

# **Speirs & Jeffrey Limited**

Annual Report and Financial Statements

Registered number SC098335

Year to 31 December 2019

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## Directors' report

The directors of Speirs & Jeffrey Limited ("the Company") have pleasure in submitting their report to the members, together with audited financial statements, for the year to 31 December 2019. The previous set of financial statements presented were for a shorter period of 11 May to 31 December 2018 to realign the accounting period end to that of the ultimate parent company, Rathbone Brothers plc ("Rathbones"). In this regard the comparative amounts presented in the financial statement and accompanying notes are not entirely comparable.

### Directors

The directors at the date of this report all of whom have served throughout the year for which the financial statements are prepared, unless stated, were as follows:

M.J. Wilson (Chairman)\*  
R.L. Crichton  
K.L. Donaldson  
A.T. Morris  
J.A. Butcher (appointed 5 June 2019)

\*M.J. Wilson assumed role of chairman on 10 May 2019 following the resignation of P.L. Howell.

The directors who resigned during the period were:

P.L. Howell (resigned 9 May 2019)  
S.W.J. Mathieson (resigned 1 July 2019)

### Incorporation

The Company is incorporated in Scotland with the registered number SC098335.

### Dividend

The profit after tax for the year was £4,095,000 (2018 Restated: £738,000). Revenues recorded in the Company in 2019 reduced following the transfer of clients to Rathbones Investment Management Ltd (RIM), a fellow group undertaking. This was offset by reduced staff costs following the transfer of employees to Rathbones. The 2018 profit was reduced by a shortened trading period and one-off incentive payments paid to employees following the acquisition by Rathbones. No dividend was paid or proposed in this period or the prior period. The remaining balance of shareholders' funds is £22,814,000 (2018 Restated: £18,719,000).

### Going Concern

Management have assessed that it is no longer appropriate to prepare accounts for the Company on a going concern basis. It is more than probable that the entity will become dormant prior to 31 December 2020. A summary regarding the cessation of the Company's business is included below. The financial statements have therefore been prepared on an alternative basis. The basis includes, where applicable, writing the Company's assets down to net realisable value. Remaining contracts were considered to identify any onerous contracts for which provisions should be recognised. Previously recognised prepayments were released where it was considered no further economic benefit or service would be received by virtue of the transfer away of all clients. At 31 December 2019 there were a number of contracts for which continued service is required to ensure regulatory compliance and an orderly transition to dormant status for the Company. No provision has been made for the future costs of terminating such contracts or the business unless these costs were committed at the reporting date. There will be a wind down period in 2020 in which these costs will be recognised as they arise.

The majority of the Company's clients were, with client consent, transferred to RIM with effect on 30 June 2019. Thereafter a significant number of clients transferred to RIM on 01 October 2019 after those clients provided consent. Individual clients subsequently continued to provide consent for transfer to RIM or opted to transfer to an alternative provider. In October 2019 a waiver application to transfer the assets and cash of a small number of non-respondent clients to RIM under forbearance was submitted to the Financial Conduct Authority ("FCA"). Confirmation of FCA approval was received on 6 December 2019. On 10 December 2019 the transfer of all remaining client assets and cash to RIM was initiated. At 31 December only illiquid stock with a total negligible value remained in the custody of the Company. No client cash remained. While there will be a wind down period in 2020 in which some costs will continue to be incurred there is no prospect of future revenues and no activity will be undertaken by the Company on behalf of clients as none remain.

## **Directors' report (Continued)**

### **Section 172**

As the Company does not meet the Companies Act definition of a large company, the Directors have not produced an s172 statement. A s172 statement for the Rathbones Group is provided in the Rathbone Brothers plc report and accounts for the year ended 31 December 2019.

### **Auditor**

During 2019 the directors determined it was appropriate to review the appointment of the Company's auditor and a resolution concerning the appointment of Deloitte LLP was accepted at the Rathbones' Annual General Meeting on 9 May 2019. The Company subsequently appointed Deloitte LLP as auditor and pursuant to Section 487 of the Companies Act 2016, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

### **Disclosure of information to auditor**

The directors in office at the date of signing of this report confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each director has taken all steps that he or she ought to have taken to make him or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

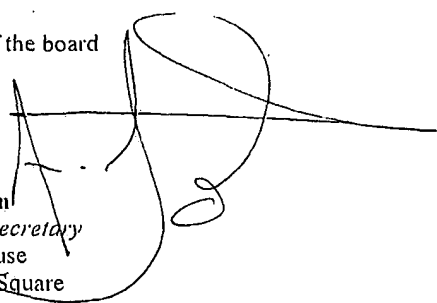
### **Insurance and indemnification of directors**

The Company has put in place insurance to cover its directors and officers against the costs of defending themselves in civil legal action taken against them in that capacity and any damages awarded. The Company has granted indemnities, which are uncapped, to its directors and to the company secretary by way of deed. Qualifying third-party indemnity provisions, as defined by Section 234 of the Companies Act 2006, were therefore in place throughout 2019 and remain in force at the date of this report.

### **Post Balance Sheet Events**

By 24 January 2020 no client assets or cash remained in the Company's custody. No further client assets or cash will arise in the Company. On 31 January 2020 the Company submitted an application to cancel its FCA registration to the regulator. On 27 February 2020 the Company's auditors submitted a CASS audit report and auditor confirmation that the Company no longer holds client money or assets to the FCA. The current expectation is that the FCA registration of the company will be confirmed as cancelled in due course. Further details are included at note 17 to the accounts.

By order of the board



Ali Johnson  
Company Secretary  
George House  
50 George Square  
Glasgow

5 March 2020

## Strategic Report

### Business review, principal activities and future developments

The Company's primary activities were discretionary and advisory investment management and related services. Following the acquisition of the Company by Rathbone Brothers plc ("Rathbones") in 2018 the integration of the business into the wider Rathbones group was a key focus in 2019. For the six months to 30 June 2019 the business operated as in previous years while the integration project was in the preparatory stages. On 1 July 2019 the majority of clients were transferred to Rathbones Investment Management Ltd (RIM) having provided consent. Thereafter in the second half of 2019 trading in the Company was greatly reduced as remaining clients either consented to transfer to RIM or opted to transfer out to another Investment Manager. By 31 December 2019 only illiquid investments with a negligible value remained in the custody of the Company. All employees transferred to the Rathbones group on 01 July 2019 under a TUPE arrangement. As at 31 December 2019 all active trading had ceased and the Company was in the process of an orderly closedown of activities. This reflected a huge effort from our colleagues both within the Company and the wider Rathbones group to deliver the integration project on time. This was achieved against a backdrop of striving to maintain normal high levels of client service.

Revenues of £14.4m were achieved in the year. This reflected revenue for the first six months for the full client base and minimal revenues in the second half of the year after the bulk of the clients had transferred to RIM. Cost savings were achieved following the transfer of staff and significant liabilities such as the office lease to Rathbones. Given that the year only included six months of active trading the profit before tax of £5.0m is in line with expectation.

As disclosed in the Directors' Report at the reporting date the Company no longer holds client money or assets. An application to cancel the FCA registration of the Company has been submitted to the regulator. No further revenues will arise. Costs of closure will be incurred in 2020. Thereafter the Company will become dormant.

The Company sincerely thanks its clients, employees and all other stakeholders who have travelled along this long journey. We look forward to continuing to serve our clients as part of Rathbones.

### Brexit

Given all clients had transferred to RIM or another provider by 31 December and the Company is in the process of ceasing to trade Brexit will have no impact at an individual company level. Ongoing client business is now undertaken by RIM who monitor and consider potential Brexit impacts at Group level.

### Key performance indicators

#### Financial performance

The financial performance of the Company is driven by revenues earned from funds under management and transaction income. Revenues depend on a mix of tiered fees rates and commissions charged for transactions undertaken on behalf of clients. As noted above, the Company recorded normal revenues for the first six months of the year, thereafter revenues were limited following the transfer of clients. In the year the Company earned revenues of £14.4m which was in line with expectation given the progress to cessation during the period.

### Principal risks and uncertainties

#### Political risk

Brexit continues to be the focus of considerable business uncertainty in the UK. Given that the Company is now in the process of closedown and is undertaking no further business for clients no impact is anticipated.

#### Liquidity risk

This is the risk that the Company has insufficient financial resources to enable it to meet its obligations as and when they fall due. At 31 December 2019 cash balances are such that there is little risk that liabilities in excess of resources will arise given the Company has now ceased transacting for clients. The cost base has reduced considerably following the transfer of employees and the office lease to other group companies. There is no external debt.

#### Operational risk

This is the risk of loss arising from inadequate or failed internal processes, people or systems. The board regularly reviews the system of internal controls and will continue to do so until trading ceases entirely.

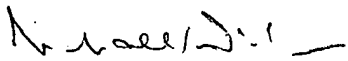
## **Strategic Report (Continued)**

### **Principal risks and uncertainties (Continued)**

#### *Business risk*

This is the risk that the Company may not be able to carry out its business plan and strategy. Given the successful transfer of clients to RIM and delivery of the integration project in 2019 the current strategy is for the Company to cancel all FCA permissions and move to dormant status when all remaining liabilities are settled. Progress towards this goal is being monitored by Rathbones and resource will be allocated to the closure project as necessary to ensure the plan is executed.

By order of the board



**Michael J Wilson**

*Director*

George House  
50 George Square  
Glasgow

5 March 2020

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

## **Independent auditor's report to the members of Speirs & Jeffrey Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Speirs & Jeffrey Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

#### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 1.2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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 respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors Responsibilities, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



## **Independent auditor's report to the members of Speirs & Jeffrey Limited (Continued)**

### **Responsibilities of directors (Continued)**

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

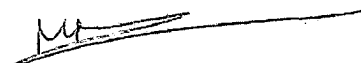
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

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.



Manbhinder Rana (FCA)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

5 March 2020

## Profit and loss account

For the year ended 31 December 2019

	Note	Year to 31 December 2019	11 May 2018 to 31 December 2018 (Restated)
		£000	£000
<b>Turnover</b>		14,289	17,608
Interest received	2	74	25
Dividend received		-	82
<b>Operating Income</b>		<u>14,363</u>	<u>17,715</u>
Staff costs	3	4,729	14,113
Other operating expenses	5	4,028	2,858
Financial Services Compensation Scheme levy		501	(9)
<b>Operating Expenses</b>		<u>9,258</u>	<u>16,962</u>
<b>Operating Profit</b>		<u>5,105</u>	<u>753</u>
Revaluation of investment in shares to fair value	9	(66)	24
<b>Profit Before Taxation</b>		<u>5,039</u>	<u>777</u>
Tax on profit on ordinary activities	6	(944)	(39)
<b>Profit for the Financial Period</b>		<u><u>4,095</u></u>	<u><u>738</u></u>

A Statement of Comprehensive Income is not required as there is no other comprehensive income in the current or prior period.

## Statement of Changes in Equity

	Share Capital	Capital Redemption Reserve	Profit and loss Account	Total Equity
	£000	£000	£000	£000
At 10 May 2018 (previously reported)	68	132	15,863	16,063
Restatement to P&L reserve as at 10 May 2018	-	-	1,918	1,918
At 10 May 2018 (Restated)	68	132	17,781	17,981
Profit for the financial period (previously reported)	-	-	1,931	1,931
Restatement to profit to 31 December 2018	-	-	(1,193)	(1,193)
At 1 January 2019 (Restated)	68	132	18,519	18,719
Profit for the financial period	-	-	4,095	4,095
At 31 December 2019	<u>68</u>	<u>132</u>	<u>22,614</u>	<u>22,814</u>

The notes on pages 11 to 20 form part of these financial statements.

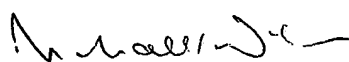
## Balance sheet

As at 31 December 2019

	Note	31 December 2019	31 December 2018 (Restated)	10 May 2018 (Restated)
<b>Fixed assets</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible assets	7	-	999	1,004
Investment in subsidiaries	8	-	-	-
Investment in unquoted ordinary shares	9	-	1,259	1,235
		-	2,258	2,239
<b>Current assets</b>				
Debtors and accrued income		29	8,374	14,997
Intercompany debtor - RIM		10,340	-	-
Bank balances and cash		12,949	19,421	19,083
Deferred tax asset		7	-	-
		23,325	27,795	34,080
<b>Creditors: amounts falling due within one year</b>				
Creditors and accruals	10	511	10,544	17,598
Deferred tax liability	11	-	190	140
		511	10,734	17,738
<b>Net current assets</b>		<b>22,814</b>	<b>17,061</b>	<b>16,342</b>
<b>Creditors: amounts falling due after more than one year</b>				
Creditors		-	600	600
<b>Net assets</b>		<b>22,814</b>	<b>18,719</b>	<b>17,981</b>
<b>Capital and reserves</b>				
Called up share capital	13	68	68	68
Capital redemption reserve	14	132	132	132
Profit and loss account		22,614	18,519	17,781
<b>Shareholders' funds</b>		<b>22,814</b>	<b>18,719</b>	<b>17,981</b>

The notes on pages 11 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 5 March 2020 and were signed on its behalf by:



**Michael J Wilson**  
Director



**Kirstin L Donaldson**  
Director

## Cash flow statement

For the year ended 31 December 2019

	Year to 31 December 2019	11 May 2018 to 31 December 2018 Restated
	Note £000	£000
<b>Cash flows from operating activities</b>		
Profit for the year	5,039	777
Adjustments for:		
Interest received	(74)	(25)
Dividend received	-	(82)
Revaluation of investment in shares to fair value	66	(24)
Depreciation	129	162
	<hr/> 5,160	<hr/> 808
Decrease in debtors and accrued income	8,345	6,623
Increase in intercompany debtor	(10,340)	-
(Decrease) in creditors and accrual	(10,758)	(5,783)
	<hr/> (7,593)	<hr/> 1,648
Taxation paid	(840)	(1,260)
Deferred tax liability transferred to Rathbones	(176)	-
	<hr/> (8,609)	<hr/> 388
<b>Net cash from operating activities</b>		
<b>Cash flows from investing activities</b>		
Dividend received	-	82
Interest Received	74	25
Purchase of tangible fixed assets	7 (17)	(157)
Transfer of fixed assets to Rathbones at NBV	7 887	-
Transfer of unquoted investment to RIM	9 1,193	-
	<hr/> 2,137	<hr/> (50)
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Dividends paid	-	-
	<hr/> -	<hr/> -
<b>Net cash used in financing activities</b>		
<b>Net (decrease) / increase in cash</b>	(6,472)	338
Cash at the beginning of the year	19,421	19,083
	<hr/> 12,949	<hr/> 19,421
<b>Net cash at the end of the year</b>		

The notes on pages 11 to 20 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### **1 Accounting policies**

Speirs & Jeffrey Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK. The address of the Company's registered office is George House, 50 George Square, Glasgow, G2 1EH. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 3. These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis except that investments in shares are stated at their fair value through the profit and loss account.

#### **1.2 Going concern**

Management have assessed that it is no longer appropriate to prepare accounts on a going concern basis. It is more than probable that the entity will become dormant prior to 31 December 2020. The financial statements have therefore been prepared on a basis other than going concern. The basis includes, where applicable, writing the company's assets down to net realisable value. Remaining contracts were considered to identify any onerous contracts for which provisions should be recognised. Previously recognised prepayments were released where it was considered no further economic benefit or service would be received following the transfer away of all of the Company's clients. At 31 December 2019 there are contracts for which continued service is required to ensure regulatory compliance and an orderly transition to dormant status for the Company. No provision has been made for the future costs of terminating such contracts unless these costs were committed at the reporting date. There will be a wind down period in 2020 in which these costs will be recognised.

Given the value of reserves the directors of the Company are confident that the Company will be able to meet liabilities as they fall due with regards to cessation of the business and termination of all remaining contracts.

#### **1.3 Foreign currency**

The functional and presentational currency of the company is Sterling. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Balances on foreign currency transactions have been translated into pounds sterling at the rate of exchange ruling at the balance sheet date.

#### **1.4 Basic financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are measured at transaction price, less attributable transaction costs or impairment. Trade and other creditors are measured at transaction price plus attributable transaction costs. All debtors and creditors are denominated in Sterling.

##### *Investments in unquoted ordinary shares*

Investments in unquoted equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss, using methodology which is consistent with the International Private Equity and Venture Capital Valuation Guidelines ("*IPEVCG*").

##### *Investments in subsidiaries*

Investments in subsidiaries were historically carried at cost. All three subsidiaries were transferred to Rathbones Investment Management Limited (RIM), a fellow group undertaking at cost with effect on 10 December 2019. All three subsidiaries were non trading nominee companies which safe custody assets were registered in the name of. As such these companies had no underlying assets or liabilities.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement.

## Notes (Continued)

### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Office equipment	-	25% straight line
Leasehold improvements/reinstatement	-	11% and 12.5% straight line respectively

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits. At 1 July 2019 the fixed assets held were transferred to fellow group undertakings at net book value.

### 1.6 Defined contribution plans and other long term employee benefits

The Company operated a defined contribution pension scheme until 30 June 2019. With effect on 1 July 2019 all remaining employees transferred to Rathbones under a TUPE arrangement. At that point employees joined the Rathbones pension scheme and Company contributions to the Company scheme ceased. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

### 1.8 Turnover

Turnover comprises gross commission, ISA and nominee management fees and sundry income all of which arises in the UK. Gross commission is recognised on a commitment basis with ISA and nominee management and sundry income recognised as earned in line with our terms and conditions.

### 1.9 Expenses

#### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

### 1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 1.11 Prior period adjustment in respect of revenue recognition

Previously, ISA and nominee management fees were recognised on the quarter end billing date which has historically resulted in a timing difference between the level of income earned and the level of income recognised as at the year-end. Due to the change in accounting period in the year ended 31 December 2018 and the discontinuing of operations in the Company in the year ended 31 December 2019, the net impact of the timing difference is significant. Therefore, the revenue recognition policy applied for quarterly ISA and nominee management fees has been revised during the year.

## Notes (Continued)

### 1.11 Prior period adjustment in respect of revenue recognition (Continued)

A prior period error has been identified and as a result, the profit and loss account, statement of changes in equity and balance sheet statement have been restated for the prior two periods. The adjustments to prior periods were as follows:

As at 10 May 2018 Debtors and accrued income were increased by £2,368,000 to reflect quarterly fees earned but not accrued at that date with a corresponding increase of £450,000 to the corporation tax creditor to produce a P&L reserve increase of £1,918,000. Similarly Debtors and accrued income as at 31 December 2018 were increased by £895,000 to reflect quarterly fees earned but not accrued at that date with a corresponding increase of £170,000 to the corporation tax creditor for a net increase of £725,000 to profit after tax. In total the profit after tax for the period to 31 December 2018 was reduced by £1,193,000. This was the net effect of £1,918,000 moved into the prior period offset by £725,000 recognised earlier after the restatement. As at 31 December 2019, all quarterly fees have been correctly recognised. It should be noted that the fees of £895,000 were accrued in the Rathbone Brothers Plc accounts to 31 December 2018 via a consolidation adjustment.

### 1.12 Critical accounting judgements and key sources of estimation uncertainty

The Company makes judgements and estimates that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Judgements and estimates made have been considered.

#### Critical accounting judgements

The decision to prepare the financial statements on a basis other than going concern as detailed in note 1.2 was a critical accounting judgement. As was the decision to restate the results for prior periods for an error in relation to the timing of revenue recognition as described at note 1.11. Both judgements had an impact but did not introduce undue complexity into the preparation of the financial statements.

#### Key sources of estimation uncertainty

No estimates made in preparation of the financial statements are considered to include a significant element of uncertainty.

### 2 Interest

	Year to 31 December 2019 £000	11 May 2018 to 31 December 2018 £000
Bank interest received	74	25

### 3 Staff costs

On 1 July 2019 all remaining employees of the Company were transferred to Rathbones under a TUPE arrangement. Rathbones bore the cost of all staff remuneration from 1 July 2019. The staff costs detailed below are those that arose in the Company prior to the transfer of employees to Rathbones.

	Year to 31 December 2019 £000	11 May 2018 to 31 December 2018 £000
Wages and Salaries	3,775	11,717
Social security costs	617	1,495
Contributions to defined contribution plans	337	901
	<u>4,729</u>	<u>14,113</u>
	No.	No.
Full time employees	78	155
Part time employees	3	6
	<u>81</u>	<u>161</u>
Average number employed (including directors)	81	161

## Notes (Continued)

### 3 Staff costs (Continued)

#### Directors Remuneration

All directors became employees of Rathbones prior to 1 January 2019. Directors' remuneration associated with their position as directors of the Company was as follows:

	Year to 31 December 2019 £000	11 May 2018 to 31 December 2018 £000
Directors emoluments	1,144	3,877
Amounts receivable under long term incentive schemes	100	-
Company contributions to money purchase pension schemes	30	9
	<u>1,274</u>	<u>3,886</u>

<i>Highest Paid Director:</i>	£000	£000
Emolument and amounts receivable under long term incentive schemes	314	1,701
Company contributions to money purchase pension schemes	30	-

<i>Retirement benefits are accruing to the following number of directors under:</i>	No.	No.
Money purchase schemes	1	2
Defined benefit schemes	-	-
Number of directors for whom shares are receivable under long term schemes	4	-
Number of directors who exercised share options	3	-

At 31 December 2018 an accrual of £947,000 was in place for director retention bonuses. In 2019 this cost was borne by group without recharge to the Company. Therefore the accrual was released reducing the value of staff costs reported by the Company.

### 4 Pension scheme

#### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £174,000 (2018: £196,000). There were no outstanding or prepaid contributions at the end of the financial year. Employer contributions to the scheme ceased with effect from 1 July 2019 after the transfer of all remaining employees to Rathbones under a TUPE arrangement.

### 5 Expenses and auditors' remuneration

	Year to 31 December 2019 £000	11 May 2018 to 31 December 2018 £000
Auditor's remuneration - statutory audit of the company	50	30
- audit of subsidiaries now disposed of	-	2
- other services pursuant to legislation	45	36
- taxation compliance services	-	3
	<u>95</u>	<u>71</u>
Depreciation	129	162
Operating leases	187	238



## Notes (Continued)

### 6 Taxation

#### a) Analysis of charge in period:

	Year to 31 December 2019	11 May 2018 to 31 December 2018 Restated
	£000	£000
<b>Current tax</b>		
UK corporation tax on profits of the period	966	(11)
<b>Deferred tax</b>		
Timing differences	(22)	50
<b>Taxation on profit on ordinary activities</b>	<u>944</u>	<u>39</u>

#### b) Factors affecting tax charge for the period:

	Year to 31 December 2019	11 May 2018 to 31 December 2018 Restated
	£000	£000
Profit before taxation	5,039	777
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	957	147
Disallowable expenses	1	19
Revaluation loss / (gain) on unquoted investment	13	(15)
Deferred tax prior year	-	53
Prior year adjustment	(27)	(165)
	<u>944</u>	<u>39</u>

### 7 Fixed tangible assets

	Fittings And Equipment £000
<b>Cost</b>	
At 31 December 2018	3,750
Additions	17
Transfer to Group at 1 July 2019	<u>(3,767)</u>
<b>At 31 December 2019</b>	-
<b>Depreciation</b>	
At 31 December 2018	2,751
Charge for period	129
Transfer to Group at 1 July 2019	<u>(2,880)</u>
<b>At 31 December 2019</b>	-
<b>Net book value</b>	
<b>At 31 December 2019</b>	-
At 31 December 2018	<u>999</u>

## Notes (Continued)

### 8 Investment in subsidiaries

No subsidiary companies remain at the balance sheet date. Details of the subsidiaries disposed of in the year are as follows:

Speirs + Jeffrey Fund Management Limited	- nominee company
Speirs & Jeffrey Portfolio Management Limited	- nominee company
Speirs & Jeffrey Client Nominees Limited	- nominee company

All companies were 100% owned subsidiaries registered in Scotland. With effect on 10 December 2019 all three subsidiaries were transferred to RIM in their entirety at cost. RIM and the Company are both part of the group of which Rathbones Brothers Plc is the ultimate parent undertaking.

### 9 Investment in unquoted ordinary shares

	At 31 December 2019 £000	At 31 December 2018 £000
Non-quoted investment at cost	81	81
Revaluation of investment to fair value	1,178	1,154
	<hr/>	<hr/>
	1,259	1,235
Movement in the period	(66)	24
Transfer to RIM with effect 1 December 2019	(1,193)	-
	<hr/>	<hr/>
	-	1,259
	<hr/>	<hr/>

The investment in the unquoted shares is measured at fair value. In arriving at the fair value the earnings, net assets of the investment and the price of recent transactions are taken into account. The investment was transferred to RIM with effect on 1 December 2019. At the date of transfer the investment of the Company was non-quoted and classified as a Level 3 investment under section 34 of FRS102. Section 34 of FRS102 defines Level 3 investments as investments for which inputs are unobservable (i.e. for which market data is unavailable).

### 10 Creditors and accruals: amounts falling due within one year

	At 31 December 2019 £000	At 31 December 2018 Restated £000
Trade creditors and counterparty balances	3	6,392
Accruals	248	3,134
Other tax and social security	(17)	866
UK corporation tax	277	152
	<hr/>	<hr/>
	511	10,544
	<hr/>	<hr/>

## Notes (Continued)

### 11 Deferred taxation

	Depreciation in excess/(deficit)of capital allowances £000	Other timing Differences £000	Total £000
At 31 December 2018	(41)	(149)	(190)
Movement in financial period:			
- current period	6	15	21
- transfer to Group	35	141	176
<b>At 31 December 2019</b>	<b>-</b>	<b>7</b>	<b>7</b>

A deferred tax liability has been recognised at the rate at which it is expected to reverse.

### 12 Related Party Transactions

#### *Parent and ultimate controlling party*

The ultimate parent undertaking and controlling party of the company is Rathbone Brothers plc, a company registered in England & Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Group accounts may be obtained from the Company Secretary, Rathbone Brothers Plc, 8 Finsbury Circus, London EC2M 7AZ.

#### *Transactions with key management personnel*

Key management personnel are defined as those persons having responsibility and authority for planning, directing and controlling the operations of the Company. The Company's key management personnel are its directors. The remuneration of the directors is set out below.

As explained in note 3 all staff, including key management personnel, are employed by the Company's ultimate parent undertaking. Key management personnel compensation borne by the Company's ultimate parent undertaking and charged to the Company comprised:

	Year to 31 December 2019 £000	11 May 2018 to 31 December 2018 £000
Short term employment benefits	1,144	2,930
Post-employment benefits	30	9
Termination benefits	-	-
Other long-term benefits	-	947
Share-based payments	104	-
	<b>1,278</b>	<b>3,886</b>

#### *Transactions with key management personnel and their close family members*

Until 1 July 2019 certain members of key management personnel (the directors) used certain services provided by the Company. None of the amounts concerned were material in the context of assets being managed by the Company. All transactions between key management and their close family members and the Company during the year were on terms equivalent to those available to all employees of the Company.

All amounts outstanding with related parties are outstanding and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

## Notes (Continued)

### 12 Related Party Transactions (Continued)

#### Other Related Party Transactions

During the year, the company entered into the following transactions with fellow subsidiaries:

	2019 Receivable	2019 Payable	2018 Receivable	2018 Payable
	£000	£000	£000	£000
Fees and commissions	-	-	-	-
Interest	-	-	-	-
Charges for management services	-	770	-	-
Dividends Paid	-	-	-	-
	<u>-</u>	<u>770</u>	<u>-</u>	<u>-</u>

All transactions and outstanding balances with fellow Group companies are priced on an arm's length basis and are to be settled in cash. None of the balances are secured and no provisions have been made for doubtful debts for any amounts due from fellow Group companies.

Staff costs and rent, which are incurred by Rathbones, are recharged to the Company by a fellow group undertaking on a pro-rata basis based on head count and occupancy.

The Company's parent operates share based payment incentive schemes and defined contribution pension schemes for the benefit of its employees. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The associated charges to profit that relate to employees that provide services to the Company are recharged to the Company by a fellow group undertaking. Recharges relating to pension costs and share based payments are included within operating expenses.

### 13 Called up share capital

	At 31 December 2019 £000	At 31 December 2018 £000
<i>Allotted, called up and fully paid</i>		
Equity: 68,300 (2018: 68,300) ordinary shares of £1 each	68	68
	<u>68</u>	<u>68</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### Dividends

	Year to 31 December 2019 £000	11 May 2018 to 31 December 2018 £000
Equity - ordinary shares paid in year	-	-
	<u>-</u>	<u>-</u>

The aggregate amount of dividends proposed and not recognised as liabilities as at the period end is £nil (2018: £Nil).

## Notes (continued)

14 Capital redemption reserve	At 31 December 2019 £000	At 31 December 2018 £000
Capital redemption reserve	132	132

This reserve records the nominal value of shares repurchased by the Company.

## 15 Commitments

Non-cancellable operating lease rentals are payable as follows:

	At 31 December 2019 £000	At 31 December 2018 £000
Less than one year	-	359
Between one and five years	-	1,437
More than five years	-	1,437
	-	3,233

Historically the Company had one non-cancellable operating lease in respect of the George House office in Glasgow from which operations were based. With effect on 1 July 2019 the lease and all related liabilities were transferred to Rathbones. During the period an expense of £187,000 was recognised in the profit and loss account in respect of operating leases (2018:£238,000).

## 16 Financial risk management

The Company's activities expose it to a range of financial risks. These key risks and the associated risk management policies to mitigate these risks are described below.

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its obligation resulting in a financial loss to the Company. The Company's financial assets exposed to credit risk are as follows:

	At 31 December 2019 £000	At 31 December 2018 £000
Cash at bank and interest receivable	12,949	19,421
Intercompany balance	10,340	-
Debtors and accrued income	29	8,374

Cash at bank is placed with financial institutions authorised by the Financial Conduct Authority. We review the credit status of institutions on a regular basis.

Intercompany balances are held by RIM with oversight by its treasury team. The Company's board consider this appropriate. There is not considered to be a significant risk of default.

Debtors and accrued income includes market and client balances related to transactions arranged by the firm on behalf of clients. The risk of default by either the client or the market counterparty is reviewed on a regular basis. At 31 December 2019 the balances with market counterparties remaining are negligible.

## Notes (continued)

### 16 Financial risk management (Continued)

#### *Liquidity Risk*

Historically the Company held an investment in an unquoted company which was not traded on an organised public market and therefore posed a potential liquidity risk. This risk was managed by maintaining high levels of cash and forward planning to ensure operational flexibility and choice should there be any delay in realising the value of this investment in the event of a decision for a full or partial disposal. The investment in question was transferred to RIM with effect on 1 December 2019. Therefore this liquidity risk exposure was removed by period end.

#### *Market Risk*

Market risk includes price risk on unquoted investments, interest rate risk and currency risk on financial assets.

As noted when considering liquidity risk the Company disposed of its investment in an unquoted holding during the period. Therefore price risk on unquoted investments was no longer a factor at 31 December 2019.

The interest rate risk will affect the level of income receivable on cash. Movements in interest rates are not expected to significantly affect the profit after tax for the year or equity shareholders' interest.

#### *Currency Risk*

No currency risk exists at 31 December 2019 as no financial assets denominated in a foreign currency remain at period end. The unquoted investment disposed of in the year was valued in Euro's. Following the disposal on 01 December 2019 no such assets remain.

### 17 Post Balance Sheet Event

At 31 December 2019 investments with a negligible value were held for clients in respect of illiquid stocks for which there was a delay prior to confirmation of the transfer out. No other client assets or client money were held at the reporting date or arose thereafter. On 24 January 2020 the final assets were confirmed as transferred to Rathbones and the Company was confirmed as being free of client cash and assets. Thereafter on 31 January 2020 an application was made to the FCA to cancel the regulatory permissions held by the Company. On 27 February 2020 the Company's auditors submitted a CASS audit report and auditor confirmation that the Company no longer holds client money or assets to the FCA. The current expectation is that the FCA registration of the company will be confirmed as cancelled in due course.