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RWC Asset Management LLP  
Annual Report and Financial Statements  
31 December 2014

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## INFORMATION

### Officers and professional advisors

#### Designated Members

D Mannix  
RWC Partners Limited

#### Members

D Basile  
N Davies  
A Gambhir  
P A Harrison  
J Innes  
L Keeling  
P Kodeeswaran  
I Lance  
N Purves  
J Teahan  
P Soininen  
M Wildschut

#### LLP registered number

OC332015

#### Registered office

60 Petty France  
London  
SW1H 9EU

#### Independent Auditors

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

#### Bankers

HSBC Bank plc  
6 Commercial Way  
Woking  
Surrey  
GU21 6EZ

#### Solicitors

Dechert  
160 Queen Victoria Street  
London  
EC4V 4QQ

## Members' report for the year ended 31 December 2014

The Members present their Annual Report together with the audited financial statements of RWC Asset Management LLP (the "Partnership") for the year ended 31 December 2014.

### Principal activities

The principal activity of the Partnership is to provide investment management services and intends to continue to provide these services for the foreseeable future. The Partnership is regulated by the Financial Conduct Authority.

The Partnership is responsible for the management of the following funds (excluding segregated accounts):

- RWC Asia Convertibles
- RWC Core Plus
- RWC Enhanced Income
- RWC Europe Absolute Alpha
- RWC Global Convertibles
- RWC Global Enhanced Dividend
- RWC Global Growth Absolute Alpha
- RWC Income Opportunities
- RWC UK Focus
- RWC US Absolute Alpha

### Results for the year and allocation to members

The result for the financial year available for discretionary division among Members was £nil (2013: £nil).

### Designated Members

The Designated Members of the Partnership throughout the year and up until the date of signing were RWC Partners Limited and D Mannix.

### Policy with respect to members' drawings and subscription and repayment of members' capital

All profits are shared among the Members on the basis of the Members' Agreement dated 21 December 2007.

### Member's drawings

Each Member shall be entitled to draw at any time such sum in respect of his or her actual or anticipated Profit Share as may be specified in the Terms of Admission or as may be otherwise approved by the Managing Member in accordance with the LLP deed. Each Member's actual Drawings shall be debited to such Member's Distribution Account.

In any Accounting Year where Drawings have been made and the level of Drawings exceeds the relevant Member's Profit Share entitlement specified in the Terms of Admission, then such excess Drawings shall, unless otherwise agreed by the Managing Member, be treated as a loan by the Partnership to such Member and shall be set off against any allocation of Profit due to be made to such Member in subsequent Accounting Years.

### Subscriptions and repayments of Members' capital

Upon their admission to the Partnership each Member shall contribute Capital to the Partnership. No interest shall be payable to the Members on the amount of any Member's Capital Contribution.

No Member shall have any right to demand the return of their Capital Contribution other than as set out in the Terms of Admission. For the avoidance of doubt, the Partnership may in its discretion withhold payment of any return of Capital Contributions or balances standing to the credit of a Member's Capital Account to the extent the Partnership would be in breach of its regulatory financial resources requirement, or (in the case of a departing Member) if arrangements satisfactory to the Managing Member have not been made by the existing or any new Members for Capital Contributions sufficient to replace such departing Member's Capital Contribution.

### Pillar III disclosures

In accordance with the disclosures required by the FCA under BIPRU 11.3, the Partnership's Pillar III disclosure is available via its website [www.rwcpartners.com](http://www.rwcpartners.com).

### Key performance indicators

Given the straightforward nature of the partnership's accounts, the Members are of the opinion that analysis using key performance indicators is not necessary to gain an understanding of the development, performance or position of the business. Accordingly no such analysis has been undertaken.

### Statement of Members' responsibilities

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

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Partnership and group will continue in business.

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

## RWC Asset Management LLP

### Provision of information to auditors

In so far as the Members are aware:

- there is no relevant audit information of which the Partnership's auditors are unaware; and
- the Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution will be proposed concerning their reappoint will be considered at the next Members' meeting.

This report was approved by the Members on 24 April 2015 and signed on their behalf, by:



G. Bainbridge

For and on behalf of RWC Partners Limited (Designated Member)

## Independent auditors' report to the members of RWC Asset Management LLP

### Report on the financial statements

#### Our opinion

In our opinion, RWC Asset Management LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2014 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### What we have audited

RWC Asset Management LLP's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Members

As explained more fully in the Statement of Members' Responsibilities set out on page 4, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Members of the Partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Designated Members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

24 April 2015



## Profit and Loss account for the year end 31 December 2014

		2014	2013
	Note	£	£
<b>Turnover</b>	2	47,331,587	36,761,362
Administrative expenses		(4,820,789)	(5,609,248)
<b>Operating profit</b>	3	42,510,798	31,152,114
Interest receivable and similar income		17,193	12,388
<b>Profit for the financial year before Members' remuneration and profit shares</b>		42,527,991	31,164,502
Members' remuneration charged as an expense		(42,527,991)	(31,164,502)
<b>Result for the financial year available for discretionary division among Members</b>		-	-

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss account and therefore no separate statement of total gains and losses has been presented.

The notes on pages 11 to 15 form part of these financial statements.

## Balance Sheet as at 31 December 2014

	Note	£	2014 £	2013 £
<b>Current assets</b>				
Debtors	6	6,242,587	7,264,941	
Cash at bank and in hand		6,199,870	7,983,279	
		<u>12,442,457</u>	<u>15,248,220</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(5,678,125)</u>	<u>(2,175,767)</u>	
<b>Net current assets</b>			<u>6,764,332</u>	<u>13,072,453</u>
<b>Net assets attributable to Members:</b>			<u>6,764,332</u>	<u>13,072,453</u>
<b>Represented by:</b>				
<b>Loans and other debts due to Members within one year</b>				
Other amounts	8		5,699,332	12,507,453
<b>Members' other interests</b>				
Members' Capital	8		1,065,000	565,000
			<u>6,764,332</u>	<u>13,072,453</u>
<b>Total members' interests</b>				
Amounts due from Members			(758,409)	(426,648)
Loans and other debts due to Members			5,699,332	12,507,453
Members' other interests			1,065,000	565,000
<b>Members' total interests</b>	8		<u>6,005,923</u>	<u>12,645,805</u>

The financial statements were approved and authorised for issue by the Members and were signed on their behalf on 24 April 2015.



G. Bainbridge

For and on behalf of RWC Partners Limited (Designated Member)

The notes on pages 11 to 15 form part of these financial statements.  
RWC Asset Management LLP Registered number OC332015

## Cash Flow Statement for the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	9	47,367,272	28,134,209
Returns on investments and servicing of finance	10	17,193	12,388
Transactions with members and former members	10	(49,167,874)	(24,657,557)
<b>(Decrease)/Increase in cash in the year</b>		<b>(1,783,409)</b>	<b>3,489,039</b>

## Reconciliation of net cash flow to movement in net funds for the year ended 31 December 2014

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(1,783,409)	3,489,039
<b>Movement in net funds in the year</b>	<b>(1,783,409)</b>	<b>3,489,039</b>
Net funds at 1 January	7,983,279	4,494,240
<b>Net funds at 31 December</b>	<b>6,199,870</b>	<b>7,983,279</b>

The notes on pages 11 to 15 form part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2014

### 1. Accounting Policies

#### 1.1. Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with applicable UK accounting standards in the United Kingdom under the requirements of the Statement of Recommended Practice (SORP) "Accounting by Limited Liability Partnerships" published in March 2010;

#### 1.2. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

#### 1.3. Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Partnership after deducting all of its liabilities.

#### 1.4. Reclassification of prior year balances: Administrative Expenses and Amounts due to Group Undertakings

In the prior year, amounts allocated to RWC Asset Advisors (US) LLC were classified within Members remuneration charged as an expense. During the year the Members have reclassified such amounts so that amounts allocated to RWC Asset Advisors (US) LLC are treated as administrative expenses. The effect of this change is to increase administrative expenses as previously reported at 31 December 2013 by £1,291,701 and reduce Members remuneration charged as an expense by £1,291,701. In addition, amounts due to RWC Asset Advisors (US) LLC were classified within loans and debts due to members. During the year, the Members have reclassified such amounts so that amounts due to RWC Asset Advisors (US) LLC are treated as Amounts due to Group undertakings. The effect of this change is to increase Amounts due to Group undertakings expenses as previously reported at 31 December 2013 by £772,000 and reduce loans and debts due to members by £772,000.

There is no impact on net assets or the result for the financial year available for discretionary division among Members for the year ended 31 December 2013.

### 2. Turnover

The turnover shown in the profit and loss account represents fees receivable for investment management services provided during the year and arising from continuing activities in the UK, stated net of value added tax.

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 3. Operating Profit

The operating profit is stated after charging:

	2014 £	2013 £
Bank charges	8,065	9,135
Difference on foreign exchange	<u>4,723</u>	<u>797</u>

The audit fee for current and prior years was borne by RWC Partners Limited. The fee for the year ended 31 December 2014 was £18,400 (2013: £17,500).

### 4. Particulars of Members

No salaries were paid to Members during the year.

	2014 Number	2013 Number
The average number of Members during the year was	<u>12</u>	<u>12</u>
	£	£
Profit allocation in respect of the Member with the largest entitlement to profits during the year	<u>27,954,072</u>	<u>23,380,972</u>

### 5. Staff Costs

The Partnership had no employees during the year or the prior year as these are employed by other Group Undertakings.

### 6. Debtors

	2014 £	2013 £
Trade debtors	5,484,178	6,838,293
Amounts owed by Members	758,409	426,648
Other debtors	-	-
	<u>6,242,587</u>	<u>7,264,941</u>

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 7. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	973,895	165,727
Amounts due to Group undertakings	3,441,447	1,222,612
Other creditors	17,615	162,413
Taxation and social security	397,461	-
Accruals and deferred income	847,707	625,013
	<u>5,678,125</u>	<u>2,175,767</u>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

### 8. Reconciliation of movements in Members' interests

	Members' capital (classified as equity)	Loans and debts due to Members less any amounts due from Members in debtors	Total 2014	Total 2013
	£	£	£	£
Amounts due to Members brought forward		12,507,454		
Amounts due from Members brought forward		(426,648)		
Balance at 1 January 2014	565,000	12,080,806	12,645,806	6,138,861
Members' remuneration charged as an expense	-	42,527,991	42,527,991	31,164,502
Members' interests after profit for the year	565,000	54,608,797	55,173,797	37,303,363
Drawings	-	(49,667,874)	(49,667,874)	(24,667,556)
Capital amounts introduced by Members	500,000	-	500,000	30,000
Capital amounts repaid to Members	-	-	-	(20,000)
Balance at 31 December 2014	<u>1,065,000</u>	<u>4,940,923</u>	<u>6,005,923</u>	<u>12,645,805</u>

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 8 Reconciliation of movements in Members' interests (continued)

	2014 £	2013 £
Amounts due to Members	5,699,332	12,507,454
Amounts due from Members	(758,409)	(426,648)
Net amount due to Members	<u>4,940,923</u>	<u>12,080,806</u>

Members' other interests rank after unsecured creditors, and loans and other debts due to Members rank pari passu with the unsecured creditors in the event of a winding up.

### 9. Net cash flow from operating activities

	2014 £	2013 £
Operating profit	42,510,798	31,152,114
Decrease/(increase) in debtors	1,354,116	(4,627,688)
Increase in creditors	3,502,358	1,609,783
Net cash inflow from operating activities	<u>47,367,272</u>	<u>28,134,209</u>

### 10. Analysis for cash flows for headings netted in cash flow statement

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>17,193</u>	<u>12,388</u>

	2014 £	2013 £
<b>Transactions with Members and former Members</b>		
Payments to Members	(49,667,874)	(24,667,557)
Repayments to former Members	-	(20,000)
Contributions by Members	500,000	30,000
Net cash outflow from transactions with Members	<u>(49,167,874)</u>	<u>(24,657,557)</u>

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 11. Analysis of changes in net funds

	1 January 2014 £	Cash flow £	31 December 2014 £
Cash at bank and in hand	7,983,279	(1,783,409)	6,199,870
<b>Net funds</b>	<b>7,983,279</b>	<b>(1,783,409)</b>	<b>6,199,870</b>

### 12. Ultimate parent undertaking and controlling party

The Partnership's immediate and ultimate parent undertaking is RWC Partners Limited a company registered in England and Wales. RWC Partners Limited heads the smallest and largest group of companies for which consolidated financial statements including the Partnership's position and results are available. Copies of the consolidated financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

### 13. Related Party Transactions

As a subsidiary, the group is exempt from disclosing related party transactions, under Paragraph 3c of Financial Reporting Standard No 8 - Related Party Disclosures, with Members of the Group, provided that any other subsidiary undertaking which is a party to the transaction is wholly-owned by a Member of that group.