

Registered number: 05016348

IM Asset Management Limited

Annual report and financial statements

for the year ended 30 April 2019



IM Asset Management Limited

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IM Asset Management Limited

Strategic report

The directors present their strategic report and the financial statements for the year ended 30 April 2019.

Business review

The results for the year and financial position of the company are as shown in the financial statements.

The company has assets under management and advisement as at 30 April 2019 of £686.1m, an 18.6% increase on 30 April 2018 (£578.5m) reflecting new business growth and good client retention. The average number of employees has increased to 46 for the year ended 30 April 2019 (2018: 40).

IM Asset Management Limited is the investment manager of LF IM Investment Funds, a UK based Open Ended Investment Company ("OEIC"). As at 30 April 2019, LF IM Investment Funds had a net asset value ("NAV") of £345.4m (2018: £345.3m).

IM Asset Management Limited does not have any branches outside the UK.

The company continually appraises additional investment products and financial planning services that could be of benefit to its clients.

During the year the company continued to invest in the development of its main IT operating system, which enhances processes and positions the company for scalable future growth.

Strategy and likely future developments

The directors intend that the future business continues to grow its assets under management through a combination of growth of existing client investments, take-on of new clients and the broadening of the company's advice and investment services.

Principal risks and uncertainties

Risks are considered and reviewed by the risk committee and the board on an on-going basis. The principal risks and uncertainties are set out below:

The investment management skills and processes employed by the business are key to its performance and ability to attract new assets under management. Whilst the investment strategy is mainly process driven, loss of key individuals could impact the company's results. Replacement of key individuals with the required set of skills could be a time-consuming and expensive process. Succession plans are in place for key personnel.

The quality of financial advice, investment management techniques and client administration are important aspects of the company's activities. The risk committee and board regularly monitor the performance of these functions to ensure clients receive a quality, competitive service. Staff training is undertaken both internally and externally, and the company requires its employees to undertake Continuing Professional Development with a firm-wide minimum level of hours set. All employees undergo a formal appraisal process every 12 months. An in-house Training and Competence supervisor oversees the appropriate application of the Training and Competence framework to individuals who are registered with the FCA to undertake regulated activities and members of the wider staff team.

Financial market conditions and movements are outside the control of the business, however the investment management techniques employed and the distribution of assets managed can mitigate the impact on clients' portfolios. The business continually monitors its clients' portfolios to help protect against negative movements and take advantage of positive movements, however underlying investment risk remains. The impact of the implementation of the UK's exit from the EU is being monitored closely.

Adherence to the prevailing regulations is essential to maintain a compliant business. The company has a dedicated risk and compliance function to deal with day-to-day matters, which also has access to the additional resource of external consultants where appropriate. The board also commissions periodic compliance audits and themed reviews, performed by external consultants, to confirm that the regulations have been adhered to. The company addresses all recommendations arising from such audits and reviews. The board has also established a risk committee to oversee the company's risk management activities.

The company is dependent on its IT systems to deliver service to its clients. The company assesses the appropriateness of these systems on a regular basis to ensure they are fit for purpose. All electronic data is backed up regularly and stored off site and the company's main operating system is hosted externally at a "Tier 3" data centre based in the UK, which is accessed over a secure internet connection. The company has a documented business continuity plan.

IM Asset Management Limited

Strategic report

Principal risks and uncertainties (continued)

Failure to address any of the above risks could lead to loss of reputation and potentially loss of clients, thus reducing revenues and impacting clients' financial wellbeing. The board considers that the company employs sufficient controls and procedures to mitigate such risks.

Additionally, as part of its FCA obligations, the company undertakes its Internal Capital Adequacy Assessment Process ("ICAAP") at least annually. This process assesses the risk the company is exposed to, determines the level of capital that should be held to satisfy regulatory requirements, and stress-tests the ability of the company to withstand the impact of extreme events.

Pillar 3 disclosures

The company's Pillar 3 disclosures can be found on the company's website <https://www.irwinmitchell.com/terms-conditions/our-regulatory-information/asset-management-documentation>.

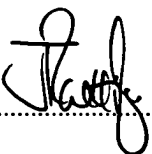
Key Performance Indicators

Total assets under management as at 30 April 2019 were £686.1m (2018: £578.5m), which includes the funds managed within the LF IM Investment Funds OEIC.

Client retention for the year ended 30 April 2019 was 99.2% (2018: 99.6%), which reflects the company's commitment to good client outcomes and lasting client relationships.

Return on capital employed for the year ended 30 April 2019, being net profit after tax for the year ended 30 April 2019 divided by total shareholders' funds as at 30 April 2019, was 24.3% (2018: 25.7%), reflecting the company's investment for growth.

Approved by the board on 18 July 2019 and signed on its behalf by:



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J P Raettig

Director

Registered address:

Riverside East, 2 Millsands, Sheffield, S3 8DT

IM Asset Management Limited

Directors' report

The directors present their directors' report and the financial statements for the year ended 30 April 2019.

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to business review and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulation 2008' to be contained in a Director's Report.

Principal activity

The principal activity of the company is that of the management of clients' investments, the provision of financial advice and the investment management of the assets of Open Ended Investment Companies ("OEICs"). The company is authorised and regulated by the Financial Conduct Authority ("FCA").

Directors of the company

The directors who held office during the year and thereafter were as follows:

N D Baker

C A Marshall

R W Potts

C J Nicholl

J P Raettig

D J Sollitt

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Results

The results for the year are shown on the profit and loss account on page 9. The profit after taxation was £1,393,313 (2018: £1,294,280).

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company does not use derivative financial instruments for risk management or speculative purposes.

Credit risk

The Company's principal financial assets are bank balances, cash and loans, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its accrued income and the loan to Irwin Mitchell Holdings Limited. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is deemed to be low because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

With the exception of cash balances at banks, the loan to Irwin Mitchell Holdings Limited and the accrued income from managing the LF IM Investment Funds, the Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

IM Asset Management Limited

Directors' report

Financial risk management objectives and policies (continued)

Cash flow risk

The Company's activities expose it to the financial risks of changes in interest rates. The Company does not use interest rate swap contracts to hedge these exposures. The Company does not consider that it is exposed to significant exchange rate risk.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, all cash is held at call and loans made are repayable upon demand.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Dividends

The directors do not recommend a dividend on the ordinary shares for the year ended 30 April 2019. A final dividend for the year ended 30 April 2016 of £331,500 was recommended and paid during the year (2018: for the year ended 30 April 2015 of £306,000). An interim dividend for the year ended 30 April 2017 of £357,000 was recommended and paid during the year (2018: £331,500, in respect of the year ended 30 April 2016).

Post balance sheet events

The directors consider that there are no significant post-balance sheet events affecting the company. An indication of likely future developments of the company is noted within the strategic report.

Charitable donations

During the year donations of £1,375 (2018: £1,260) were made either to charities that support individuals who have experienced a personal injury or in matching employee charitable donations through the Give As You Earn scheme.

Disclosure of information to the auditors

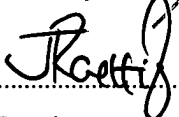
The directors of the company who held office at the date of the approval of this Annual Report as set out above each confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they 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 company's auditors are aware of that information.

Reappointment of auditors

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board on 18 July 2019 and signed on its behalf by:


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J P Raettig

Director

Registered address:

Riverside East, 2 Millsands, Sheffield, S3 8DT

IM Asset Management Limited

Directors' responsibilities statement

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.

IM Asset Management Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IM ASSET MANAGEMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of IM Asset Management Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 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 statement of cash flows; and
- the related notes 1 to 22.

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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 these matters.

IM Asset Management Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IM ASSET MANAGEMENT LIMITED (CONTINUED)

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 directors' responsibilities statement, 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.

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. 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.

IM Asset Management Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IM ASSET MANAGEMENT LIMITED (CONTINUED)

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.



Heather J Crosby BSc ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, UK

Date: 18 July 2019

IM Asset Management Limited

Profit and loss account

For the year ended 30 April 2019

	Note	2019 £	2018 £
Turnover	3	7,111,298	6,427,114
Staff costs	5	(3,335,272)	(2,983,588)
Administrative expenses		(2,289,499)	(1,963,268)
Operating profit		1,486,527	1,480,258
Interest receivable and similar income	7	253,407	115,045
Interest payable and similar charges	8	(8,212)	(6,481)
Profit before taxation		1,731,722	1,588,822
Tax on profit	9	(338,409)	(294,542)
Profit for the financial year		1,393,313	1,294,280

Turnover and operating profit derive wholly from continuing operations.

The Company has no recognised gains or losses for the current or preceding financial period other than the results shown above. Accordingly, a separate statement of comprehensive income is not presented.

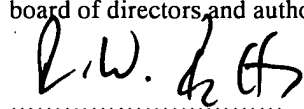
IM Asset Management Limited

Balance sheet

At 30 April 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	10	860,030	966,763
Investments	11	4	4
		<u>860,034</u>	<u>966,767</u>
Current assets			
Debtors – due within one year	12	2,968,241	2,504,029
Cash at bank and in hand		3,371,549	2,854,437
		<u>6,339,790</u>	<u>5,358,466</u>
Creditors: amounts falling due within one year	13	<u>(1,424,526)</u>	<u>(1,234,505)</u>
Net current assets		<u>4,915,264</u>	<u>4,123,961</u>
Total assets less current liabilities		<u>5,775,298</u>	<u>5,090,728</u>
Provisions for liabilities	14	<u>(41,925)</u>	<u>(62,168)</u>
Net assets		<u><u>5,733,373</u></u>	<u><u>5,028,560</u></u>
Capital and reserves			
Called-up share capital	15	204	204
Share premium account		25,425	25,425
Capital redemption reserve		350,000	350,000
Profit and loss account		5,357,744	4,652,931
Total shareholders' funds		<u><u>5,733,373</u></u>	<u><u>5,028,560</u></u>

The financial statements of IM Asset Management Limited (registered number 05016348) were approved by the board of directors and authorised for issue on ~~18 July 2019~~ 18 July 2019. They were signed on its behalf by:



R W Potts

Director

IM Asset Management Limited

Statement of changes in equity

At 30 April 2019

	Called-up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 May 2017	204	25,425	350,000	3,996,151	4,371,780
Profit for the financial year	-	-	-	1,294,280	1,294,280
Total comprehensive income	204	25,425	350,000	5,290,431	5,666,060
Dividends paid on equity shares (see note 16)	-	-	-	(637,500)	(637,500)
At 30 April 2018	204	25,425	350,000	4,652,931	5,028,560
Profit for the financial year	-	-	-	1,393,313	1,393,313
Total comprehensive income	204	25,425	350,000	6,046,244	6,421,873
Dividends paid on equity shares (see note 16)	-	-	-	(688,500)	(688,500)
At 30 April 2019	204	25,425	350,000	5,357,744	5,733,373

IM Asset Management Limited

Statement of cash flows

For the year ended 30 April 2019

	Note	2019 £	2018 £
Net cash from operating activities	19	<u>1,047,949</u>	<u>1,825,677</u>
Cash flows from investing activities			
Purchase of intangible assets	10	(87,532)	(570,167)
Interest received		<u>253,407</u>	<u>115,098</u>
		<u>165,875</u>	<u>(455,069)</u>
Cash flows from financing activities			
Interest paid and similar charges		(8,212)	(6,481)
Equity dividends paid	16	<u>(688,500)</u>	<u>(637,500)</u>
		<u>(696,712)</u>	<u>(643,981)</u>
Net increase in cash		517,112	726,627
Cash at the beginning of the year		<u>2,854,437</u>	<u>2,127,810</u>
Cash at the end of the year		<u><u>3,371,549</u></u>	<u><u>2,854,437</u></u>

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

IM Asset Management Limited is a private company limited by shares incorporated in England under the Companies Act. The address of the registered office is Riverside East, 2 Millsands, Sheffield, S3 8DT. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of IM Asset Management Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through cash generation and strong working capital management. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the current level of agreed facilities.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c. Intangible assets – software

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. Amortisation is charged to administrative expenses so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	Straight line over the licence term
Licences	Straight line over the licence term

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

1. Accounting policies (continued)

d. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

e. Investments

Investments in subsidiaries and associates are stated at cost less impairment.

f. Accrued income

Accrued income has been measured at the fair value of the consideration receivable from the transaction by reference to the stage of completion of the transaction at the end of the reporting period.

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

1. Accounting policies (continued)

g. Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Turnover

Turnover is stated net of VAT and is recognised when the significant risks and rewards are considered to have been transferred to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

j. Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

k. Employee benefits

IM Asset Management Limited operates a defined contribution pension scheme via a fellow group member, Irwin Mitchell LLP. Contributions are recognised in the profit and loss account in the period in which they became payable in accordance with the rules of the scheme.

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

1. Accounting policies (continued)

1. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

There are no critical accounting judgements in the current year.

Key source of estimation uncertainty

There are no sources of estimation uncertainty in the current year.

3. Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of VAT.

The group operates in two principal areas of activity, that of investment management and provision of financial advice. Clients are predominantly based in the UK, however the company is the appointed investment manager for a number of offshore bond providers domiciled in Ireland. Investment management fees charged in the year to these holders amounted to £415,819 (2018: £359,324).

4. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £11,781 (2018: £11,550) and for the reasonable assurance report on client assets were £40,800 (2018: £40,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the company were £nil (2018: £nil).

No services were provided pursuant to contingent fee arrangements.

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

5. Staff numbers and costs

The average monthly number of employees (excluding two non-executive directors) was:

	2019 Number	2018 Number
Directors	4	4
Investment managers and financial advisers	9	9
Administration	33	27
	<u>46</u>	<u>40</u>

Note that one director is also an investment manager and is reported above as a director.

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,750,868	2,528,873
Social security costs	404,994	314,252
Pension costs	179,410	140,463
	<u>3,335,272</u>	<u>2,983,588</u>

6. Directors' remuneration and transactions

	2019 £	2018 £
Emoluments	773,139	736,715
Company contributions to money purchase pension schemes	29,700	22,855
	<u>802,839</u>	<u>759,570</u>

The number of directors who:

Are members of a money purchase pension scheme

Number	Number
<u>3</u>	<u>3</u>

Remuneration of the highest paid director:

Emoluments
Company contributions to money purchase pension schemes

2019 £	2018 £
387,811	359,751
10,297	4,291
<u>398,108</u>	<u>364,042</u>

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

7. Interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	240,123	107,642
Interest receivable from group undertakings	13,284	7,403
	<u>253,407</u>	<u>115,045</u>

8. Interest payable and similar charges

	2019 £	2018 £
Bank interest and charges	8,212	6,481
	<u>8,212</u>	<u>6,481</u>

9. Tax on profit

The tax charge comprises:

	2019 £	2018 £
Current tax on profit		
UK corporation tax	350,378	274,574
Adjustment in respect of prior years	8,274	-
	<u>358,652</u>	<u>274,574</u>
Deferred tax		
Origination and reversal of timing differences	(20,243)	19,968
	<u>338,409</u>	<u>294,542</u>

The standard rate of tax applied to reported profit is 19% (2018: 19%).

In July 2015, the UK Government announced its intention to reduce the corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These changes were substantively enacted at the balance sheet date and therefore have been reflected in the deferred tax provisions at the rate expected to apply on reversal of the difference. A further reduction in the tax rate was announced in the budget with the rate reducing to 17% with effect from 1 April 2020, which was substantively enacted in September 2016.

There is no expiry date on timing differences, unused tax losses or tax credits.

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

9. Tax on profit (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019 £	2018 £
Profit before tax	<u>1,731,722</u>	<u>1,588,822</u>
Tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	329,027	301,876
Effects of:		
- Capital allowances	-	(8,248)
- Expenses not deductible for tax purposes	1,108	902
- Adjustments to tax charges in respect of previous periods	8,274	-
- Decrease in tax rate on deferred tax liability	-	12
Total tax charge for period	<u>338,409</u>	<u>294,542</u>

10. Intangible fixed assets

	IT development £	Licences £	Total £
Cost			
At 1 May 2018	836,494	146,000	982,494
Additions	86,249	19,000	105,249
At 30 April 2019	<u>922,743</u>	<u>165,000</u>	<u>1,087,743</u>
Amortisation			
At 1 May 2018	13,393	2,338	15,731
Charge for the year	179,827	32,155	211,982
At 30 April 2019	<u>193,220</u>	<u>34,493</u>	<u>227,713</u>
Net book value			
At 30 April 2019	<u>729,523</u>	<u>130,507</u>	<u>860,030</u>
At 30 April 2018	<u>823,101</u>	<u>143,662</u>	<u>966,763</u>

Intangible fixed assets relate to software. These assets are being amortised over the license term. £17,717 of fixed asset additions were accrued and unpaid as at 30 April 2019 (2018: £nil).

IM Asset Management Limited

Notes to the financial statements For the year ended 30 April 2019

11. Fixed asset investments

	2019 £	2018 £
Subsidiary undertakings	4	4

Principal Group Investments

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

	Country of incorporation	Principal activity	Holding	%
IM Asset Management Nominees Limited	England	Dormant	Ordinary shares	100%
IM Asset Management Nominees Number Two Limited	England	Dormant	Ordinary shares	100%

Subsidiary undertakings

	£
Cost	
At 1 May 2018	4
At 30 April 2019	4
Carrying value	4

Subsidiary undertakings have not been consolidated by IM Asset Management Limited as permitted by s.400 of the Companies Act 2006 as the smallest and largest group accounts are consolidated in the financial statements of Irwin Mitchell Holdings Limited. The registered address for Irwin Mitchell Holdings Limited is 13-14 Esplanade, St Helier, Jersey, JE1 1BD. The registered address for both subsidiary entities is Riverside East, 2 Millsands, Sheffield, South Yorkshire, S3 8DT.

IM Asset Management Limited

Notes to the financial statements For the year ended 30 April 2019

12. Debtors: amounts falling due within one year

	2019 £	2018 £
Amounts loaned to parent company	1,975,000	1,625,855
Prepayments and accrued income	993,241	844,100
Other debtors	-	34,074
	<u>2,968,241</u>	<u>2,504,029</u>

The amounts loaned to group undertakings are repayable at the company's request, and attract an interest rate linked to the Bank of England base rate.

13. Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to parent company	348,194	365,213
Corporation tax	207,879	142,801
Other taxation and social security	183,666	154,119
Other creditors	7,748	3,421
Accruals and deferred income	677,039	568,951
	<u>1,424,526</u>	<u>1,234,505</u>

The amounts owed to group undertakings are repayable within one month, and do not attract an interest rate.

14. Provisions for liabilities

	Deferred taxation £
At 1 May 2018	62,168
Charged to profit and loss account	(20,243)
At 30 April 2019	<u>41,925</u>

Deferred tax

Deferred tax is provided as follows:

	2019 £	2018 £
Accelerated capital allowances	<u>41,925</u>	<u>62,168</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

IM Asset Management Limited

Notes to the financial statements For the year ended 30 April 2019

15. Called-up share capital and reserves

	2019 £	2018 £
Allotted, called-up and fully-paid 204 ordinary shares of £1 each	204	204

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The capital redemption reserve represents non-distributable reserves arising on the redemption of preference shares.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

16. Dividends

	2019 £	2018 £
Dividends paid		
Final dividend for year ending 30 April 2016 paid	331,500	-
Interim dividend for year ending 30 April 2017 paid	357,000	-
Final dividend for year ending 30 April 2015 paid	-	306,000
Interim dividend for year ending 30 April 2016 paid	-	331,500
	<u>688,500</u>	<u>637,500</u>

The interim dividend paid in the year ended 30 April 2018 and the final dividend paid in the year ended 30 April 2019 were both declared and paid in respect of the year ended 30 April 2016. The interim dividend paid in the year ended 30 April 2019 was declared and paid in respect of the year ended 30 April 2017. The final dividend paid in the year ended 30 April 2018 was declared and paid in respect of the year ended 30 April 2015.

17. Employee benefits

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to the profit and loss in the period ended 30 April 2019 was £179,410 (2018: £140,463).

IM Asset Management Limited

Notes to the financial statements For the year ended 30 April 2019

18. Financial Instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2019 £	2018 £
Financial assets		
Measured at undiscounted amount receivable		
• Amounts owed by parent company (see note 12)	1,975,000	1,625,855
• Accrued income (see note 12)	945,324	807,683
• Other debtors (see note 12)	-	34,074
	<u>2,920,324</u>	<u>2,467,612</u>
Financial liabilities		
Measured at undiscounted amount payable		
• Amounts owed to parent company (see note 13)	348,194	365,213
	<u>348,194</u>	<u>365,213</u>

19. Reconciliation of operating profit to operating cash flows

	2019 £	2018 £
Operating profit	1,486,527	1,480,258
Adjustment for:		
• Amortisation (see note 10)	211,982	15,731
Operating cash flow before movement in working capital	<u>1,698,509</u>	<u>1,495,989</u>
(Increase)/decrease in debtors (see note 12)	(464,212)	390,522
Increase in creditors (see note 13)	<u>107,226</u>	<u>206,519</u>
Cash generated by operations	1,341,523	2,093,030
Corporation tax paid	<u>(293,574)</u>	<u>(267,353)</u>
Cash generated from operating activities	<u>1,047,949</u>	<u>1,825,677</u>

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

20. Related party transactions

Group

Amounts owed by and to related parties at the reporting date were £348,194 (2018: £365,213). These amounts all relate to trading and operating balances.

The transactions with related parties were as follows:

	£
Amount owed to Irwin Mitchell LLP by the Company at 30 April 2018	365,213
Settlement of prior year balance	(365,147)
Expenses incurred by Irwin Mitchell LLP on behalf of the Company	4,083,121
Income received by Irwin Mitchell LLP on behalf of the company	(60,601)
Invoices raised by Irwin Mitchell LLP to the Company	1,093,432
Payments received by Irwin Mitchell LLP from the Company	(4,767,824)
	<hr/>
Amount owed to Irwin Mitchell LLP by the Company at 30 April 2019	348,194
	<hr/>

Parent Company

The company loans excess cash to Irwin Mitchell Holdings Limited at the Bank of England base rate. The loans are repayable on demand and at the request of the company.

	£
Amount owed from Irwin Mitchell Holdings Limited to the Company at 30 April 2018	1,625,855
Interest earned from Irwin Mitchell Holdings Limited payable to the company	13,285
Interest paid by Irwin Mitchell Holdings Limited to the Company	(14,140)
Amounts loaned by the Company to Irwin Mitchell Holdings Limited	1,950,000
Loans redeemed by the Company from Irwin Mitchell Holdings Limited	(1,600,000)
	<hr/>
Amount owed from Irwin Mitchell Holdings Limited to the Company at 30 April 2019	1,975,000
	<hr/>

At the year end, an amount of £nil was owed to the Company for loan interest incurred but not yet paid (2018: £855).

Directors

The company acts as investment manager for certain investments held by one of the directors, Richard Potts, and members of his immediate family. These attract fees at standard rates.

At the balance sheet date the amount due to directors was £nil (2018: £nil).

Key management personnel

The directors have authority and responsibility for planning, directing and controlling the activities of the Company, and hence are considered to be key management personnel. Total remuneration in respect of these individuals is £802,839 (2018: £759,570).

IM Asset Management Limited

Notes to the financial statements

For the year ended 30 April 2019

21. Controlling party

The company's ultimate and immediate parent company is Irwin Mitchell Holdings Limited, a company registered in Jersey. The ultimate controlling party is Irwin Mitchell Holdings Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Irwin Mitchell Holdings Limited. The registered address for Irwin Mitchell Holdings Limited is 13-14 Esplanade, St Helier, Jersey, JE1 1BD.

No other group financial statements include the results of the company.

The consolidated financial statements of the group are available to the public and may be obtained from the Registrar of Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

22. Client Balances

At the balance sheet date, the company held client money of £59,468,376 (2018: £40,370,913). Neither the asset nor the corresponding liability are recognised in the financial statements because the Company does not retain the risks and rewards of ownership.

2017-04-30

2017-05-01

2018-04-30

FRS102

Audited

Full

1

2019-04-30

2018-05-01