Speirs & Jeffrey Limited

Annual report and Financial Statements

Registered number SC98335

Year to 10 May 2018

FRIDAY
S7KSK8C1
SCT 14/12/2018 #23
COMPANIES HOUSE

Contents

Directors' report

The directors have pleasure in submitting their report to the members, together with audited financial statements, for the year to 10 May 2018.

Directors

The directors at the date of this report were:

G.H.W. Waddell (Chairman)
W.G. Dickie
R.L. Crichton
M.J. Wilson
S.W.J. Mathieson
A.A.W. Waddell
T.M.B. Brown
C.C. Baxter
K. L. Donaldson
A.C. Drummond
J.M.Wilson (appointed 15 September 2017 resigned 20 March 2018)

Incorporation

The company is incorporated in Scotland with the registered number SC98335.

Dividend

The profit after tax for the period was £8,219,000 *(2017: £7,219,000)* due to higher fee income and trading volumes offset by increasing costs. The total dividend per ordinary share paid in the period was £100 *(2017: £70)*, comprising last year's final dividend of £30 per share and interim dividends totalling £70 per share. The remaining balance of shareholders' funds is £16,063,000 *(2017: £14,674,000)*. No final dividend has been proposed for the current year (2017: £30 per share).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

On the basis of their assessment of the Company's financial position the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

Auditor

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

By order of the board

S.W.J. Mathieson
Director/Company Secretary
George House
50 George Square
Glasgow

2 August 2018

Strategic Report

Business review and principal activities

The company's primary activities are discretionary and advisory investment management and related services.

The year under review was a near repeat of 2017 – our revenues were at record levels reflecting growing fee income, robust commission income and strong ISA subscriptions. Costs continued to grow sharply mainly as a result of extra staff taken on to support the business. The investment management sub sector of the finance industry faces numerous new and continuing challenges and the majority of these come with cost implications. Despite this, our business again reported good profitability.

S & J was established 112 years ago. All businesses ebb and flow and especially over timescales as long as a century or so. After a strategic review including much constructive board debate, the Directors resolved to embark on a sale process by approaching a handful of suitable partners. This process has resulted in the sale (subject to regulatory approval) of the business to Rathbone Brothers plc - a FTSE 250 business but also one which we consider has a very similar ethos and culture to our own. Having reached the conclusion that S & J is too big to be a boutique and too small to continue flourishing as it has, we have determined that the firm and our client's future will be best served by being an important part of a larger group capable of providing additional strength, depth and enhanced services.

Consequently, this will be the last set of S & J statements, as we now prepare for a new chapter as part of Rathbones. Our sincere thanks to our clients, colleagues and all other stakeholders who have travelled along this long journey with us. Your directors look forward to continuing to serve our clients and aim to achieve a relatively seamless transition.

Principal risks and uncertainties

Political risk

Brexit continues to be the focus of considerable political and media debate. We continue to be vigilant as to any possible action which might need to be taken as matters develop.

The board carries out regular reviews of the risk environment. The main areas of risk identified by the board are:

Liquidity risk

This is the risk that the company does not have sufficient financial resources to enable it to meet its obligations as and when they fall due. The company operates with modest fixed cost commitments and aims to carry sufficient cash balances. 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.

Business risk

This is the risk that the firm may not be able to carry out its business plan and strategy. The board regularly reviews the performance of all areas of the business.

By order of the board

Russell L Crichton
Chief Executive
George House
50 George Square
Glasgow

2 August 2018

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 judgments 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

Opinion

We have audited the financial statements of Speirs & Jeffrey Limited ("the company") for the year ended 10 May 2018 which comprise the Profit and loss account and Other comprehensive Income, Statement of Changes in Equity, Balance Sheet, Cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 10 May 2018 and of its profits for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS
2 August 2018

Profit and loss account and Other Comprehensive Income

	Note	**Year to 10 May 2018 £000**	Year to 10 May 2017 £000
Turnover		**27,996**	25,317
Interest received	*2*	**11**	21
		28,007	25,338
Staff costs	*3*	**13,653**	12,308
Other operating expenses	*5*	**3,977**	3,942
Financial Services Compensation Scheme Levy		**240**	170
		17,870	16,420
Operating profit		**10,137**	8,918
Revaluation of investment in shares to fair value		**59**	100
Profit before taxation		**10,196**	9,018
Tax on profit on ordinary activities	*6*	**(1,977)**	(1,799)
Profit for the financial period		**8,219**	7,219

A statement of recognised gains and losses is not presented as there are no gains or losses in the period other than the profit for the financial period.

Statement of Changes in Equity

	2018 £000	2017 £000
Profit for the financial period	**8,219**	7,219
Equity dividends paid	**(6,830)**	(4,781)
Balance brought forward	**14,674**	12,236
Balance carried forward	**16,063**	14,674
Shareholders' funds comprise:		
Equity	**16,063**	14,674

The notes on pages 9 to 16 form part of these financial statements.

Balance sheet

	Note	10 May 2018 £000	10 May 2018 £000	10 May 2017 £000	10 May 2017 £000
Fixed assets					
Tangible assets	7		**1,004**		817
Investment in subsidiaries	8		**-**		-
Investment in unquoted ordinary shares	9		**1,235**		1,176
			2,239		1,993
Current assets					
Debtors - market and client balances		**12,629**		18,437	
Bank balances and cash		**19,083**		16,814	
		31,712		35,251	
Creditors: amounts falling due within one year					
Creditors - market and client balances		**10,842**		16,521	
Creditors and accruals	10	**6,306**		5,317	
Deferred tax liability	11	**140**		132	
		17,288		21,970	
Net current assets			**14,424**		13,281
Creditors: amounts falling due after more than one year					
Creditors			**(600)**		(600)
Net assets			**16,063**		14,674
Capital and reserves					
Called up share capital	12		**68**		68
Capital redemption reserve	13		**132**		132
Profit and loss account			**15,863**		14,474
Shareholders' funds			**16,063**		14,674

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 2 August 2018 and were signed on its behalf by:

S.W.J. Mathieson
Director

R.L. Crichton
Director

Cash flow statement

	Note	Year to 10 May 2018 £000	Year to 10 May 2017 £000
Cash flows from operating activities			
Profit for the year		**10,196**	9,018
Adjustments for:			
Interest received		**(11)**	(21)
Dividend received		**(37)**	(33)
Revaluation of investment in shares to fair value		**(59)**	(100)
Depreciation		**259**	313
		10,348	9,177
Decrease/(increase) in net market and client balances		**129**	(1,281)
Increase/(Decrease)in creditors		**821**	(446)
		11,298	7,450
Taxation paid		**(1,801)**	(1,792)
Net cash from operating activities		**9,497**	5,658
Cash flows from investing activities			
Dividend received		**37**	33
Interest Received		**11**	21
Purchase of tangible fixed assets	7	**(446)**	(176)
Net cash used in investing activities		**(398)**	(122)
Cash flows from financing activities			
Dividends paid		**(6,830)**	(4,781)
Net cash used in financing activities		**(6,830)**	(4,781)
Net increase in cash		**2,269**	755
Cash at the beginning of the year		**16,814**	16,059
Net cash at the end of the year		**19,083**	16,814

The notes on pages 9 to 16 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Speirs & Jeffrey Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements as all the subsidiary undertakings of the company fall within the exclusions provided for in CA2006 s405. These financial statements present information about the Company as an individual undertaking and not about its group.

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"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. 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

In assessing whether the Company is a going concern, the Board has reviewed cash flow forecasts for the Company based upon a variety of scenarios for the foreseeable future. In addition, the Board has considered the current cash position and the overall financial position of the Company.

Given the above, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern in preparing these financial statements.

1.3 Foreign currency

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 recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

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 ("IPEVCVG").

Investments in subsidiaries

These are separate financial investments of the company. Investments in subsidiaries are carried at cost.

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.

Market and client balance

Market and client balances comprise transactions arranged on behalf of clients together with client money held in the process of settling such transactions.

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.

1.6 Defined contribution plans and other long term employee benefits

The Company operates a defined contribution pension scheme. 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. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Interest

	2018 £000	2017 £000
Bank interest received	**11**	21

3 Staff costs

	2018 £000	2017 £000
Wages and Salaries	**11,611**	10,518
Social security costs	**1,353**	1,238
Contributions to defined contribution plans	**689**	552
	13,653	12,308
Full time employees	**152**	144
Part time employees	**6**	5
Average number employed (including directors)	**158**	149

Remuneration of directors

	2018 £000	2017 £000
Directors' emoluments	**3,249**	3,088
Company contributions to money purchase pension schemes	**-**	20
	3,249	3,108

The emoluments of the highest paid director were £ 547,000 *(2017: £491,000)*. The contributions to the money purchase pension schemes by the company was £nil *(2017: £20,000)*. Retirement benefits are accruing at the balance sheet date to five directors *(2017: three)* in respect of money purchase pension schemes.

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 £221,000 *(2017: £153,000)*. There were no outstanding or prepaid contributions at the end of the financial year.

Notes *(continued)*

5 Expenses and auditors' remuneration

		2018 £000	2017 £000
Auditor's remuneration	- statutory audit of the company	17	17
	- audit of company's subsidiaries	2	2
	- other services pursuant to legislation	65	68
	- taxation compliance services	6	6
	- tax advisory services	4	4
		94	97
Depreciation		259	313
Operating leases		284	237

6 Taxation

a) *Analysis of charge in period:*

	2018 £000	2017 £000
Current tax		
UK corporation tax on profits of the period	1,969	1,792
Deferred tax		
Timing differences	8	7
Taxation on profit on ordinary activities	1,977	1,799

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

	2018 £000	2017 £000
Profit before taxation	10,196	9,018
Profit multiplied by standard rate of corporation tax in the UK of *19% (2017: 19.9%)*	1,937	1,804
Capital allowances in excess of depreciation and other timing differences	40	(5)
	1,977	1,799

Notes *(continued)*

7 Fixed tangible assets

	Fittings And Equipment £000
Cost	
At 10 May 2017	3,147
Additions	446
At 10 May 2018	**3,593**
Depreciation	
At 10 May 2017	2,330
Charge for period	259
At 10 May 2018	**2,589**
Net book value	
At 10 May 2018	**1,004**
At 10 May 2017	817

8 Investment in subsidiaries

Details of the subsidiaries 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 are 100% owned subsidiaries registered in Scotland. The registered office for all subsidiaries is George House, 50 George Square, Glasgow, G2 1EH.

9 Investment in unquoted ordinary shares

	2018 £000	2017 £000
Non-quoted investment at cost	**81**	81
Revaluation of investment to fair value	**1,095**	995
	1,176	1,076
Movement in the period	**59**	100
	1,235	1,176

The investment in the unquoted shares is measured at the 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 of the Company as at the reporting date is non-quoted and is 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 (ie for which market data is unavailable).

Notes *(continued)*

10 Creditors and accruals: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	**18**	52
Accruals	**4,132**	3,594
Other tax and social security	**1,183**	865
UK corporation tax	**973**	806
	6,306	5,317

11 Deferred taxation

	Depreciation in excess/(deficit)of capital allowances £000	Other timing Differences £000	Total £000
At 10 May 2017	(36)	(96)	(132)
Movement in financial period:			
- current period	(8)	-	(8)
- change in tax rate	-	-	-
At 10 May 2018	**(44)**	**(96)**	**(140)**

A deferred tax liability has been recognised at the rate at which it is expected to reverse. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. The Finance Act 2016, substantively enacted on 15 September 2016 then amended this final change so that the corporation tax rate will reduce from 19% to 17% with effect from 1 April 2020.

12 Called up share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
Equity: 68,300 *(2016: 68,300)* ordinary shares of £1 each	**68**	68

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

	2018 £000	2017 £000
Equity - ordinary shares paid in year	**6,830**	4,781

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil *(2017: £2,049,000).*

Notes *(continued)*

13 Capital redemption reserve

	2018 £000	2017 £000
Capital redemption reserve	**132**	132

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

14 Commitments

Non-cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Less than one year	**359**	237
Between one and five years	**1,437**	947
More than five years	**1,661**	148
	3,457	1,332

During the year £284,000 expense less a rent free release of £344,000 was recognised in the profit and loss account in respect of operating leases (2017:£237,000).

15 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 is as follows:

	2018 £000	2017 £000
Cash at bank and interest receivable	**19,083**	16,814
Market and client balances	**10,842**	16,521

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.

Market and client balances relate 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.

Notes *(continued)*

15 Financial Risk Management (cont)

Liquidity Risk

The company's investments in an unquoted company which is not traded in an organised public market and which may be illiquid. As a result the company may not be able to liquidate quickly investments at an amount close to their fair value. The risk is managed by maintaining high levels of cash and by forward planning to ensure operational flexibility and choice.

Market Risk

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

Price risk will affect the fair value of the unquoted investment. If the bid price at the balance sheet date had been 10% higher while all other variables remained constant the profit after tax for the year ended 10 May 2018 would have increased by £100,000 and equity shareholders' interests would have increased by the same amount. Had the price been 10% lower the converse would apply.

Unquoted investments involve a higher degree of price risk than listed investments. The company manages this risk by maintaining high levels of cash and by forward planning to ensure operational flexibility and choice.

The board on an ongoing basis reviews the fair value of the unquoted investment.

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

The unquoted investment with a fair value of £1,235,000 is valued in Euros and is subject to fluctuations in the exchange rate. A 10% strengthening of the Euro exchange rate against sterling at the balance sheet date while all other variable remain constant would increase the profit after tax for the year ended 10 May 2018 by £100,000 and equity shareholders' would have been increased by the same amount. A 10% weakening in the Euro exchange rate would see the converse apply.

16 Post Balance Sheet Event

On 14 June 2018, Rathbones announced its intention to acquire 100% of the share capital of Speirs & Jeffrey Limited, subject to regulatory approvals. A Sales Purchase Agreement was entered into by all parties on 14 June 2018 setting out the terms and conditions of the transaction. Subject to regulatory approval the transaction is expected to complete during the third quarter of 2018, at which point cash consideration will be transferred. The company has entered into arrangements with their third party advisors where amounts would be payable on completion of the deal, these total £1,700,000.

The firm has also put in place employee retention bonuses which are payable on the condition that individuals remain employed by Speirs & Jeffrey Limited and that the deal is approved. If regulatory approval is granted, the cost to S&J of these bonuses will be £5,469,000.