. The recoverability of this balance is based on the successful implementation of the business plan of Buzz Software Limited. The Members have a reasonable expectation of the successful implementation of the business plan and have not provided against the balance due, however these is a risk that ultimately all of this balance is not recoverable.

Notes to the financial statements for the year ended 31 March 2018 (continued)

4 Profit before tax

	2018 £'000	2017 £'000
Is stated after charging the following:		
Salaries and wages (including staff bonuses)	9,898	9,253
Social security costs	857	796
Pension contributions	733	669
Depreciation	377	465
Operating lease charges	1,342	1,263
Changes in fair value of investments	40	(127)

Auditor's remuneration is as follows:		
Fees payable for the audit of the LLP's financial statements	55	55
Fees payable for the audit of the subsidiaries	16	15
Fees payable for other services to the Group	15	16
	86	86
Tax services provided to the Group and its Members	176	129

The average number of employees in the Group during the year was 184 (2017: 170).

Included within operating profit is a £562,000 (2017: £230,000) charge for contributions to the FSCS Compensation Levy. This is in respect of this firm's allocated portion of the costs of compensating clients for failures of other financial services organisations.

5 Information in relation to Members

	2018 Number	2017 Number
The average number of Members during the year was:	35	34

The amount of profit attributable to the Member with the largest entitlement was £5,010,755 (2017: £4,707,709), which is determined by reference to the expected share of profit in the year to 31 March 2018.

Notes to the financial statements for the year ended 31 March 2018 (continued)

6 Tax on profit on ordinary activities

		2018 £'000	2017 £'000
(a)	UK corporation tax at 19% (2017: 20%)	134	125
	Adjustments to tax charge in respect of prior years	-	(70)
		134	55
	Deferred tax	26	(19)
		160	36

		2018 £'000	2017 £'000
(b)	Factors affecting tax charge for year		
	Profit on ordinary activities before tax	16,244	15,219
	Profits subject to personal tax	(15,894)	(14,736)
	Profit subject to corporation tax	350	483
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	67	97
	Effect of:		
	Expenses not deductible for tax purposes	12	3
	Other differences leading to a increase/(decrease) in the tax charge	81	6
	Adjustments in respect of prior years	-	(70)
	Tax charge for year	160	36

Notes to the financial statements for the year ended 31 March 2018 (continued)

7 Tangible fixed assets Group

	Leasehold improvements	Fixtures and fittings	Computer equipment and software	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 March 2017	2,017	521	1,018	3,556
Additions	119	28	197	344
Disposals	-	(9)	(64)	(73)
At 31 March 2018	2,136	540	1,151	3,827
Depreciation				
At 31 March 2017	1,373	463	808	2,644
Charge for the year	187	36	154	377
Disposals	-	(9)	(64)	(73)
At 31 March 2018	1,560	490	898	2,948
Net book value				
At 31 March 2018	576	50	253	879
At 31 March 2017	644	58	210	912

Notes to the financial statements for the year ended 31 March 2018 (continued)

7 Tangible fixed assets

LLP	Leasehold improvements	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
At 31 March 2017	2,017	521	2,538
Additions	119	28	147
Disposals	-	(9)	(9)
At 31 March 2018	2,136	540	2,676
Depreciation			
At 31 March 2017	1,373	463	1,836
Charge for the year	187	36	223
Disposals	-	(9)	(9)
At 31 March 2018	1,560	490	2,050
Net book value			
At 31 March 2018	576	50	626
At 31 March 2017	644	58	702

Notes to the financial statements for year ended 31 March 2018 (continued)

8 Fixed asset investments Group

	As at 31 March 2017	Additions	Disposals	Revaluation	As at 31 March 2018
	£'000	£'000	£'000	£'000	£'000
Investment in Euroclear plc	760	-	(760)	-	-
Other fixed asset investments	245	54	-	40	339
	1,005	54	(760)	40	339

The shares in Euroclear were sold on 28 April 2017.

Fixed asset investments LLP

	As at 31 March 2017	Additions	Disposals	Revaluation	As at 31 March 2018
	£'000	£'000	£'000	£'000	£'000
Investment in Euroclear plc	760	-	(760)	-	-
Investment in subsidiaries	100	-	-	-	100
Other fixed asset investments	245	54	-	40	339
	1,105	54	(760)	40	439

Notes to the financial statements for the year ended 31 March 2018 (continued)

8 Fixed Asset Investments (continued)
LLP

The LLP has beneficial interests in the following subsidiary entities registered in Great Britain, unless otherwise stated.

Company	Description of shares held	Proportion of nominal value of shares	Activity
Killik & Co Holdings Limited	£1 Ordinary	100%	Holding company
Killik & Co (Nominees) Limited(*)	£1 Ordinary	100%	Nominee company
Killik & Co Trustees Limited(*)	£1 Ordinary	100%	Provision of trustee services
Killik Employee Share Services Limited(*)	£1 Ordinary	100%	Administration of company share option plans
Killik & Co Spread Betting Limited	£1 Ordinary	100%	Spreadbetting License Holder/Dormant
Killik & Co Middle East & Asia LLP	Not applicable	100%	Dormant
Killik Financial Planning LLP	Not applicable	100%	Provision of Financial Advice
Killik Services Limited	£1 Ordinary	100%	Provision of Support Services
Killik Intelligent Savings Limited (**)	£1 Ordinary	100%	Provision of Client Services
Killik Nominees Limited	£1 Ordinary	100%	Nominee company

* held via Killik & Co Holdings Limited
** held via Killik Services Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

9 Debtors

Group	**2018 £'000**	**2017 £'000**
Falling due within one year:		
Trade debtors	137	131
Other debtors	3,094	2,769
Amounts due from Members	278	894
Prepayments and accrued income	8,885	8,490
Deferred tax	-	26
	12,394	12,310
Falling due after more than one year:		
Other debtors	22	179
	12,416	12,489

LLP	**2018 £'000**	**2017 £'000**
Falling due within one year:		
Trade debtors	122	78
Due from subsidiary undertakings	895	735
Other debtors	2,960	2,663
Amounts due from Members	278	894
Prepayments and accrued income	8,721	8,333
	12,976	12,703
Falling due after more than one year:		
Other debtors	22	179
	12,998	12,882

Notes to the financial statements for the year ended 31 March 2017 (continued)

10 Creditors

Group	**2018 £'000**	**2017 £'000**
Amounts falling due within one year:		
Trade creditors	449	284
Corporation tax	135	117
Other taxation and social security costs	1,042	946
Other creditors	2,557	2,383
Accruals	1,666	1,424
	5,849	5,154

Creditors

LLP	**2018 £'000**	**2017 £'000**
Amounts falling due within one year:		
Trade creditors	359	281
Due to subsidiary undertakings	237	100
Other taxation and social security costs	771	692
Other creditors	2,344	2,202
Accruals	1,629	1,424
	5,340	4,699

11 Provisions for liabilities and charges

Group and LLP

Provisions are made for client claims and property dilapidations. The movement is analysed as follows:

	Client Claims £'000	**Dilapidations £'000**	**Total £'000**
Balance as at 1 April 2017	532	146	678
Credited to the statement of comprehensive income	(69)	(16)	(85)
	463	130	593

Notes to the financial statements for the year ended 31 March 2018 (continued)

12 Related parties and related party transactions

In accordance with FRS102, transactions between the LLP and its wholly owned subsidiaries, which are related parties, have been eliminated on consolidation.

Staff costs and other administrative expenses of £383,981 (2017: £355,934) were recharged to The Orr Mackintosh Foundation Limited, a charitable organisation of which a Member of Killik & Co LLP, is a trustee. At the year end the balance due from The Orr Mackintosh Foundation Limited was £28,916 (2017: £27,310).

Killik & Co LLP provided loans of £123,499 (2017: £1,656,000) to Buzz Software Limited, an organisation which is under the ultimate control of Paul Killik, during the year under a loan agreement which charges interest at 0.5%, is unsecured and repayable on demand. Buzz Software Limited recharged marketing costs of £nil (2017: £1,320,000) to Killik & Co LLP. At the year end the balance due from Buzz Software Limited was £2,671,000 (2017: £2,688,000).

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the LLP. In the opinion of the members, the key management are the designated members, members and employees who are members of the Executive Board.

Information regarding their compensation is given below in aggregate for each of the categories specified in FRS 102.

	2018	**2017**
	£'000	**£'000**
Short-term employee benefits	-	4
Share of allocation of profits	7,649	5,611
	7,649	5,615

Notes to the financial statements for the year ended 31 March 2018 (continued)

13 Financial instruments

The Group's financial instruments comprise fixed asset investments, cash and cash equivalents and items such as trade and other debtors and trade and other creditors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, market risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. The members have delegated the responsibility of monitoring financial risk management to the Risks Committee which is a sub-committee of the Executive Board. The policies set by the Board are implemented by the Group's Finance and Operations departments.

Credit risk
The Group's credit risk is primarily attributable to its trade debtors and amounts due from its settlement custodian. In the event of a client default, the Group has a power of sale lien or right of set off against other investments or money in a client account, held by a third party. A daily report of any overdrawn client positions is closely monitored by the Group. Exposures to transaction counterparties are monitored closely by the Risks Committee.

The carrying amount of financial assets represents the maximum credit exposure.

Market risk
The Group holds certain fixed asset investments which are held as strategic investments. These investments are carried at fair value. The Group does not deal on its own account so is not exposed to market risk on these dealings. Therefore, the Group is not subject to any significant position risk or foreign currency risk arising from market movements.

Liquidity risk
The Group actively maintains a positive cash balance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its liabilities as they fall due.

The Group's financial liabilities (none of which are derivative financial liabilities) comprise trade creditors, other creditors and accruals which are measured at amortised cost. The trade creditors are all payable within each supplier's specified credit terms.

Interest rate risk
The Group has interest bearing assets. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate.

Foreign currency exchange rate risk
The Group is exposed to low levels of foreign currency exchange rate risk as and when it transacts in foreign currency, although it does not regularly hold positions in non-sterling currencies.

Notes to the financial statements for the year ended 31 March 2018 (continued)

13 Financial instruments (continued)

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being Members' capital plus equity reserves. The Executive Board monitors the level of capital as compared to capital requirements and adjusts as necessary by increasing members' capital and paying distributions.

Financial instruments – LLP
The LLP's financial instruments comprise cash at bank, receivables and payables. The carrying amount of financial assets represents the maximum credit exposure.

The LLP's financial liabilities, which are all non-derivatives, comprise trade and other creditors, accruals and amounts owed to group undertakings which are recorded at amortised cost.

The LLP's exposure to equity price risk is the same as the Group's exposure, as disclosed above.

Financial instruments - Group	**2018**	**2017**
	£'000	**£'000**
Financial assets measured at fair value		
Fixed asset investments	339	1,005
Financial assets measured at amortised cost		
Trade and other debtors	3,531	3,974
Accrued income	7,774	7,387
	11,305	11,361
Financial liabilities measured at amortised cost		
Trade and other creditors	(4,183)	(3,730)
Accruals	(1,666)	(1,424)
	(5,849)	(5,154)

Notes to the financial statements for the year ended 31 March 2018 (continued)

13 Financial instruments (continued)

Financial instruments - LLP	**2018** **£'000**	**2017** **£'000**
Financial assets measured at fair value		
Fixed asset investments	439	1,105
Financial assets measured at amortised cost		
Trade and other debtors	4,277	4,549
Accrued income	7,774	7,346
	12,051	11,895
Financial liabilities measured at amortised cost		
Trade and other creditors	(3,711)	(3,275)
Accruals	(1,629)	(1,424)
	(5,340)	(4,699)

14 Operating lease commitments

At 31 March 2018 the Group had total commitments under non-cancellable operating leases as detailed below:

Group and LLP 2018	**Land and buildings**	**Other**	**Total**
	£'000	**£'000**	**£'000**
Leases which expire:			
Within one year	1,244	79	1,323
Within two to five years	4,348	83	4,431
After five years	3,609	-	3,609
	9,201	162	9,363

Group and LLP 2017	**Land and buildings**	**Other**	**Total**
	£'000	**£'000**	**£'000**
Leases which expire:			
Within one year	1,281	124	1,405
Within two to five years	4,765	147	4,912
After five years	4,883	-	4,883
	10,929	271	11,200

Notes to the financial statements for the year ended 31 March 2018 (continued)

15 Contingent liabilities

In the ordinary course of business, the LLP has given Letters of Indemnity in respect of lost certified stock transfers and share certificates. The contingent liability arising therefore cannot be quantified, but it is not believed that any material liability will arise under these indemnities.

Under the contract with the LLP's clearing firm, there is a right of recourse to the LLP in respect of unsettled bargains outstanding for more than 30 days past settlement date. It is not believed that any material liability will arise under this provision.

16 Ultimate controlling party

The ultimate controlling party at 31 March 2018 and 31 March 2017 is considered to be Paul Killik.