

SMITH & WILLIAMSON I M LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended
30 April 2019



Smith & Williamson I M Limited

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Report and financial statements for the year ended 30 April 2019

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Smith & Williamson I M Limited

Strategic report

Business overview

The principal activity of Smith & Williamson I M Limited ('the company') is to operate as an intermediate holding company and a corporate member of Smith & Williamson Investment Management LLP, from which it receives a profit share.

Acquisition of subsidiary

On 4 April 2019, the company acquired 99.9% of the issued shares in Smith & Williamson Investment Management (Europe) Limited, an investment management firm based in Dublin, from Smith & Williamson Investment Management LLP for a consideration of £1.3 million.

Transfer of subsidiary

On 6 April 2019, the company's investment in Smith & Williamson Investment Management (Europe) Limited was transferred to Smith & Williamson Holdings Limited at carrying value.

Strategic objectives and key performance indicators

Our strategic objectives are to focus on three key areas; developing our people, working in unison and enhancing our technology to support our future growth. This strategy will enable our people to utilise modern technology and deliver a more comprehensive breadth and depth of joined-up services, when and where it is most appropriate for our clients.

Key performance indicators are discussed below. Further details can be found in the Smith & Williamson Holdings Limited group's annual report and accounts, which does not form part of this report.

Financial review

Profit before tax for the year was £10.4 million (2018: £0.1 million). Operating cash inflow before movements in operating assets and liabilities was £10.4 million (2018: £0.1 million).

The profit before tax and operating cash inflow reflects the profit share received from Smith & Williamson Investment Management LLP.

Tax charge for the year was £3.0 million (2018: £1.5 million). A full reconciliation is set out in note 6.

At 30 April 2019, the company had net assets of £20.6 million (2018: £23. million).

Going concern

The company has adequate financial resources and a large, diversified client base. As a consequence, the directors believe that the company is well placed to manage its financial risks successfully.

The company is reliant upon the support from its ultimate parent undertaking Smith & Williamson Holdings Limited and its subsidiary undertakings ('the group') as it meets its day-to-day working capital requirements through the continuation of loans provided to it by group members who have confirmed that they will not demand repayment of the loans and inter-company balances to enable the company to meet its liabilities as they fall due. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is in a position to provide this support for a period of at least 12 months from the date of signing of these financial statements.

Principal risks and uncertainties

The Smith & Williamson Holdings Limited group has made significant investment in its risk management and compliance capabilities to help embed the risk management framework. This framework is underpinned by policies, procedures and reporting, all of which will continue to evolve with the needs of the group, as it seeks to deliver its strategic objectives.

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of Smith & Williamson Holdings Limited group. Accordingly, the principal risks and uncertainties of the group, which include those of the company, are discussed in the Smith & Williamson Holdings Limited group's annual report and accounts which does not form part of this report. Details of the company's financial risks are included in note 17.

Corporate responsibility and environmental policy

The corporate responsibility and environmental policy of the company is as set out in Smith & Williamson Holdings Limited group's annual report and accounts, which does not form part of this report.

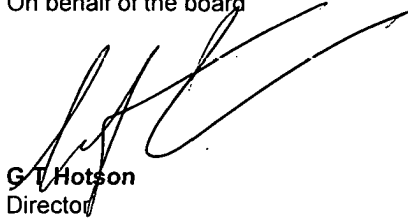
Smith & Williamson I M Limited

Strategic report (continued)

Events after the balance sheet date

There have been no material post balance sheet events.

On behalf of the board



G. T. Hotson
Director

29 July 2019

Smith & Williamson I M Limited

Directors' report

The directors present their report on the affairs of the company, together with the audited financial statements for the year ended 30 April 2019.

Directors

The directors of the company are listed below. All of these directors served throughout the year under review, and up to the point of signing the financial statements, except where noted.

G T Hotson

D M Cobb

N Medici (alternate to D M Cobb) (resigned 5 July 2018)

K P Stopps

Dividends

Dividends of £10.2 million were paid during the year (2018: £nil). The directors do not recommend the payment of a final dividend (2018: £nil).

Indemnity

The directors have been covered by third party liability insurance throughout the year and the policy of insurance remains in force.

Principal risks and uncertainties

Information on the company's management of financial risks is disclosed in the strategic report page 1 and note 17.

Future outlook

The directors remain cautious about the short-term outlook for the UK economy due to political and economic uncertainty, both in the UK and elsewhere. They will continue to invest in business development, sales and marketing activities to ensure that they are able to take full advantage of the future improvements in overall economic conditions.

In addition, the directors remain committed to progressing with planned investments to enhance and modernise IT infrastructure and systems.

Statement of directors' responsibilities

The directors are responsible for preparing the 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 prepared to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and 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;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 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.

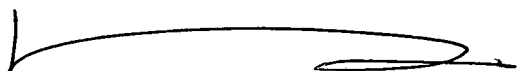
Smith & Williamson I M Limited

Directors' report (continued)

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the board



D A Saunders
Company Secretary
25 Moorgate,
London,
EC2R 6AY

29 July 2019

Independent auditors' report

to the members of Smith & Williamson I M Limited

Report on the audit of the financial statements

Opinion

In our opinion, Smith & Williamson I M Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 April 2019; the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report (continued)

to the members of Smith & Williamson I M Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3-4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

29 July 2019

Smith & Williamson I M Limited

Statement of comprehensive income

for the year ended 30 April 2019

	Note	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
Investment income	4	10,387	100
Operating expenses	5	(2)	(3)
Profit before tax		10,385	97
Taxation	6	(2,965)	(1,469)
Profit/(loss) for the year		7,420	(1,372)
Total comprehensive income/(loss) for the year		7,420	(1,372)

The accompanying notes to the financial statements on pages 11 to 18 form an integral part of the financial statements.

Smith & Williamson I M Limited

Balance sheet

as at 30 April 2019

	Note	As at 30 April 2019 £'000	As at 30 April 2018 £'000
Assets			
Non-current assets			
Investments in subsidiaries	7	31,402	28,185
Deferred tax assets	10	6,315	5,300
		<u>37,717</u>	<u>33,485</u>
Current assets			
Cash and cash equivalents	8	29	132
		<u>29</u>	<u>132</u>
Total assets		<u>37,746</u>	<u>33,617</u>
Liabilities			
Current liabilities			
Accruals, deferred income, provisions and other payables	9	15,587	8,094
Current tax liabilities		1,572	2,116
		<u>17,159</u>	<u>10,210</u>
Total liabilities		<u>17,159</u>	<u>10,210</u>
Net assets		<u>20,587</u>	<u>23,407</u>
Equity			
Share capital	11	-	-
Other reserves		24,976	24,976
Accumulated losses		(4,389)	(1,569)
Total equity		<u>20,587</u>	<u>23,407</u>

The accompanying notes to the financial statements on pages 11 to 18 form an integral part of the financial statements.

The financial statements on pages 7 to 18 were approved by the board and authorised for issue on 29 July 2019 and signed on its behalf by:


G T Hotson
Director

Company Registration Number: 7837708

Smith & Williamson I M Limited

Cash flow statement

for the year ended 30 April 2019

	Note	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
Cash flows from operating activities			
Profit before tax		10,385	97
Operating cash flows before movements in operating assets and liabilities		10,385	97
Changes in operating assets and liabilities			
Increase in accruals, deferred income, provisions and other payables		7,493	5,336
Cash generated from operations		17,878	5,433
Tax paid		(4,524)	(4,708)
Net cash inflow from operating activities		13,354	725
Cash flow from investing activities			
Increase in investments in subsidiaries		(3,217)	(1,216)
Net cash used in investing activities		(3,217)	(1,216)
Cash flows from financing activities			
Dividends paid		(10,240)	-
Net cash used in financing activities		(10,240)	-
Net decrease in cash and cash equivalents		(103)	(491)
Cash and cash equivalents at beginning of the year		132	623
Cash and cash equivalents at the end of the year	8	29	132

The accompanying notes to the financial statements on pages 11 to 18 form an integral part of the financial statements.

Smith & Williamson I M Limited

Statement of changes in equity

for the year ended 30 April 2019

	Share capital £'000	Accumulated losses £'000	Capital redemption reserve £'000	Total equity £'000
Equity at 1 May 2017	-	(197)	24,976	24,779
Total comprehensive income for the year ended 30 April 2018	-	(1,372)	-	(1,372)
Equity at 30 April 2018	-	(1,569)	24,976	23,407
Total comprehensive income for the year ended 30 April 2019	-	7,420	-	7,420
Equity dividends paid	-	(10,240)	-	(10,240)
Equity at 30 April 2019	-	(4,389)	24,976	20,587

The accompanying notes to the financial statements on pages 11 to 18 form an integral part of the financial statements.

Smith & Williamson I M Limited

Notes to the financial statements

for the year ended 30 April 2019

1. Principal accounting policies

Smith & Williamson I M Limited is a company incorporated and domiciled in the United Kingdom.

The financial statements have been prepared in accordance with IFRSs as adopted by the EU and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements are also prepared in accordance with those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRSs as adopted by the EU. The financial statements have been prepared under the historical cost basis. The accounting policies have been applied consistently.

New and amended standards adopted by the company

The company has applied IFRS 9 Financial instruments for the first time for their annual reporting period commencing 1 May 2018. The impact of the adoption of this standard and the new accounting policies are disclosed in note 2.

Going concern

Reference to the company's ability to continue as a going concern is included under the directors' report.

Basis of consolidation

The company has elected not to prepare consolidated financial statements in accordance with the IAS 27 'Consolidated and Separate Financial Statements' exemption. The financial statements are separate financial statements for Smith & Williamson I M Limited. Smith & Williamson Holdings Limited incorporated in the UK is the ultimate parent entity of the company and has prepared publicly available financial statements which comply with IFRSs. A copy can be obtained from the Company Secretary at 25 Moorgate, London EC2R 6AY. Details of subsidiaries are included in note 7.

Foreign currencies

Functional and presentation currency

The financial statements are presented in pounds sterling, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Income recognition

Income is recognised at the fair value of the consideration received or receivable. The point at which revenue is recognised is described below.

Net interest income

Interest income or expense from interest-bearing financial instruments, except those classified as held for trading, is calculated using the effective interest method and recognised within net interest income.

The effective interest method is the method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income receivable (or expense payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the company estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

Smith & Williamson I M Limited

Notes to the financial statements (continued)

for the year ended 30 April 2019

Investment income

Income arising from the investment in Smith & Williamson Investment Management LLP is recognised when profits are allocated.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, provided these rates are enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case it is dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

For the purpose of preparation of the cash flow statement, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of the company's cash management are included in cash and cash equivalents where they have a legal right of set-off against positive cash balances and an intention to settle on a net basis, otherwise bank overdrafts are classified as borrowings.

Investments in subsidiaries

Investments in subsidiaries are held at cost less any accumulated impairment losses.

Financial instruments

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. They are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The company applied the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended 30 April 2019. The 2018 comparative period was not restated. The key changes of the new standard are in the classification and impairment requirements.

Notes to the financial statements (continued)

for the year ended 30 April 2019

Financial assets

Classification of financial instruments

The company is required to classify its financial assets into those to be measured at amortised cost and those to be measured at fair value (either through other comprehensive income, or through profit or loss). The classification depends on the company's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The company has one type of financial asset, being financial assets measured at amortised cost.

Financial assets measured at amortised cost

Investments in debt instruments are measured at amortised cost where they have contractual terms that give rise to cash flows on specified dates that represent solely payments of principal and interest on the principal amount outstanding; and are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss (ECL) model described below in impairment of financial assets. Financial assets measured at amortised cost are included in note 8 – cash and cash equivalents.

Impairment of financial assets

The company applies a three-stage approach to measuring ECLs for debt instruments measured at amortised cost.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Measurement of ECLs

Expected credit losses for cash and cash equivalents are calculated based on management's estimate of the probability of default, the loss given default and the exposure at default of each exposure taking into account the company's own credit loss experience and industry credit loss information published by Standard & Poor's. Bank deposits which have an external grade lower than BBB are deemed to provide evidence of sufficient doubt about the ultimate collectability of principal and/or interest.

Where appropriate, default assumptions consider a range of relevant internal and external forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments, which support the calculation of ECLs. Macro-economic factors taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, inflation, and require an evaluation of both the current and forecast direction of the macro-economic cycle. Incorporating forward-looking information increases the degree of judgement required as to how changes in these macro-economic factors will affect ECLs.

Presentation

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses are presented under 'other operating expenses'. No losses are presented separately in the statement of comprehensive income and there have been no reclassifications of amounts previously recognised under IAS 39.

Notes to the financial statements (continued)

for the year ended 30 April 2019

Financial liabilities

The basis of classification for financial liabilities under IFRS 9 remains unchanged from under IAS 39. The two categories are amortised cost and fair value through profit or loss (either designated as such or held for trading).

The company has not designated any liabilities as fair value through profit or loss. Therefore, under IFRS 9, the company has classified all financial liabilities as amortised cost, with no material impact on measurement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Distributions payable to the company's shareholders are recognised as a liability and deducted from equity in the period in which the shareholders' right to receive payment is established.

2. Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial instruments on the company's financial statements and also discloses the new accounting policies that have been applied from 1 May 2018, where they are different to those applied in prior periods.

IFRS 9 Financial instruments

IFRS 9 was adopted without restating comparative information. Adjustments arising from new impairment rules are therefore not reflected in the balance sheet as at 30 April 2018, but are recognised in the opening balance sheet as at 1 May 2018. The impact of IFRS 9 on the opening balance of retained earnings is a reduction of £145 for an additional impairment provision relating to expected credit losses (ECLs).

Under the requirements of IFRS 9, the following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The nature of the business model under which a financial asset is managed.
- Whether the sole payments of principal and interest (SPPI) criterion is met.
- The designation of certain financial assets as measured at fair value through other comprehensive income (FVOCI)

If an investment in a debt instrument had a low credit risk at the date of initial application of IFRS 9, then the company assumes that the credit risk on the asset has not increased significantly since its initial recognition.

Classification of the company's financial assets and financial liabilities into those to be measured at amortised cost under IFRS 9 remains unchanged from under IAS 39.

The new impairment model requires the recognition of impairment provisions based on ECLs rather than only incurred credit losses as was the case under IAS 39. Refer to note 1 for further information.

Smith & Williamson I M Limited

Notes to the financial statements (continued)

for the year ended 30 April 2019

3. Critical accounting judgements and key sources of estimation uncertainty

The company makes estimates and assumptions that could affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Investment income

	2019	2018
	£'000	£'000
Allocation of profits from related parties		
Smith & Williamson Investment Management LLP	10,387	100

5. Operating expenses

	2019	2018
	£'000	£'000
Auditors' remuneration for the audit of the company's financial statements	2	3

6. Taxation

	2019	2018
	£'000	£'000
Current tax	3,980	4,536
Deferred tax	(1,015)	(3,067)
	2,965	1,469

UK corporation tax is calculated at 19.0% (2018: 19.0%) of the estimated assessable profit for the year.

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2019	2018
	£'000	£'000
Profit before tax	10,385	97
Tax calculated at UK tax rate 19.0% (2018: 19.0%)	1,973	18
Tax on unallocated profit from group partnerships	992	1,451
	2,965	1,469

7. Investments in subsidiaries

Name	Place of incorporation	Ordinary shares/ share units % held	2019	2018
			£'000	£'000
Smith & Williamson Investment Management LLP	England and Wales	91	31,402	28,185
Smith & Williamson Investment Management (Europe) Limited	Ireland	-	-	-
			31,402	28,185

The registered office for Smith & Williamson Investment Management LLP is 25 Moorgate, London, EC2R 6AY, England.

The registered office for Smith & Williamson Investment Management (Europe) Limited is 12 Herbert Street, Dublin 2, D02 X240, Republic of Ireland.

Smith & Williamson I M Limited

Notes to the financial statements (continued)

for the year ended 30 April 2019

During the year, the company purchased 273,069 (2018: 178,680) share units for £2.4 million (2018: £0.9 million) and £0.8 million of B capital (2018: £0.3 million) from retiring individual members of Smith & Williamson Investment Management LLP.

On 4 April 2019, the company acquired 99.9% of the issued shares in Smith & Williamson Investment Management (Europe) Limited, an investment management firm based in Dublin, from Smith & Williamson Investment Management LLP for a consideration of £1.3 million.

On 6 April 2019, the company's investment in Smith & Williamson Investment Management (Europe) Limited was transferred to Smith & Williamson Holdings Limited at carrying value.

8. Cash and cash equivalents

	2019	2018
	£'000	£'000
Cash at bank	29	132

For the purpose of the cash flow statement, cash and cash equivalents comprise the above balances which have a maturity of three months or less.

9. Accruals, deferred income, provisions and other payables

	2019	2018
	£'000	£'000
Amount due to group companies	15,585	8,091
Accruals	2	3
Current liability	15,587	8,094

10. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company, and the movements thereon, during the current and prior reporting years.

	Allocation of profits £'000
At 1 May 2017	2,233
Debit to the income statement for the year	3,067
At 30 April 2018	5,300
Debit to the income statement for the year	1,015
At 30 April 2019	6,315

	2019	2018
	£'000	£'000
Non-current assets		
Deferred tax assets	6,315	5,300

11. Share capital

	Authorised Ordinary shares of £1 each		Allotted and fully paid Ordinary shares of £1 each	
	Number	£	Number	£
At 30 April 2018	1	1	1	1
At 30 April 2019	1	1	1	1

The company has one class of ordinary shares. All issued shares are fully paid.

Smith & Williamson I M Limited

Notes to the financial statements (continued)

for the year ended 30 April 2019

12. Contingent liabilities and commitments

The company had no contingent liabilities or commitments at 30 April 2019 (2018: £nil).

13. Events after the balance sheet date

There have been no material post balance sheet events.

14. Related party transactions

During the year transactions between the company and other group companies were as follows:

	2019	2018
	£'000	£'000
Intercompany charges receivable from group companies	10,387	100
Intercompany charges payable to group companies	-	-

At the balance sheet date, the amounts due to other group companies were as follows:

	2019	2018
	£'000	£'000
Smith & Williamson Investment Management LLP	15,175	8,091
Smith & Williamson Holdings Limited Employee Benefit Trust	410	-
Total amount due to group companies	15,585	8,091

15. Directors' remuneration

The emoluments of those directors whose executive services were provided to the company during the year ended 30 April were as follows;

	2019	2018
	£'000	£'000
Salaries and other emoluments	2,586	3,095
Pension scheme contributions	-	-
Total emoluments	2,586	3,095

	2019	2018
	£'000	£'000
The highest paid director received the following remuneration:		
Salaries and other emoluments	1,038	1,098
Pension scheme contributions	-	-
Total emoluments	1,038	1,098

The directors are also directors of other group companies. It is not practicable to allocate their total remuneration between their services as executives to this company or other group companies, and no such allocation has been attempted.

The company did not have any contractual employees during the current or prior year.

Smith & Williamson I M Limited

Notes to the financial statements (continued)

for the year ended 30 April 2019

16. Capital management

Accounting capital is defined as the total of share capital, retained earnings and other reserves. Total capital at 30 April 2019 was £20.6 million (2018: £23.4 million). The company's objectives when managing capital are to:

- safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its other stakeholders; and
- maintain a strong capital base to support the future strategy and development of the business.

17. Financial risk management

The company has a formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

The company does not use derivative financial instruments for risk management purposes.

a) Credit risk

The only credit risk the company is exposed to is cash balances, and as such credit risk is not considered to be material.

b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its obligations as they fall due. The directors are of the opinion that the company does not have any significant liquidity risk.

c) Market risk

Interest rate risk

The company has no significant interest rate risk.

Foreign exchange risk

The company has no significant foreign exchange risk.

18. Ultimate controlling party

At 30 April 2019, the company's immediate and ultimate parent undertaking and controlling party was Smith & Williamson Holdings Limited, a company incorporated and domiciled in the United Kingdom. Smith & Williamson Holdings Limited is the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member.

Copies of the group annual report and accounts, which include the results of the company, are available from the Company Secretary, Smith & Williamson Holdings Limited, 25 Moorgate, London EC2R 6AY.