

Premier Asset Management Group PLC  
Annual Report and Financial Statements  
30 September 2017

For a special view

Premier  
Asset Management



# Contents

## Annual Report and Financial Statements 2017

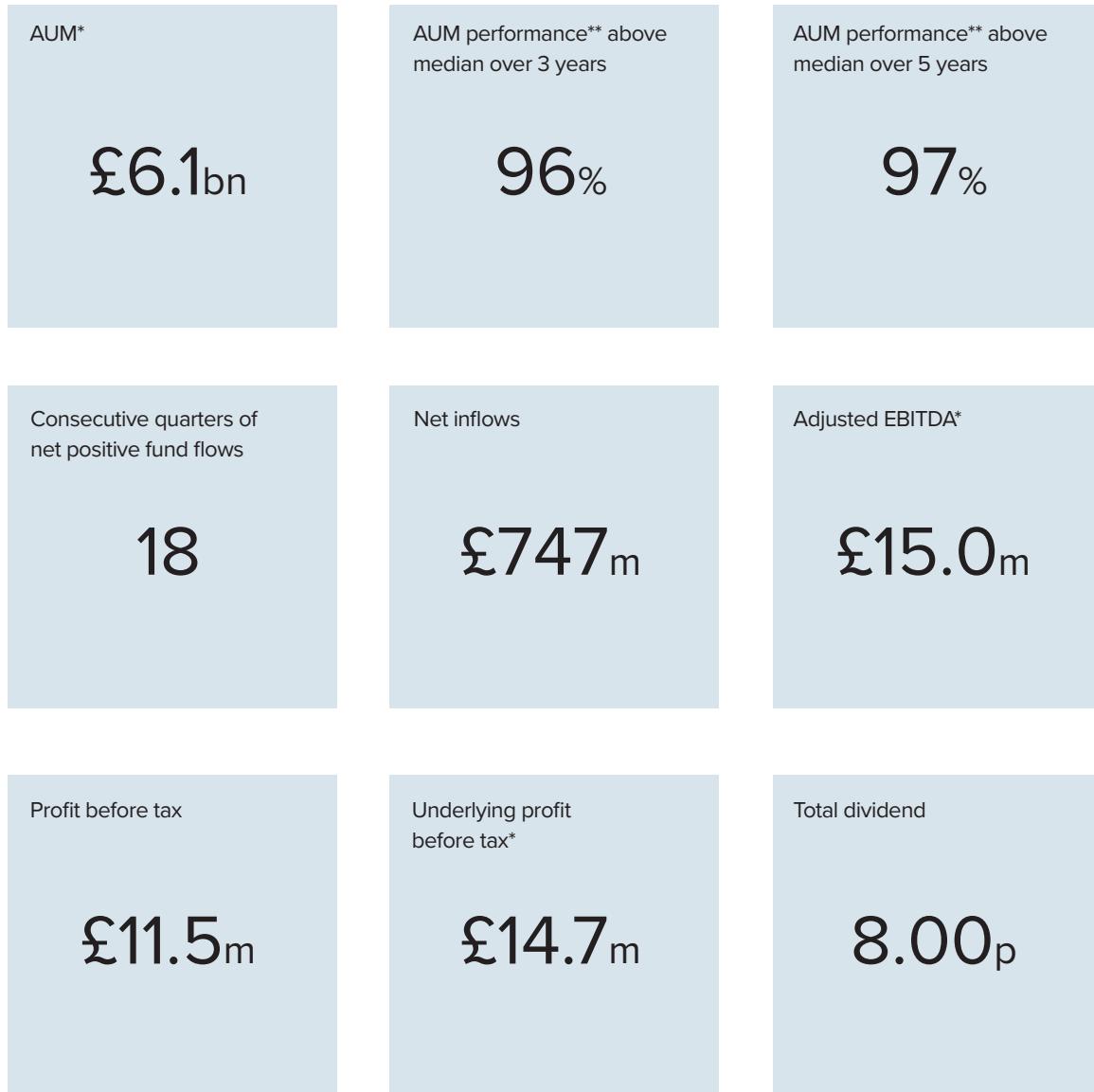
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### Strategic Report

The Group's Strategic Report is set out within the Chairman's statement on pages 2 to 3 and Chief Executive's report on pages 4 to 8.

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# Highlights



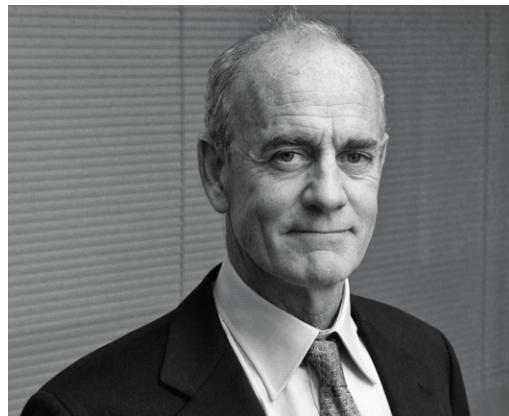
\* See further information regarding Alternative Performance Measures (APMs) on pages 12 to 13.

\*\*Performance figures represent 83% of Premier's total AUM as at 30 September 2017 and exclude absolute return funds, investment trusts and segregated mandates. Median and quartile ranking figures are shown relative to respective Investment Association sectors. Source: FE Analytics, data to 30 September 2017. Net income reinvested. Data shown net of all fund charges. C share class, or, where a C share class was not available for the full time period, the pre RDR bundled or equivalent retail share class has been used for the period the C share class was not available.

## Premier Asset Management awards 1 October 2016 to 30 September 2017



# Chairman's statement



**Mike Vogel**

Chairman

The key aim of our business is to produce good long-term investment outcomes, after fees, for our clients, and I am pleased to report that we are continuing to deliver against this objective. The strength of our investment performance, combined with our relevant investment products and our distribution capabilities have helped us achieve strong levels of net sales flow, a record high level of assets under management and record profits.

This is our first Annual Report covering the period since our flotation on the Alternative Investment Market of the London Stock Exchange ("AIM") on 7 October 2016, which was at the start of our current financial year.

Bringing our business to the market was an important decision at an important time for us. Our business was already growing strongly, thanks to the talent, hard work and enthusiasm of our people and the broad support of advisers using our funds and investment services. But after careful consideration, the board of Premier Asset Management Group PLC (the "Board") believed a flotation on the AIM market was the best way of helping the business to maximise its future growth opportunities.

The IPO has significantly strengthened our financial position by giving us a debt-free balance sheet and greater potential to invest for future growth when suitable opportunities appear. It has also created a capital structure that can enhance our ability to retain and attract the right people to enable us to keep on delivering good long-term investment outcomes for our clients and growing our business.

Over the last year, we experienced strong net inflows of £747m and our assets under management<sup>1</sup> reached a record high level of £6.1 billion. Premier's profit before tax increased to £11.5m, whilst underlying profit before tax<sup>1</sup> increased by 39% to £14.7m, with net

management fees<sup>1</sup> increasing by £7.6m to £40.9m, and adjusted EBITDA<sup>1</sup> increasing by 38% to £15.0m. I am also pleased to report that our investment performance during the year remained strong. This has added to the excellent long-term record we have of achieving good outcomes for our investors.

## "Our assets under management have reached a record high level of £6.1 billion"

At the time of our flotation in October 2016, we explained that we planned to commence paying dividends to shareholders as soon as possible, as long as the relevant financial criteria were met. As detailed in the Company's admission document from October 2016, the Board has adopted a dividend policy to reflect the expectation of future cash flow generation and the long-term earnings potential of Premier.

Reflecting the good performance during the year, the Board is now recommending a final interim dividend of 4.25p, which will bring the full-year dividend to 8.00p for the 2017 financial year. The fourth interim dividend will be paid on 5 January 2018 to shareholders on the register on 7 December 2017.

The global financial crisis began ten years ago and it is fair to say that economic, political and investment uncertainty has become the "new normal". Turbulence at a macro level has continued over the last twelve months in the UK and around the world, and we believe our clients should be prepared for this uncertain environment to continue for the foreseeable future.

Not long before our flotation, the UK voted to leave the European Union and we are in the midst of the long process of Brexit. The uncertainty arising from the ongoing negotiations between the UK Government and the European Commission is coupled with a low

<sup>1</sup>See further information regarding Alternative Performance Measures (APMs) on pages 12 to 13

# Chairman's statement

Continued



interest rate environment and UK investors continue to be faced with a number of challenges to navigate.

In this environment, we believe our focus on active management and relevant investment products for the UK market, gives us the opportunity to continue to offer long-term added investment value to our clients.

Despite these challenging conditions, thanks to the strength of our investment teams, our investment performance, the hard work of our people across the business and the continued support of our clients, we recorded our eighteenth consecutive quarter of positive net sales flows. These continued strong net sales flows demonstrate how relevant investment propositions remain attractive to new investors.

Central to our strategy is continuing to ensure we are an investment-led business, based on retaining and hiring talented investment professionals. These professionals need the appropriate freedom and support to produce good long-term investment outcomes for our clients. Our approach is to do so via a focus on active management in investment areas where we believe we can add value. This investment focus, combined with our strong distribution and business management capability should help us deliver shareholder value through sustainable earnings, strong cash flow and dividends.

**“We focus on active management in investment areas where we believe we can add value”**

At the time of our flotation last year, we appointed two new non-executive directors to strengthen the Board. It was our intention that Robert Colthorpe, who currently serves as our senior independent director, would succeed Luke Wiseman as Chair of the Audit & Risk Committee. I am pleased to announce that Robert will commence in this role on 1 January 2018. Luke remains on the Board as a Non-Executive Director. I would like to thank all Directors for their contribution to date.

Finally, I would like to say thank you to everyone at Premier who has worked hard to contribute to the Company's success, and to everyone else who has supported us, including our clients and our shareholders.

**Mike Vogel**  
Chairman  
29 November 2017

# Chief Executive's report



**Mike O'Shea**

Chief Executive

I am pleased to report on another successful year for Premier Asset Management. This has been achieved by continuing to produce good long-term investment outcomes for our clients, after fees, across a range of relevant investment products. This, coupled with the strength of our distribution capabilities and broader business platform has enabled us to grow assets under management during the year.

## Our strategy

At the core of what we do is active management. This approach is employed across different investment strategies, with the consistent aim of producing positive long-term investment outcomes for our clients, such as income, capital growth and low risk absolute returns. For Premier, the key to making this happen is our focus on getting the investment-led strategy right.

This includes hiring and retaining good investment people to manage our funds. Many of our fund managers have been with Premier for many years, whilst others have joined us more recently. What they all have in common is a proven ability to manage an investment strategy using a tested investment philosophy and approach. We work hard to ensure we provide a good working environment for our investment teams, giving them the appropriate freedom to produce good investment results, backed by an effective business platform and strong risk and compliance controls.

## Investment performance

At a very high level, our investment performance continues to be strong. From a commercial perspective, based on 83% of our total assets under management (“AUM”) (excluding absolute return funds, investment trusts and segregated mandates), 96% of our AUM has achieved above sector median performance, net of all fund charges, over three years and the figure is 97% over five years.<sup>2</sup>

Our two absolute return funds, which are not measured against a peer group, each have a 100% record of producing positive returns over rolling one or three-year periods, depending on their respective absolute return targets. Our closed ended funds and segregated mandates have once again continued to deliver against their respective objectives and mandates.

For our equity based funds, we measure performance against a relevant equity index. I am pleased to report that over the last five years to 30 September 2017, every single one of our eight equity focussed funds has outperformed its comparator index after all fees, with average annualised outperformance of 2.6% p.a.<sup>3</sup>

Many of our multi-asset and equity funds have income as a primary objective. Over the year, these funds have been able to grow their dividend distributions and continue to offer attractive yields against their comparative benchmarks and cash interest rates.

<sup>2</sup>Performance figures represent 83% of Premier's total AUM as at 30 September 2017 and exclude absolute return funds, investment trusts and segregated mandates. Median and quartile ranking figures are shown relative to respective Investment Association sectors. Source: FE Analytics, data to 30 September 2017. Net income reinvested. Data shown net of all fund charges.

<sup>3</sup>Source: FE, bid to bid with net income reinvested, net of fund charges. Some of the difference between the Premier funds and their respective benchmark may be caused because performance is calculated at different valuation points. The figures quoted include the following Premier funds and relevant index: Premier Ethical Fund (FTSE4Good UK Index), Premier Global Alpha Growth Fund (FTSE All-World Index), Premier Global Infrastructure Income Fund (FTSE Global Core Infrastructure 50/50 Index from 8 May 2017, previously FTSE All-World Utilities Index), Premier Income Fund (FTSE All-Share Index), Premier Monthly Income Fund (FTSE All-Share Index), Premier Optimum Income Fund (FTSE All-Share Index), Premier Pan European Property Share Fund (GPR 250 Europe Capped (GBP Hedged) Index) and Premier UK Growth Fund (FTSE All-Share Index).

<sup>2&3</sup>Fund data is based on the C share class, or where a C share class was not available for the full time period, the pre RDR bundles or equivalent retail share class has been used for the period the C share class was not available.

# Chief Executive's report

Continued



It is clearly important, from a commercial point of view that we are performing strongly against our competitors. The performance figures mentioned above show that, across our total assets under management, we are doing this. We expect that the majority of our investors will be holding our funds with a clear purpose in mind - for example, attractive long-term income, low risk, long-term growth and of course diversification. We remain focused on delivering these objectives and, in the past year, have continued our long-term track record of doing so.

During my report, I will be mentioning a number of areas of our industry, which are increasingly under the spotlight. Performance is one of them, both in terms of the value investment funds are offering investors and the reporting of performance information. Clearly all of our fund prices and performance information is widely available, always after fees, through our own published information and website but also through a wide number of other sources. However, we are continuing to consider ways we could enhance the way we report our income, growth and risk-adjusted performance to our clients. We are also considering ways we could enhance the way we report our income, growth and risk-adjusted performance to others, including shareholders, who are interested in broader performance analysis across our investment range.

## Investment product range

As well as ensuring that we have the right investment talent and working environment for our investment professionals to succeed, when we talk about our business with potential and existing fund investors and shareholders, we emphasise the importance of offering relevant investment products. For us, this means offering investment products that have a clear use and purpose for investors. This could be a 'one-stop' investment solution such as

our successful multi-asset funds, which offer active management of diversified portfolios, through to more specialist equity and bond funds that can help clients diversify their own portfolios.

### **“We emphasise the importance of offering relevant investment products”**

We believe our investment product range continues to be well positioned for the future. For example, our ten multi-manager funds each offer investors access to very broadly diversified and actively managed multi-asset and multi-manager portfolios but with specific long-term objectives. These include long-term income and income growth, higher income, growth, balanced growth with income, conservative growth, low risk absolute return as well as risk-targeted funds to help advisers match clients' risk profiles more easily. We believe this range offers a good example of our focus on customer outcomes, rather than a 'one size fits all' approach. Our multi-asset, multi-manager range has continued to experience strong growth and pleasingly, all ten funds have had positive net sales flows over the year.

We believe the demand for good actively managed diversified funds will endure as clients continue to seek specific long-term investment outcomes through investments that add value through active management and spread risk through real diversification. As part of our ongoing product development, we have added to our investment range over the period with the evolution of two existing income funds and the launch of a new income fund.

Following the hire of a new and experienced manager specialising in managing covered call option strategies, we appointed new co-managers of the Premier Optimum Income Fund and introduced a 7% p.a. target yield. This fund is designed to offer a much higher

# Chief Executive's report

## Continued

yield than the UK equity market through the active management of an equity portfolio and the use of covered call options. We have changed the name of the Premier Global Utilities Income Fund to the Premier Global Infrastructure Income Fund, to reflect the fund's broader investment remit that includes infrastructure assets. We believe that this makes the fund more relevant to a wider range of investors.

Finally, building on the strong risk-adjusted track record of the Premier Diversified Fund, which offers an actively managed, multi-asset portfolio with investment selection by Premier's in-house investment teams, we launched the Premier Diversified Income Fund, based on the same investment approach but with a focus on producing an attractive level of income as well as strong long-term risk-adjusted returns.

We believe these funds can prosper, based on the talent of the investment teams involved and their clear potential attraction for investors.

## Distribution

We continue to believe that our strong distribution capability is a positive differentiator for our business. Thanks to the strength and diversity of our product range, including our multi-asset, equity and absolute return funds, we have developed a distribution team that has a good track record of working with the adviser market, including independent, regional and national firms. We will maintain our focus on the adviser market alongside our plans to develop our business with wealth managers. We believe we have already made some good progress in this area.

## A challenging investment and business environment

Although we expect investment and political conditions to remain uncertain, and quite possibly volatile, over the coming year, we continue to see good opportunities for investment firms such as Premier and for our investors. We believe that the ongoing low interest rate environment will continue to make well diversified, income paying investment strategies attractive and we feel strongly that good active management will continue to offer investors the opportunity to achieve their long-term investment goals. We believe that the overall environment for the asset management sector remains attractive with more people deciding to transfer out of defined benefit pension schemes and relatively new pension legislation is allowing people greater freedom in respect of using the money in their pension funds. At the same time, the broad investment sector is under more scrutiny. We are obviously taking a close interest in the development of the Financial Conduct Authority's Asset Management Market Study, which included an interim and final report during our financial year. The study is focused on ensuring that the asset management sector works well for investors, including making sure investment products offer value for money and there is clearer disclosure of costs and charges.

Investment firms and the broader investment industry, including advisers and platforms, play a key economic and social role in this country and, clearly, we support the aim of making sure the investment sector works well for investors as well as for the wider economy and that it offers value for money.

## Brexit

At the time of writing, the outcome of the ongoing Brexit negotiations is unclear. The Board has considered various factors in determining what impact, if any, the implications of Brexit may have on Premier's business. In their opinion, the most significant risks come from the impact of a prolonged period of economic uncertainty on the UK economy and the resulting possibility of it moving into an extended contractionary period. In turn, this could lead to exchange rate volatility and further falls in the value of sterling.

On the positive side, as active investment managers we have the ability to invest globally and therefore can mitigate to varying degrees the potential impact of these events for our fund investors.

However, a prolonged recession could impact on investor confidence and therefore on broader fund sales more generally, as happened in the period immediately following the credit crisis of 2007/08. Shareholders should be aware that this could have an impact on future fund flows into Premier funds. However, the Board notes that contrary to many predictions at the time, the period since the Brexit vote has been very good for fund sales generally.



# Chief Executive's report

## Continued

The Board has considered market access rights in the context of Brexit for fund distribution and fund management. Whilst the outcome of negotiations remains uncertain, the Board notes that Premier is a UK retail funds business distributing UK funds through UK intermediaries to UK investors. They have concluded that as far as Premier's existing business strategy is concerned, the overall impact of changes in the rules governing distribution of funds within and to the EU post Brexit will not be a significant risk factor. Similarly, the Board does not believe that Brexit will significantly impact on Premier's ongoing business strategy or, importantly, on our current operational platform.

The Board has also noted that Brexit could have an impact on the retention of skilled employees and on recruitment for many businesses. At the current time 5% of Premier's employees are from the EU. The Board very much hopes that negotiations will be concluded in such a way as to enable us to retain these people and for the business to continue to benefit from their positive contribution.

In an ideal world, the Board would like the Group, which includes the Company and its subsidiaries (the "Group") to have the ability to recruit from as wide a pool of talent as possible, from both within the EU and further afield. However, taking into account the overall size of Premier, the Board does not feel that a "no deal" Brexit creates significantly increased risk for the business in the area of recruitment and retention.

Finally, the Board has considered the impact of declines in the debt market and the impact of tighter credit conditions more generally and concluded that, other than their overall impact on the economy, these do not present increased risks to Premier in terms of our debtors or creditors.

## Financial highlights

The above commentary covering our investment talent, investment performance, relevant product range and distribution capabilities, provides a brief background of what has been driving our business results over the financial year. Turning to the financial side of the business, we experienced strong net inflows over the period of £747m and our assets under management reached a record high level of £6.1 billion. This was mostly as a result of our net inflows but we also benefited from market movements. Premier's profit before tax increased to £11.5m, whilst underlying profit before tax<sup>4</sup> increased by 39% to £14.7m and adjusted EBITDA<sup>4</sup> increased by 38% to £15.0m.

## Dividend

The Board is recommending a final interim dividend of 4.25p which will bring the full-year dividend to 8.00p for the 2017 financial year.

## Outlook

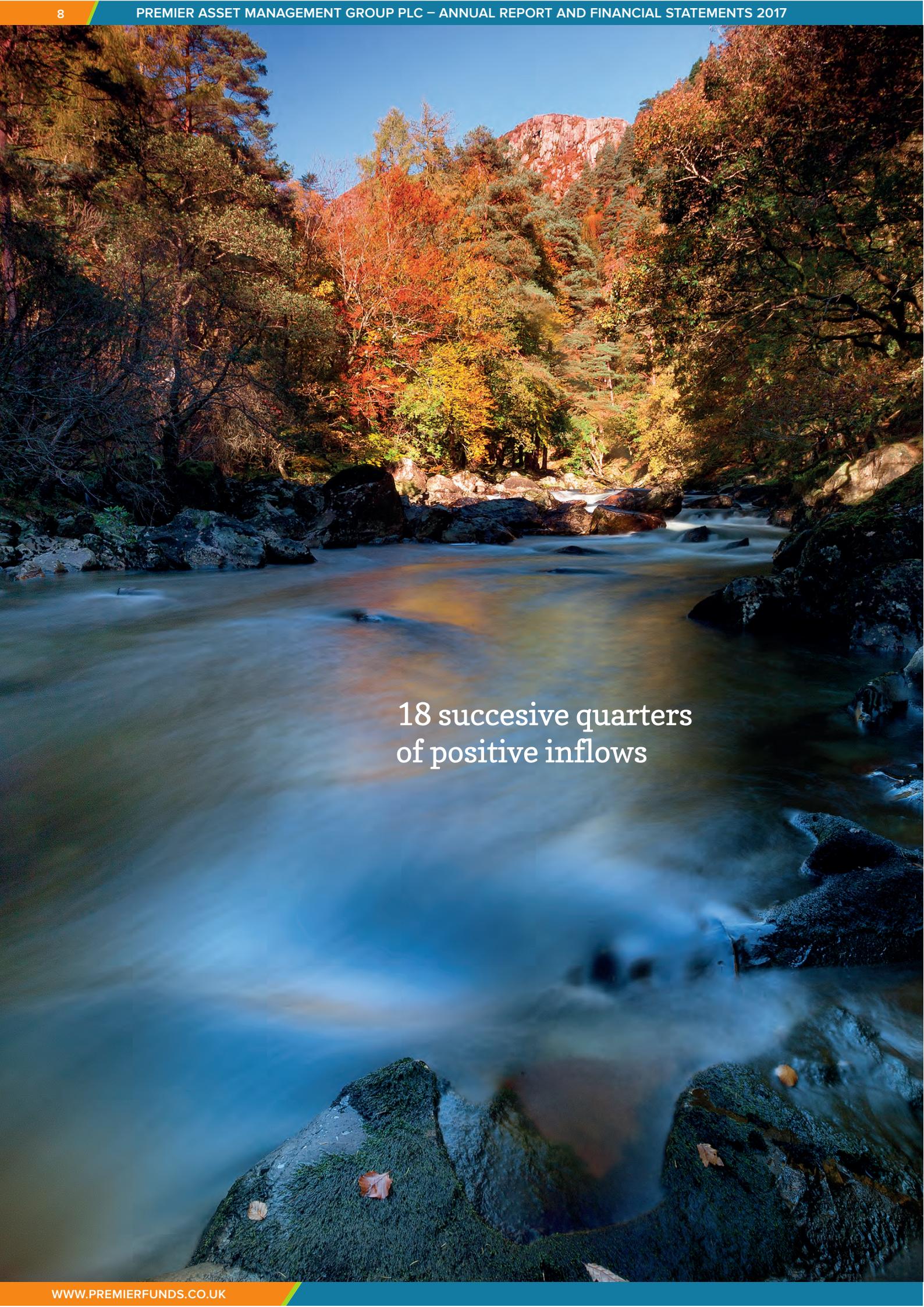
As always we face many challenges but we are performing strongly and believe we are well positioned for the future. We recognise that there is hard work ahead, but we have every reason to look forward with confidence. There are many drivers to encourage people to save and invest for the long term and we believe Premier, as an active manager with talented investment professionals, relevant investment products, good investment performance, a strong distribution capability, growing brand and experienced management, is well placed to take advantage of the opportunities that arise for both our investors and shareholders. Trading for the current financial year has started well with continued net sales during the first two months of the year and assets under management increasing to £6.3 billion at 28 November 2017.

## Thank you

Lastly, I would like to say a personal thank you to everyone who has supported Premier, including my co-workers for their professionalism, hard work and enthusiasm, our end investors, financial advisers, wealth managers and our shareholders. Thank you all for your support and I look forward to working with you over the next year and beyond.

**Mike O'Shea**  
**Chief Executive Officer**  
29 November 2017

<sup>4</sup>See further information regarding Alternative Performance Measures (APMs) on pages 12 to 13

A wide-angle photograph of a river flowing through a forested valley. The water is calm in the foreground, showing reflections of the surrounding trees. The banks of the river are rocky and covered with dense green and orange autumn foliage. In the background, a large, rugged rock formation rises against a clear blue sky.

18 successive quarters  
of positive inflows

# Financial review



**Neil Macpherson**  
Group Finance Director

## Assets under management

Assets under management (“AUM”) as at 30 September 2017 stood at £6,088m, up some £1,089m (+21.8%) over the year, with average AUM standing at £5,535m for the year, up £1,009m (+22.3%) on the previous year. The following table shows the progression of AUM over the last three financial years:

	FY15 £m	FY16 £m	FY17 £m	CAGR
<b>Opening AUM</b>	<b>3,051</b>	<b>4,081</b>	<b>4,999</b>	
Sales	1,792	1,944	2,150	
Redemptions	(827)	(1,166)	(1,403)	
<b>Net sales</b>	<b>965</b>	<b>778</b>	<b>747</b>	
Closures	(20)	(174)	-	
Performance	85	314	342	
<b>Closing AUM</b>	<b>4,081</b>	<b>4,999</b>	<b>6,088</b>	<b>22.1%</b>
<b>Average AUM</b>	<b>3,662</b>	<b>4,526</b>	<b>5,535</b>	<b>22.9%</b>

Average AUM has grown year-on-year as a function of continued positive net flows and market performance; it is pleasing to note that the final quarter of the FY17 was the eighteenth consecutive quarter of positive net flows. The following table shows the split of AUM by asset class over the last two financial years:

Asset class (% of total AUM)	Sep-16	Sep-17
Multi-asset	52%	56%
Equities	30%	26%
Absolute return	11%	12%
Fixed income	7%	6%
	100%	100%

## Net management fees

Net management fees generated during the year amounted to £40.9m, which represents a £7.6m (+22.9%) increase over the previous year and an annual compound growth rate of 21.7% over the last three financial years.

	FY15	FY16	FY17	CAGR
Management fees	£35.6m	39.0m	£45.9m	
Less: Trail/renewal commission*	(£8.0m)	(£5.7m)	(£5.0m)	
Net management fees	£27.6m	£33.3m	£40.9m	+21.7%
Average AUM	£3,662m	£4,526m	£5,535m	+22.9%
Net management fee margin	75.4bps	73.5bps	73.9bps	-1.0%

\* Included within Administrative costs in the consolidated statement of comprehensive income

Net management fee margin rose slightly during the year from 73.5bps to 73.9bps, primarily because of a change in the product mix.

# Financial review

Continued

## Administrative costs

Total administrative costs during the year amounted to £31.6m, compared to £28.5m in the previous financial year, representing an increase of £3.1m (+10.9%). The largest component of administrative costs continues to be in respect of staff costs, which were £15.0m. The amount of £14.26m shown in note 6 on page 38 excludes £0.32m of costs in respect of share based payments, and £0.44m of other staff related costs including training, recruitment and other benefits.

	FY15	FY16	FY17	CAGR
Fixed staff costs	£6.5m	£7.7m	£8.6m	+15.0%
Variable staff costs	£4.3m	£5.5m	£6.4m	+22.0%
<b>Total staff costs</b>	<b>£10.8m</b>	<b>£13.2m</b>	<b>£15.0m</b>	<b>+17.9%</b>
Fixed other costs	£6.4m	£6.5m	£8.0m	+11.8%
Variable other costs	£10.8m	£8.8m	£8.6m	-10.8%
<b>Total</b>	<b>£28.0m</b>	<b>£28.5m</b>	<b>£31.6m</b>	<b>+6.2%</b>

## Share based payments

Included within the consolidated statement of comprehensive income is a charge of £0.3m (2016: nil) in respect of share based payments. In March 2017, the Company granted to certain employees, awards over shares held in an Employee Benefit Trust. The awards have a three-year vesting period.

## Exceptional items

Exceptional items incurred during the year amounted to £0.4m (2016: £0.5m). On 7 October 2016, the Company's shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). Prior to the shares being admitted, the Company placed 35.9m new ordinary shares. The total costs associated with the placing of shares and flotation on AIM amounted to £2.948m, of which £2.617m was in respect of the placing of shares, with the balance of £0.331m being in respect of the flotation on AIM, with the former being deducted from the share premium account and the latter expensed as an exceptional item.

## Dividends

When the Company floated on AIM, the Directors announced their intention to adopt a dividend policy that reflected the expectation of future cash flow generation and the long-term earnings potential of Premier. As part of its policy, the Company expected to pay three smaller, interim quarterly dividends, representing approximately half of the estimated total dividend for the full financial year, followed by a larger, final interim dividend. The Company paid its first interim dividend of 1.25p per share on 3 March 2017, followed by two further quarterly interim dividends of 1.25p per share that were paid on 2 June 2017 and 1 September 2017 respectively. The Board is now recommending a final interim dividend of 4.25p which will bring the full-year dividend to 8.00p for the 2017 financial year.

## Underlying profit before tax

Underlying profit before tax increased to £14.7m from £10.6m in the previous financial year, representing an increase of £4.1m (+38.7%). The following table reconciles retained profit/(loss) and underlying profit before tax for the last three financial years:

	FY15	FY16	FY17	CAGR
<b>Retained profit/(loss)</b>	<b>(£0.6m)</b>	<b>£1.0m</b>	<b>£8.9m</b>	
Taxation	(£0.1m)	£1.5m	£2.6m	
<b>Profit/(loss) before tax</b>	<b>(£0.7m)</b>	<b>£2.5m</b>	<b>£11.5m</b>	
Amortisation of intangible assets	£5.1m	£5.1m	£2.5m	
Exceptional items	£0.6m	£0.5m	£0.4m	
Share based payments	-	-	£0.3m	
Net interest payable	£2.9m	£2.5m	-	
<b>Underlying profit before tax</b>	<b>£7.9m</b>	<b>£10.6m</b>	<b>£14.7m</b>	<b>+36.4%</b>

# Financial review

Continued

## Adjusted EBITDA

Adjusted EBITDA increased to £15.0m from £10.9m in the previous financial year, representing an increase of £4.1m (+37.6%). The following table reconciles retained profit/(loss) and EBITDA for the last three financial years:

	FY15	FY16	FY17	CAGR
<b>Retained profit/(loss)</b>	(£0.6m)	£1.0m	£8.9m	
Taxation	(£0.1m)	£1.5m	£2.6m	
<b>Profit/(loss) before tax</b>	<b>(£0.7m)</b>	<b>£2.5m</b>	<b>£11.5m</b>	
Amortisation of intangible assets	£5.1m	£5.1m	£2.5m	
Exceptional items	£0.6m	£0.5m	£0.4m	
Share based payments	-	-	£0.3m	
Net interest payable	£2.9m	£2.5m	-	
Depreciation	£0.2m	£0.3m	£0.3m	
<b>Adjusted EBITDA</b>	<b>£8.1m</b>	<b>£10.9m</b>	<b>£15.0m</b>	<b>+36.1%</b>
<b>Net revenue</b>	<b>£27.8m</b>	<b>£33.4m</b>	<b>£41.0m</b>	
<b>Adjusted EBITDA margin</b>	<b>29.1%</b>	<b>32.6%</b>	<b>36.6%</b>	<b>+12.1%</b>

## Regulatory changes

### MiFID II

With effect from 3 January 2018 the cost of external research for Premier's multi-asset, fixed income and absolute return funds will be paid by the Group. These funds together represent 74% of Premier's assets under management and this is not expected to have a material impact on the Group's cost base.

Investors in Premier's equity funds will continue to be charged the cost of external equity investment research as this remains a significant part of the active management process for these funds. It is important to note that our fund prices, income payments and performance figures are always shown and paid net of fund fees, which, for our equity funds, includes the cost of external research.

## Balance sheet and cash management

The Group is cash generative and as at 30 September 2017 the cash balances of the Group amounted to £16.4m (2016: £10.6m), representing an increase of £5.8m (+54.6%) over the year.

The split between Group and Trading account cash balances over the last three financial years are shown in the table below:

	FY15	FY16	FY17
Company cash	£8.0m	£9.4m	£15.8m
Trading account cash	£0.9m	£1.2m	£0.6m
	<b>£8.9m</b>	<b>£10.6m</b>	<b>£16.4m</b>

The above Trading account cash balances relate to the designated bank accounts that are used for the settlement of trades in the open-ended funds that are operated by Premier Portfolio Managers Ltd. As at 30 September 2017, the projected trading account balance, after accounting for all outstanding trades, was a surplus of £1.2m (2016: £1.0m).

On 7 October 2016, the Company's shares were admitted to trading on the Alternative Investment Market ("AIM"). Prior to the shares being admitted, the Company placed 35.9m new ordinary shares, with the proceeds of the placing being used to redeem £13.5m 8% preference shares and £29.17m 4% preference shares, and paid accrued interest of £2.25m and £2.43m respectively.

Following the repayment of the preference shares, the Group had no debt.

# Financial review

## Continued

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### Shareholders' equity

Total shareholders' equity increased by £49.9m to £45.2m (2016: -£4.7m), with the main contributors being £44.7m that was raised following the placing of 35.9m new ordinary shares, plus £8.8m of retained profit for the year, less £3.9m in respect of the three quarterly interim dividends that were paid during the year. During the year, the Company received shareholder and High Court approval to cancel the share premium account, which, at the time of cancellation, stood at £44.7m; this amount being transferred to Retained Earnings.

### Going concern

The Directors have assessed the prospects of the Group over a period of three years after the balance sheet date, rather than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 30 September 2020. The Directors' assessment has been made with reference to the Group's current position and strategy, the Board's appetite for risk, the Group's financial forecasts, and the Group's principal risks and how these risks are managed, as detailed in the Strategic Report. The Directors have also reviewed and examined the financial stress testing inherent in the Internal Capital Adequacy Assessment Process ("ICAAP").

The three-year period is consistent with the Group's current strategic forecast and ICAAP. The forecast considers the Group's profitability, cash flows, dividend payments and other key variables. Sensitivity analysis is also performed on certain of the key assumptions in the forecast, both individually and combined, in addition to the scenario analysis that is performed as part of the ICAAP process, which is formally approved by the Board.

### Alternative Performance Measures ("APMs")

The Group uses the following APMs:

#### Underlying profit before tax

*Definition:* Profit/(loss) before taxation, amortisation of intangible assets, exceptional items, share based payments and net interest.

*Reason for use:* This measure of profitability presents users of the accounts with a clear view of what the Group considers to be the results of its underlying operations after excluding the effects of taxation, financing (interest payable), capital investment (depreciation and amortisation), non-recurring exceptional items and share based payments, thereby enabling consistent period on period comparisons and making it easier for users of the accounts to identify trends.

### Assets Under Management ("AUM")

*Definition:* AUM is the total value of assets that are managed by the Group on behalf of clients.

*Reason for use:* AUM is a financial industry measure of size of an investment management firm that allows comparison with other firms within the sector. AUM is also the base value that is used for calculating management fee income and directly related variable costs.

#### Adjusted EBITDA

*Definition:* Earnings before interest, taxation, depreciation, amortisation of intangible assets, exceptional items and share based payments.

*Reason for use:* To provide a measure of profitability which is aligned with the requirements of shareholders and potential shareholders and which excludes the effects of taxation, financing (net interest payable), capital investment (depreciation and amortisation), non-recurring exceptional items and share based payments, enabling comparison with the Group's competitors who may use different accounting policies and finance methods.

#### Adjusted EBITDA margin

*Definition:* Adjusted EBITDA divided by Net Revenue.

*Reason for use:* To provide a measure of profitability which is aligned with the requirements of shareholders and potential shareholders and which excludes the effects of taxation, financing (net interest payable), capital investment (depreciation and amortisation), non-recurring exceptional items and share based payments, enabling comparison with the Group's competitors who may use different accounting policies and finance methods.

#### Net revenue

*Definition:* Turnover of £46.0m (2016: £39.1m) less trail/renewal commission expense of £5.0m (2016: £5.7m), which is included within administrative costs in the consolidated statement of comprehensive income on page 29.

*Reason for use:* Asset managers and analysts typically use this performance measure to smooth out the effect of fee related trail/renewal commission that is included within administrative costs.

# Financial review

Continued

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## Net management fees

*Definition:* Management fee income of £45.9m (2016: £39.0m) less trail/renewal commission expense of £5.0m (2016: £5.7m), which is included within administrative costs in the consolidated statement of comprehensive income on page 29.

*Reason for use:* Asset managers and analysts typically use this performance measure to smooth out the effect of fee related trail/renewal commission that is included within administrative costs.

## Net management fee margin

*Definition:* Net management fees divided by average AUM.

*Reason for use:* Asset managers and analysts typically use this performance measure to smooth out the effect of fee related trail/renewal commission that is included within administrative costs and provides a measure of the revenue earning capability of AUM. The use of basis points (bps) is a commonly used term within the finance sector with one basis point being equivalent to one hundredth of a percent.

**Neil Macpherson**  
Group Finance Director  
29 November 2017

# Corporate information

## Directors

Michael Andrew Vogel, Non-executive Chairman  
Michael Patrick O'Shea, Chief Executive Officer  
Neil Macpherson, Group Finance Director  
Robert Charles Lumsden Colthorpe, Senior Independent Director (appointed 7 October 2016)  
Luke Anton Wiseman, Non-executive Director  
William Longden Smith, Non-executive Director (appointed 7 October 2016)  
Paul Davison Tobias, Non-executive Director (resigned 7 October 2016)

## Company Secretary and Registered Office

Neil Macpherson  
Premier Asset Management Group PLC  
Eastgate Court  
High Street  
Guildford  
Surrey GU1 3DE

## Nominated Adviser and Joint Broker

Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London EC4M 7LT

## Joint Broker

Liberum Capital Limited  
Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9LY

## Auditor

KPMG LLP  
15 Canada Square  
London E14 5GL

## Bankers

Lloyds Bank PLC  
City Office  
Corporate & Institutional  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent ME8 0LS

## Registrars

Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

# Directors' report

The Directors present their Report and audited financial statements for Premier Asset Management Group PLC for the year ended 30 September 2017.

The Company is incorporated in England and Wales under registered number 06306664 and its registered office is at Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

## Principal activities

The principal activity of the Company is that of a holding company. The principal activities of the subsidiary undertakings are that of managers of investment funds and discretionary portfolio managers. The Company and its subsidiaries are hereafter referred to as the “Group”.

## Results and dividends

The Group's profit after taxation for the year was £8,876,000 (2016: £985,000) as set out in the Consolidated Statement of Comprehensive Income on page 29. The Directors have declared four interim dividends in respect of the financial year ended 30 September 2017 amounting to 8.00p per share (2016: Nil).

The first interim dividend of 1.25p per share was paid on 3 March 2017; the second interim dividend of 1.25p per share was paid on 2 June 2017; the third interim dividend of 1.25p per share was paid on 1 September 2017; the fourth interim dividend of 4.25p per share will be paid on 5 January 2018 to shareholders on the register on 7 December 2017.

## Directors' interests

The current Directors are shown on page 14. Further details of Directors remuneration are provided in the Remuneration Committee report on pages 23 to 24 and in note 6(b) on page 40. The Directors' beneficial interests in the Company's ordinary share capital are as follows:

	Ordinary 0.02p shares as at 30 September 2017	Ordinary 1p shares as at 30 September 2016
<b>Executive directors</b>		
Michael O'Shea <sup>(1), (2), (5)</sup>	3,712,633	81,757
Neil Macpherson <sup>(5)</sup>	623,512	16,350
<b>Non-executive directors</b>		
Michael Vogel <sup>(3)</sup>	18,543,403	408,853
Robert Colthorpe (appointed on 7 October 2016)	-	n/a
William Smith (appointed on 7 October 2016)	-	n/a
Paul Tobias (resigned on 7 October 2016)	n/a	-
Luke Wiseman <sup>(4)</sup>	1,029,937	8,785

### Notes:

<sup>(1)</sup>Including interest of his spouse

<sup>(2)</sup>Including via Eastgate Court Nominees Ltd in its capacity as a limited partner in Queripel Partners LP

<sup>(3)</sup>Including via The Elcot Fund Limited of which Mr Vogel is a controller

<sup>(4)</sup>As a limited partner in Queripel Partners LP

<sup>(5)</sup>Including via a self-invested personal pension plan

# Directors' report

## Continued

On 3 October 2016 each Ordinary share of 1p each was sub-divided into 50 new Ordinary shares of 0.02p each.

Details of the Directors' options to subscribe for shares in the Company are detailed in the Remuneration Committee Report on pages 23 to 24.

### Substantial interests

As at 27 November 2017, the Company had received notification of the following substantial interests in the Company's ordinary share capital:

	Ordinary 0.02p shares	%
The Elcot Fund	15,423,400	14.58
Blackrock Investment Mgt (UK)	14,643,426	13.84
Old Mutual Global Investors	4,786,000	4.52
Michael O'Shea	3,712,633	3.51
Franklin Templeton Investment Management (UK)	3,650,000	3.45
Hargreave Hale	3,200,355	3.02

### Financial instruments and risk

The financial instruments and their associated risks are set out in note 14 on pages 45 to 47.

### Events since the balance sheet date

The Directors are not aware of any conditions that existed at the reporting date or events since that would affect the disclosures in these financial statements.

### Auditors

A resolution to reappoint KPMG LLP as auditors will be put to the members at the forthcoming Annual General Meeting.

### Directors' statement as to the disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 14. Having made enquiries of fellow Directors and of the Group's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

### Annual General Meeting ("AGM")

The AGM will be held at Eastgate Court, High Street, Guildford, Surrey GU1 3DE at 10.00am on Thursday 8 February 2018. Full details of the resolutions and explanations of each resolution are given in the Notice of Annual General Meeting on pages 55 to 56 and the explanatory notes to the Notice of Annual General Meeting on pages 57 to 59.

Approved and signed on behalf of the Board.

**Neil Macpherson**  
Group Finance Director  
29 November 2017

# Statement of Directors' responsibilities

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

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements on the same basis.

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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal controls as they determine are necessary to enable the preparation of the financial statements such that they are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Corporate governance report

## UK Corporate Governance Code

Premier Asset Management Group PLC (the “Company”) recognises the importance of good Corporate Governance and intends that best practice is adopted and applied in so far as it is appropriate for the Company given its rapidly growing and entrepreneurial nature, its size and stage of development. As an AIM traded company, the UK Corporate Governance Code issued by the Financial Reporting Council (“FRC”) does not apply, however the Board intends to comply as far as possible with the requirements of the Corporate Governance guidelines published by the Quoted Companies Alliance (the QCA Guidelines) for AIM companies.

## The Board of Directors

At the date of this report the Board comprises of two executive directors, Mike O’Shea and Neil Macpherson, and four non-executive Directors, including Mike Vogel as non-executive Chairman and Robert Colthorpe as Senior Independent Director. On 7 October 2016, Paul Tobias resigned as a non-executive director and Robert Colthorpe and William Smith were appointed as non-executive directors. Both are deemed to be independent and are free from any associations or relationships with the Group or its investment funds, with the exception of the fees that they receive as Directors. The Directors who served during the year are listed below:

### Michael Andrew Vogel – Non-Executive Chairman

Mike joined Premier in 2007 as Chairman of the Board. He is also the Chairman and Chief Executive Officer of Elcot Capital Partners. Prior to this, Mike was the Chief Executive Officer of Framlington Group and before that Chief Executive Officer of Prolific Financial Management.

### Michael Patrick O’Shea – Chief Executive Officer

Mike started his investment career as a private client portfolio manager. He joined Premier in 1986 to develop the asset management business of the Company and was one of the founding directors of Premier Fund Managers Ltd in 1988. Mike became Chief Executive Officer in May 2005. Mike also serves on the main board of the Investment Association.

### Neil Macpherson – Group Finance Director

Neil joined Premier in June 1991 as Group Financial Controller and since September 2000 has also been Company Secretary and Group Finance Director. Prior to his appointment, Neil worked for KPMG for six years.

### Robert Charles Lumsden Colthorpe – Senior Independent Director

Robert is a highly experienced corporate financier with over 25 years’ track record of advising a wide range of clients, mainly in the financial services sector. He has worked at major merchant and investment banks (Morgan Grenfell, Deutsche Bank, Société Générale and ABN Amro) and boutique advisory firms (Hawkpoint and Europa Partners). He qualified as a Chartered Accountant with Arthur Andersen. Robert joined the Board in October 2016.

### William Longden Smith – Non-Executive Director

Will is a founding partner and Chief Investment Officer at Westbeck Capital Management LLP, an energy focused hedge fund based in London. He is also currently a non-executive director of George Hattersley (1985) Limited, a textile manufacturer based in Yorkshire. Will was lead fund manager of City Natural Resources High Yield Trust, an Investment Trust, and co-manager of a number of other closed end funds. Will started his career in the securities industry at Pinchin Denny in 1977, and traded equities at Phillips and Drew-UBS from 1986 to 1998. Will joined the Board in October 2016.

### Luke Anton Wiseman – Non-Executive Director

Luke is an experienced investment professional who has held a number of board positions on both public and private companies. He is currently an executive at Elcot Capital Management and a director of Think Digital Group Ltd. He has previously worked as a portfolio manager and analyst at Carlson Capital and Steel Partners. Luke joined the Board in September 2014.

# Corporate governance report

Continued

## Board committees

The Board is supported by the Audit & Risk, Remuneration and Nominations committees, each of which has access to the resources, information and advice that it deems necessary, at the cost of the Company, in order to enable each committee to discharge its duties. These duties are set out in the Terms of Reference of each committee, copies of which are available on the Group's website. The executive directors are not members of any of the Board committees, however they may be invited to attend

meetings at the request of the committee Chairman. The minutes of committee meetings are produced as soon as possible after the meetings and are circulated to all committee members for comment prior to being signed by the committee Chairman. Once approved, the minutes of each meeting are circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the committee Chairman.

## Board and committee attendance

The following table summarises the attendance of each director at both Board and committee meetings:

	Scheduled Board	Remuneration Committee	Audit & Risk Committee	Nominations Committee
Mike Vogel	4/4	1/1	4/4	-
Mike O'Shea	4/4	-	4/4	-
Neil Macpherson	4/4	-	4/4	-
Robert Colthorpe*	4/4	1/1	3/4	-
William Smith*	4/4	1/1	4/4	-
Paul Tobias**	-	-	-	-
Luke Wiseman	4/4	1/1	4/4	-

\* Appointed on 7 October 2016

\*\* Resigned on 7 October 2016

## Audit & Risk committee

The Audit & Risk committee meets at least twice a year and has been chaired throughout the year by Luke Wiseman; its membership also comprises all non-executive directors. It is the intention that on 1 January 2018, Luke Wiseman will stand down as Chairman of the Audit & Risk committee and that Robert Colthorpe will be appointed as Chairman, with Luke Wiseman continuing to be a member of the committee. The Chief Executive Officer, Group Finance Director and Chief Operating Officer are normally invited to attend committee meetings along with the external auditors.

The committee monitors the integrity of the financial statements of the Company, including the annual and interim reports, interim management statements, preliminary results announcements and any other formal announcements relating to its financial performance, and reviewing significant financial reporting issues and judgements that such reports, announcements and statements may contain. The committee is also responsible for recommending the appointment, reappointment or removal of the external auditors.

The committee is also responsible for monitoring the effectiveness of the Company's internal financial controls in the context of the Company's overall risk management system and, specifically, consider and keep under review whether the Company requires an internal audit function. In addition, the committee is responsible for monitoring the Group's overall risk appetite, tolerance and strategy and advising internally on the risk exposures of the Group and future risk strategy.

The committee has delegated the risk monitoring process to the Risk Sub-Committee, which is chaired by Luke Wiseman and also comprises the Group Finance Director, Chief Operating Officer, Chief Risk Officer and Head of Legal and Compliance. It is the intention that Luke Wiseman will stand down as Chairman of the Risk Sub-Committee on 1 January 2018 and that Robert Colthorpe will be appointed as Chairman.

# Corporate governance report

Continued

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## Remuneration committee

The Remuneration committee meets at least once a year and has been chaired throughout the year by Mike Vogel; its membership also comprises all non-executive directors. The committee determines and agrees with the Board the framework or broad policy for the remuneration of the Company's Chairman, executive directors and senior employees including pension rights and compensation payments. The remuneration of non-executive directors is a matter for the Board or the shareholders (within the limits set in the articles of association). No Director or senior manager shall be involved in any decisions as to their own remuneration. The committee makes recommendations and monitors the level and structure of remuneration for senior management.

The committee takes into account all factors that it deems necessary, including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. These require the policy and associated procedures and practices to be consistent with and promote sound and effective risk management in accordance with the remuneration principles.

## Nominations committee

The Nominations committee did not meet during the year under review, with the first meeting being held on 21 November 2017, at which Mike Vogel was appointed Chairman and membership comprising the non-executive directors. The committee is responsible for reviewing the structure, size and composition, including skills, knowledge, experience and diversity, of the Board and to make recommendations to the Board with regards to any changes and give full consideration to succession planning for Directors and other senior executives.

## Relations and communications with shareholders

The Company both encourages and welcomes dialogue with its institutional shareholders in order that the Company can assess the views and requirements of its shareholders. The Chief Executive Officer and Group Finance Director meet with major shareholders following the announcement of both the full year and interim results and, at other times deemed appropriate, during the year. The AGM also provides a forum for investors to meet the Directors and discuss questions or matters affecting the Group.

**Neil Macpherson**  
Group Finance Director  
29 November 2017

# Audit & Risk committee report

## Audit & Risk committee

The Audit & Risk committee meets at least twice a year and has been chaired throughout the year by Luke Wiseman; its membership as at 30 September 2017 in addition to the Chairman comprises Mike Vogel, Robert Colthorpe and William Smith, all of whom are non-executive directors of the Company. It is the intention that on 1 January 2018, Luke Wiseman will stand down as Chairman of the Audit & Risk committee and that Robert Colthorpe will be appointed as Chairman, with Luke Wiseman continuing to be a member of the committee.

## Duties and terms of reference

The committee monitors the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements that they contain.

The committee reviews and challenges where necessary, the consistency of, and any changes to, the accounting policies both on a year on year basis, and across the Company and the Group. It considers the clarity of the disclosures in the Company's financial reports, in addition to the context in which statements are made, and all material information presented with the financial statements, such as the business, strategic and financial reviews together with the corporate governance statements.

The committee keeps under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems, and monitors and reviews the effectiveness of the Company's internal financial controls in the context of the Company's overall risk management system and, specifically, considers and keeps under review whether the Company requires an internal audit function.

The committee considers and makes recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. The committee also oversees the relationship with the external auditor including, but not limited to recommendations on their remuneration, including fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high quality audit to be conducted.

The committee considers the terms of engagement of the external auditor, including the engagement letters issued at the start of each audit and the scope of the audit, assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services. The committee meets the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit.

## Activities during the year

During the financial year ended 30 September 2017 the committee met four times and discussed amongst other things, the following matters:

- review and approve the audited financial statements for the year ended 30 September 2016;
- review the appropriateness of the accounting policies used in preparing the Group's financial statements;
- consideration of the external auditors' report and key highlights memorandum for the year ended 30 September 2016, and discuss and assess the outcomes of the key risk assessments and audit findings;
- consideration and approval of the auditors' CASS audit reports to the Financial Conduct Authority for the year ended 30 September 2016 and discuss the findings;
- review and approve the unaudited interim financial statements for the six month period ended 31 March 2017;
- consideration of the external auditors' report on their review of the unaudited interim financial statements for the six month period ended 31 March 2017;
- discuss with the external auditors the audit plan for the financial year ended 30 September 2017, with revenue recognition, the valuation of goodwill and intangible assets, and management override of controls being identified as key risk areas;
- consider and discuss the minutes of meetings of the Risk Sub-Committee; and
- review and approve the Group's ICAAP (Internal Capital Adequacy Assessment Process) documentation.

# Audit & Risk committee report

Continued

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## Significant accounting matters

During the year, the Audit & Risk committee considered key accounting issues, matters and judgements in relation to the Group's financial statements and disclosures relating to:

### **Revenue recognition**

The committee believes that due to the strong segregation of duties between management and the Group's outsourced providers, who produce the revenue calculations, together with the formulaic nature of the revenue stream and lack of accounting judgements required in calculating revenue, and internal controls over the recognitions and calculation of revenue, revenue recognition does not involve significant judgement. However, based on the significance of the balance to the financial statements as a whole, the committee believes it represents a significant accounting matter.

## Internal audit function

The committee believes that the Group has a robust system of internal controls that are reviewed regularly by the external auditors as part of the annual audit, and by the Group's Compliance department using a detailed compliance monitoring programme. The committee regularly considers whether there is a need for an internal audit function and reports its findings to the Board. The committee and Board do not believe that there is currently a need for an internal audit function over and above the existing compliance function however, this position will continue to be reviewed.

## External auditor

KPMG LLP have provided audit services to the Group since their appointment in May 2011 and have continued to do so following the initial public offering in October 2016 to date. The committee has considered the need for the rotation of the external audit firm, is satisfied with the performance of the auditor, and does not consider it necessary to put the external audit out to tender. As such, the committee considers it appropriate to recommend to the Board and shareholders that KPMG LLP be reappointed as auditor at the forthcoming AGM.

**Luke Wiseman**  
**Chairman, Audit & Risk Committee**  
29 November 2017

# Remuneration committee report

## Remuneration committee

The Remuneration committee meets at least once a year and has been chaired throughout the year by Mike Vogel; its membership as at 30 September 2017 in addition to the Chairman comprises Robert Colthorpe, William Smith and Luke Wiseman, all of whom are non-executive directors of the Company.

The committee, following consultation with the Chief Executive Officer, determines the specific remuneration packages for each of the Executive directors and certain senior managers, including base salary, annual bonus, long-term incentives, benefits and terms of employment. The committee is also responsible for approving the scope for the annual base salary review for all staff across the Group and reviews all awards made under the various share incentive schemes. The committee ensures that the Company's remuneration policy complies with the FCA Remuneration Code and any associated reporting obligations.

The Company recognises the importance of recruiting and retaining suitable directors, senior managers, fund managers and staff to the effectiveness and efficiency of the business. To achieve this, the Remuneration committee is tasked with providing a competitive package of incentives and rewards, with the aim of aligning personal reward with increased shareholder value over both the short and longer term. Remuneration in general includes basic salary, discretionary bonus, pension contributions, and certain other benefits including private health insurance and death in service, together with equity incentive schemes such as the Employee Benefit Trust ("EBT") and the Long Term Incentive Plan ("LTIP"), both of which are described in more detail below.

The Group has in place discretionary bonus schemes for various fund management teams, with all such schemes being based on a fixed percentage of the net income generated by the respective teams, and subject to certain performance criteria. A proportion of the bonus earned in each financial year is paid typically three months after the year-end and after the signing of the financial statements, with the balance of the bonus being deferred for a period of up to three years, with the deferred bonus for each individual being invested into one or more of the funds that are managed by the respective team. The Group also has a general discretionary bonus scheme in place for all staff, including the executive directors, but excluding those fund managers and sales staff who are remunerated through alternative bonus schemes. The general bonus scheme is based on a fixed percentage of adjusted EBITDA before general bonus expense and associated employers national insurance. The non-deferred element of the discretionary bonus scheme is paid typically three months after the year-end and after the signing of the financial statements, with the balance of the bonus being deferred for a period of up to three years, with the deferred bonus for each individual being invested into one or more of the funds managed by the Group, or is held through share awards granted from the EBT or LTIP.

## Emoluments by individual director

The emoluments of the directors who served during the year are as follows:

	Salary and payment in lieu of pension £000	Bonus £000	Pension and benefits £000	2017 Total £000	2016 Total £000
<b>Executive directors</b>					
Michael O'Shea	274	400	6	680	602
Neil Macpherson	176	135	27	338	311
<b>Non-executive directors</b>					
Michael Vogel	75	-	-	75	100
Robert Colthorpe*	40	-	-	40	-
William Smith*	35	-	-	35	-
Paul Tobias**	-	-	-	-	35
Luke Wiseman	50	-	-	50	35
	650	535	33	1,218	1,083

\* Appointed on 7 October 2016

\*\* Resigned on 7 October 2016

# Remuneration committee report

Continued

## Employee Benefit Trust (“EBT”)

On 25 July 2016, the Company established the EBT, with an independent Guernsey based trustee. The EBT was established for the benefit of the employees, former employees and their dependents of the Group. The EBT may be used in conjunction with the LTIP where the Remuneration committee decides in its discretion that it is appropriate to do so.

The Company may provide funds to the Trustee by way of loan or gift to enable the Trustee to subscribe or purchase existing shares in the market in order to satisfy awards made under the LTIP.

	Awards over 0.02p ordinary shares	Exercise price per share (p)	Vesting period (yrs.)	Vesting date
<b>Executive directors</b>				
Michael O’Shea	166,667	-	3	7 March 2020
Neil Macpherson	100,000	-	3	7 March 2020

The awards made under the EBT have a three year vesting period, with vesting being conditional on the relevant employee being employed by the Group at the vesting date.

As at 30 September 2017, the EBT held directly and indirectly through Queripel Partners LP, a total of 1,599,830 ordinary shares, equating to 1.51% of the issued ordinary share capital of the Company.

## Long Term Incentive Plan (“LTIP”)

The Company adopted the LTIP on 3 October 2016. Awards under the LTIP will take the form of non-tax advantaged nil or nominal cost options (“Options”) to acquire fully paid ordinary shares. Awards may also take the form of a conditional right to receive ordinary shares (being awards which automatically deliver ordinary shares on vesting rather than providing for an option period) where the Remuneration committee considers this to be appropriate having regard to tax, legal, regulatory or other considerations. Employees and Executive directors of the Group are eligible to participate in the LTIP, at the Remuneration committee’s discretion. It is intended that participation will initially be limited to senior employees and Executive directors.

As at 30 September 2017 no awards had been made under the LTIP.

On 7 March 2017, the Company granted awards under the EBT over 1,216,668 ordinary shares, the awards being made in respect of the previous financial year ended 30 September 2016. The following awards were made on 7 March 2017 in respect of the Executive directors:

## Service contracts

Details of the service contracts and letters of appointment in respect of the Executive and Non-Executive directors are as follows:

	Date of service agreement / letter of appointment	Notice period (months)
<b>Executive directors</b>		
Michael O’Shea	3 October 2016	12
Neil Macpherson	3 October 2016	6
<b>Non-executive directors</b>		
Michael Vogel	3 October 2016	3
Robert Colthorpe	3 October 2016	1
William Smith	3 October 2016	1
Luke Wiseman	3 October 2016	1

**Mike Vogel**  
Chairman, Remuneration Committee  
29 November 2017

# Independent auditor's report to the members of Premier Asset Management Group PLC

## 1. Our opinion is unmodified

We have audited the financial statements of Premier Asset Management Group PLC ("the Company") for the year ended 30 September 2017 which comprise the consolidated statements of comprehensive income, financial position, changes in equity, and cash flows, and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### *Basis for opinion*

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

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows (unchanged from 2016):

# Independent auditor's report to the members of Premier Asset Management Group PLC

Continued

The risk	Our response
<b>Revenue recognition</b> (£46.0 million; 2016: £39.1 million)	Our procedures included:  <i>Control design</i> We performed walkthroughs of the revenue process at the Group to obtain an understanding of the control environment and evaluated the design and implementation of the Group's control to reconcile the management fee revenue calculated by the third party fund accountants to their own internal calculations.
<i>Processing error</i> The calculation of revenue for the Group, being the product of assets under management and fee rates, is not judgmental or complex. However, due to its materiality in the context of the financial statements as a whole, it is considered to be the area which had the greatest effect on our audit strategy and allocation of resources in planning and completing our audit of the Group.	<i>Recalculation</i> For management fee revenue earned from managing the Premier Funds, we utilised Data & Analytic software to recalculate the management fee.
<b>Classification of AIM listing costs</b> (£2.9 million; 2016: £nil)	<i>Outsourcing controls</i> To address the accuracy and completeness of assets under management data inputs obtained from the third party fund accountants, we obtained an understanding of the control environment and evaluated the operating effectiveness of controls in operation by inspecting the internal controls reports prepared by the service organisation and attested to by independent service auditors. Our evaluation considered the scope of the internal controls report and the competency of the independent service auditors.
<i>Accounting treatment</i> The parent company incurred costs to list their shares on AIM during the year ended 30 September 2017. Judgement is required to determine whether the expenses are a listing cost (expensed as incurred) or offering cost (deducted from capital).	Our procedures included:  <i>Test of details</i> We agreed a sample of costs to invoices to assess the classification as listing or issuance.  For costs that were not directly attributable to listing or issuance, we assessed the parent company's methodology used to allocate the costs based on our understanding of the transaction.

# Independent auditor's report to the members of Premier Asset Management Group PLC

Continued

## 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group's financial statements as a whole was set at £594k (2016: £150k), determined with reference to a benchmark of profit before tax, of which, it represents 5% (2016: 5%).

Materiality for the parent company financial statements as a whole was set at £564k, based on component materiality. This is lower than the materiality we would otherwise have determined with reference to a benchmark of total assets, and represents 1.06% of this benchmark. Materiality for the 2016 audit of the parent company financial statements as a whole was set at £360k, determined with reference to a benchmark of net assets, of which it represented 5%. The benchmark was changed from net assets to total assets because the parent company issued share capital and repaid its long-term debt during the financial year, significantly increasing its net assets.

We agreed to report to the audit committee any corrected and uncorrected misstatements exceeding £30k (2016: £8k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

All of the Group's seven (2016: seven) components, including the parent company were subject to full scope audits for group purposes, all of which were performed by the group audit team. These audits accounted for 100% (2016: 100%) of total group revenue, 100% (2016: 100%) of group profit before taxation and 100% (2016: 100%) of total group assets and were each performed to a component materiality level of £564k (2016: £150k), having regard to the mix of size and risk profile of the group across these components.

## 4. We have nothing to report on going concern

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

## 5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### *Strategic report and Directors' report*

Based solely on our work on the other information:

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

## 6. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

# Independent auditor's report to the members of Premier Asset Management Group PLC

Continued

## 7. Respective responsibilities

### *Directors' responsibilities*

As explained more fully in their statement set out on page 15, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities*

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

A fuller description of our responsibilities is provided on the FRC's website at; [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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

Ravi Lamba (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
E14 5GL  
29 November 2017

# Consolidated statement of comprehensive income

For the year ended 30 September 2017

	Note	Year to 30 September 2017 £000	Year to 30 September 2016 £000
<b>Revenue</b>	<b>3</b>	<b>46,046</b>	<b>39,149</b>
Administrative costs		(31,558)	(28,505)
Amortisation of intangible assets		(2,536)	(5,131)
Exceptional items	4	(415)	(485)
<b>Total operating costs</b>		<b>(34,509)</b>	<b>(34,121)</b>
<b>Operating profit</b>	<b>5</b>	<b>11,537</b>	<b>5,028</b>
Finance costs	7	(44)	(2,497)
<b>Profit on ordinary activities before taxation</b>		<b>11,493</b>	<b>2,531</b>
Tax expense	8	(2,617)	(1,546)
<b>Profit on ordinary activities after taxation</b>		<b>8,876</b>	<b>985</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>8,876</b>	<b>985</b>
Basic earnings per share	9	8.53p	71.68p
Diluted basic earnings per share	9	8.53p	71.68p

All the amounts relate to continuing operations.

The notes on pages 33 to 49 form an integral part of these financial statements.

# Consolidated statement of financial position

As at 30 September 2017

	Note	2017 £000	2016 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	15,165	17,701
Goodwill	10	15,597	15,597
Property, plant and equipment	11	911	933
Deferred tax asset	8	1,097	1,580
<b>Total non-current assets</b>		<b>32,770</b>	<b>35,811</b>
<b>Current assets</b>			
Financial assets at fair value through profit and loss	14	1,354	1,061
Trade and other receivables	13	47,932	36,624
Cash and cash equivalents	15	16,449	10,638
<b>Total current assets</b>		<b>65,735</b>	<b>48,323</b>
<b>Total assets</b>		<b>98,505</b>	<b>84,134</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share capital	21		14
Share premium	-		34
Capital redemption reserve	21	4,532	4,532
Retained earnings		40,728	(9,278)
<b>Total equity</b>		<b>45,281</b>	<b>(4,698)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	51,079	40,138
Current tax liabilities		2,145	1,375
<b>Total current liabilities</b>		<b>53,224</b>	<b>41,513</b>
<b>Non-current liabilities</b>			
Borrowings	17	-	42,670
Provisions and other liabilities	19	-	4,649
<b>Total non-current liabilities</b>		<b>-</b>	<b>47,319</b>
<b>Total liabilities</b>		<b>53,224</b>	<b>88,832</b>
<b>Total equity and liabilities</b>		<b>98,505</b>	<b>84,134</b>

Company number 06306664. The financial statements were approved on behalf of the Board of Directors on 29 November 2017.

**Mike O’Shea**  
**Chief Executive Officer**

**Neil Macpherson**  
**Group Finance Director**

The notes on pages 33 to 49 form an integral part of these financial statements.

# Consolidated statement of changes in equity

For the year ended 30 September 2017

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
<b>At 1 October 2015</b>	<b>546</b>	<b>13</b>	<b>-</b>	<b>(6,263)</b>	<b>(5,704)</b>
Shares issued	-	21	-	-	21
Capital reduction	(532)	-	4,532	(4,000)	-
Profit for the financial year	-	-	-	985	985
<b>At 30 September 2016</b>	<b>14</b>	<b>34</b>	<b>4,532</b>	<b>(9,278)</b>	<b>(4,698)</b>
Shares issued	7	44,713	-	-	44,720
Cancellation of share premium	-	(44,747)	-	44,747	-
Equity dividends paid (note 30)	-	-	-	(3,939)	(3,939)
Share based payment expense	-	-	-	322	322
Profit for the financial year	-	-	-	8,876	8,876
<b>At 30 September 2017</b>	<b>21</b>	<b>-</b>	<b>4,532</b>	<b>40,728</b>	<b>45,281</b>

The notes on pages 33 to 49 form an integral part of these financial statements.

# Consolidated statement of cash flow

For the year ended 30 September 2017

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Profit for the year		8,876	985
<b>Adjustments for</b>			
Financial expense	7	44	2,497
Taxation	8	2,617	1,546
Depreciation	11	225	239
Share based payments		322	-
Loss on sale of property, plant and equipment		-	1
Gain on sale of financial assets at fair value through profit and loss		(16)	(12)
Gain on revaluation of current asset investments		(51)	(46)
Amortisation	10	2,536	5,131
<b>Changes in working capital</b>			
(Increase)/decrease in trade and other receivables		(11,308)	2,088
Increase/(decrease) in trade and other payables		10,934	(673)
Decrease in provisions		-	(530)
<b>Cash generated from operations</b>		<b>14,179</b>	<b>11,226</b>
Interest paid		-	(42)
Tax paid		(1,364)	(867)
<b>Net cash from operating activities</b>		<b>12,815</b>	<b>10,317</b>
<b>Cash flows from investing activities</b>			
Acquisition of other intangible assets		-	(1,275)
Acquisition of assets at fair value through profit and loss		(856)	(543)
Proceeds from disposal of assets at fair value through profit and loss		630	89
Acquisitions of property, plant and equipment	11	(203)	(214)
<b>Net cash from investing activities</b>		<b>(429)</b>	<b>(1,943)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(42,670)	(6,250)
Interest paid on borrowings		(4,686)	(359)
Dividends paid to shareholders		(3,939)	-
Proceeds from the issue of share capital		44,720	21
<b>Net cash from financing activities</b>		<b>(6,575)</b>	<b>(6,588)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,811</b>	<b>1,786</b>
Cash and cash equivalents at the beginning of the period		10,638	8,852
<b>Cash and cash equivalents at the end of the period</b>		<b>16,449</b>	<b>10,638</b>

The notes on pages 33 to 49 form an integral part of these financial statements.

# Notes to the consolidated financial statements

At 30 September 2017

## 1. Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Premier Asset Management Group PLC (the "Company") and its subsidiaries (the "Group") for the year ended 30 September 2017 were authorised for issue by the Board of Directors on 29 November 2017 and the statement of financial position was signed on the Board's behalf by Mike O'Shea and Neil Macpherson. The Company is incorporated and domiciled in England and Wales.

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Group are set out in note 2.

## 2. Accounting policies

### 2.1 Basis of preparation

The Group prepared its first set of consolidated financial statements for the year ended 30 September 2015, in accordance with IFRS, for inclusion in a circular to shareholders. The date of transition to IFRS was 1 October 2012. These consolidated financial statements for the year ended 30 September 2017 have been prepared in accordance with IFRS. Note 2.3 sets out further information on how the Group adopted IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value through profit or loss. Costs are expensed as incurred.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary undertakings as at 30 September 2017. The results of subsidiary undertakings acquired during a year are included from the date of acquisition. Profits and losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's identifiable assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 2.3 New standards, amendments and interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- (i) IFRS 9 'Financial instruments' (effective 1 January 2018)
- (ii) IFRS 15 'Revenue from contracts with customers' (effective 1 January 2018)
- (iii) IFRS 16 'Leases' (effective 1 January 2019)

The Directors do not expect that the adoption of the above Standards will have a material impact on the Group's financial statements except with respect to disclosures. There are no other IFRSs or IFRIC interpretations that are not yet effective and would be expected to have a material impact on the Group.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 2. Accounting policies (continued)

### 2.4 Judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

- (a) Deferred taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Management believes recognition is probable because sufficient taxable profits are expected according to the annual budget and two year forecast. It is expected that the deferred tax asset will decrease in future years due to reductions in the corporation tax charge charged by HMRC as and when enacted. Further details are contained in note 8.
- (b) The Group tests annually whether goodwill and intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2.5(a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, which are further disclosed in note 10, including a sensitivity analysis.

### 2.5 Significant accounting policies

#### (a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred plus acquisition-related costs, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. All contingent consideration is measured at fair value with the changes in fair value in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. Goodwill is monitored at the Group level.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate potential impairment. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

In respect of goodwill, the recoverable amount is estimated at each annual balance sheet date. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses represent the amount by which the carrying amount exceeds the recoverable amount; they are recognised in profit and loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the value of any other assets in the unit on a pro-rata basis.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 2. Accounting policies (continued)

### 2.5 Significant accounting policies (continued)

An impairment loss in respect of goodwill is not reversed.

#### (b) *Property, plant and equipment*

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, on a straight line basis over its expected useful life as follows:

- Short leasehold property – the term of the lease
- Plant and equipment – 5 years
- Computer equipment – 3 years
- Motor vehicles – 3 years
- Fixtures and fittings – 15%

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

#### (c) *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost. A bad debt provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Other receivables mainly comprise of refundable rent deposits and amounts the Group is due to receive from third parties in the normal course of business.

#### (d) *Provisions and other liabilities*

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material provisions are discounted. The increase in the provision due to passage of time is recognised as a finance cost.

Where the Group, as lessee, is contractually required to restore a leased property to an agreed condition prior to the release by a lessor, provision is made for such costs as they are identified.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

#### (e) *Income taxes*

Current and deferred tax are recognised in income or expense, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- (i) where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- (iii) deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 2. Accounting policies (continued)

### 2.5 Significant accounting policies (continued)

The carrying amount of deferred income tax assets is reviewed at each statement of financial position 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.

#### (f) Foreign currencies

The Group's consolidated financial statements are presented in pounds sterling. The functional currency of the Group's entities is pounds sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Group does not apply hedge accounting of foreign exchange risks in its company financial statements.

#### (g) Financial instruments

##### (i) Financial assets

**Initial recognition and measurement** - Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables or available for sale financial assets, as appropriate. Management determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

**Subsequent measurement** - The subsequent measurement of financial assets depends on their classification as follows:

- *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

The Group has designated financial assets in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

- *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. The losses arising from impairment are recognised in the income statement in other operating expenses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables comprise mainly cash and cash equivalents and trade and other receivables.

- *Available for sale financial assets*

Available for sale financial investments include equity securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, available for sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the unrealised gains and losses reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in other operating expenses and removed from the unrealised gains and losses reserve. The Company evaluates its available for sale financial assets and whether the ability and intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial instruments in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and when the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. The Company has not designated any financial assets upon initial recognition as available for sale.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 2. Accounting policies (continued)

### 2.5 Significant accounting policies (continued)

Derecognition of financial assets - A financial asset is derecognised when: (i) the rights to receive cash flows from the asset have expired or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets - The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

### (ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Generally, an obligation to deliver cash or other financial asset to another party at a fixed date in the future would require presentation of a financial instrument as a liability.

No significant restrictions exist to transfer cash or assets within the Group or pay out dividends, except for regulatory capital restrictions within the regulated companies.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The fair value of preference shares is not materially different to their carrying value. The dividends on these preference shares are recognised in the income statement as interest expense.

#### (iii) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the EIR, with interest expense recognised on an effective yield basis.

The EIR used to recognise interest expense is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

#### (iv) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

#### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid short-term deposits that are readily convertible to known amounts of cash within three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities.

#### (i) Exceptional items

The Group presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 2. Accounting policies (continued)

### 2.5 Significant accounting policies (continued)

#### (j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding value added tax.

The Group's primary source of income is fee income from investment management activities. These fees are generally based on an agreed percentage, as per the management contract, of the assets under management and are recognised as the service is provided.

Commission includes fees based on a set percentage of certain flows into our funds and are recognised on receipt.

#### (k) Pensions

The Group operates defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (l) Leases

All leases are classified as operating leases. Rents payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

#### (m) Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Investment management contracts purchased by the Group are capitalised as intangible fixed assets and are amortised over periods ranging from 7 to 20 years depending on the nature of the assets purchased.

#### (n) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (o) Borrowings

Borrowings, are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, borrowings are carried at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the statement of comprehensive income over the period of the borrowings using the EIR.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

#### (p) Related party transactions

All companies forming part of the consolidated Group are considered to be related parties as these companies are owned either directly or indirectly by Premier Asset Management Group PLC. Key management, being the members of the Executive Committee, are also identified as a related party.

The adoption of IFRS 10 Consolidated Financial Statements has not resulted in the consolidation of additional funds where the Group is now deemed to have a controlling interest under the definition of this standard. The Group did not hold a material investment in any of the funds managed by the Group and has therefore determined that no controlling interest was held.

#### (q) Earnings per share

Basic earnings per share is calculated by dividing the total comprehensive income for the year by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

# Notes to the consolidated financial statements

At 30 September 2017

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## 3. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2017 £000	2016 £000
Management fees	45,894	38,957
Commissions	83	70
Other income	69	122
<b>Total revenue</b>	<b>46,046</b>	<b>39,149</b>

All revenue is derived from the United Kingdom and Channel Islands.

## 4. Exceptional items

Recognised in arriving at operating profit from continuing operations:

	2017 £000	2016 £000
Staff redundancy costs	40	121
Fund rationalisation, closures and mergers	-	17
Irrecoverable VAT	-	333
Flotation on AIM	331	-
Capital reduction	44	14
<b>Total exceptional items</b>	<b>415</b>	<b>485</b>

Staff redundancy costs are in relation to the rationalisation and restructuring of various departments and functions. Fund rationalisation, closure and merger costs are in relation to funds that were merged or closed during the period. Irrecoverable VAT represents input tax that was payable following the outcome of discussions with HMRC regarding the operation of an agreed partial exemption special method. Floating on AIM represents costs associated with the admission to trading on the Alternative Investment Market. Capital reduction costs in 2017 were in respect of professional fees relating to the cancellation of the share premium account of the Company, which became effective on 27 July 2017; the capital reduction costs in 2016 were in connection with the cancellation of certain share premium accounts of subsidiary undertakings.

## 5. Operating profit

(a) Operating profit is stated after charging:

	Note	2017 £000	2016 £000
Auditors' remuneration	5 (b)	572	250
Staff costs	6	14,260	12,720
Operating lease payments - rent	18	255	282
Amortisation of intangible assets	10	2,536	5,131
Exceptional items	4	415	485
Depreciation of property, plant and equipment	11	225	239

(b) Auditors' remuneration

The remuneration of the auditors is analysed as follows:

	2017 £000	2016 £000
Audit of Company	35	14
Audit of Subsidiaries	47	101
<b>Total audit</b>	<b>82</b>	<b>115</b>
<b>Audit-related assurance services</b>	<b>67</b>	-
Tax compliance services	28	17
Services related to corporate finance transactions not covered above	351	-
Other non-audit services not covered above	44	118
<b>Total other non-audit services</b>	<b>423</b>	<b>135</b>
<b>Total non-audit services</b>	<b>490</b>	<b>135</b>
<b>Total fees</b>	<b>572</b>	<b>250</b>

# Notes to the consolidated financial statements

At 30 September 2017

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## 6. Staff costs and Directors' remuneration

(a) Staff costs during the year were as follows:

	2017 £000	2016 £000
Salaries, bonus and performance fee share	12,181	10,915
Social security costs	1,648	1,414
Other pension costs	431	391
<b>Total staff costs</b>	<b>14,260</b>	<b>12,720</b>

The average monthly number of employees of the Group during the year was made up as follows:

	2017	2016
Directors	6	5
Investment management	28	26
Sales and marketing	28	28
Finance and systems	6	6
Legal and compliance	8	8
Administration	24	24
<b>Total employees</b>	<b>100</b>	<b>97</b>

(b) Directors' remuneration

The remuneration of the Directors during the year was as follows:

	Salary and payment in lieu of pension £000	Bonus £000	Pension and benefits £000	2017 £000	2016 £000
<b>Executive Directors</b>					
Michael O'Shea	274	400	6	680	602
Neil Macpherson	176	135	27	338	311
<b>Non-executive Directors</b>					
Michael Vogel	75	-	-	75	100
Luke Wiseman	50	-	-	50	35
Paul Tobias (resigned 7 October 2016)	-	-	-	-	35
William Smith	35	-	-	35	-
Robert Colthorpe	40	-	-	40	-
<b>Total Directors' remuneration</b>	<b>650</b>	<b>535</b>	<b>33</b>	<b>1,218</b>	<b>1,083</b>

The number of Directors accruing benefits under money purchase pension schemes at the year end was nil (2016: nil).

In respect of the highest paid Director:

	2017 £000	2016 £000
Remuneration	680	585
Pension contributions	-	17
<b>Total highest paid Director remuneration</b>	<b>680</b>	<b>602</b>

## 7. Finance costs

	2017 £000	2016 £000
Bank loans and overdrafts	-	50
Other loans (including the debt component of preference shares)	44	2,266
<b>Total interest expense</b>	<b>44</b>	<b>2,316</b>
Unwinding of discount on deferred consideration	-	181
<b>Net finance costs</b>	<b>44</b>	<b>2,497</b>

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 8. Income taxes

- (a) Tax charged in the statement of comprehensive income

	2017 £000	2016 £000
<b>Current income tax:</b>		
UK corporation tax	2,106	1,291
Current income tax charge	2,106	1,291
Adjustments in respect of prior periods	29	33
Total current income tax	<b>2,135</b>	<b>1,324</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	482	(51)
Adjustments in respect of prior periods	-	3
Impact of changes in tax rate	-	270
Total deferred tax	<b>482</b>	<b>222</b>
<b>Tax expense in the statement of comprehensive income</b>	<b>2,617</b>	<b>1,546</b>

- (b) Reconciliation of the total tax charge

The tax expense in the statement of comprehensive income for the year is higher than the standard rate of corporation tax in the UK of 19.5% (2016: 20%). The differences are reconciled in the following table:

	2017 £000	2016 £000
Profit on ordinary activities before taxation	11,493	2,531
Tax calculated at UK standard rate of corporation tax of 19.5% (2016: 20%)	2,241	506
Deferred tax not recognised	63	(382)
Expenses not deductible for tax purposes	103	15
Dividends on preference shares included in finance costs	7	453
Amortisation not deductible	258	265
Income not subject to UK tax	(19)	(27)
Change in tax rate	(71)	661
Fixed asset differences	6	19
Adjustments in respect of prior periods	29	36
<b>Tax expense in the statement of comprehensive income</b>	<b>2,617</b>	<b>1,546</b>

### (c) Change in Corporation Tax rate

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 30 September 2017 has been calculated based on these rates.

### (d) Deferred tax

The deferred tax included in the Group statement of financial position is as follows:

	2017 £000	2016 £000
<b>Deferred tax asset:</b>		
Fixed asset timing differences	(71)	(74)
Accrued bonuses	225	270
Losses and other deductions	943	1,384
<b>Deferred tax disclosed on the statement of financial position</b>	<b>1,097</b>	<b>1,580</b>

	2017 £000	2016 £000
<b>Deferred tax in the statement of comprehensive income:</b>		
Origination and reversal of temporary differences	482	(51)
Adjustments in respect of prior periods	-	3
Impact of changes in tax rate	-	270
<b>Deferred tax expense / (credit)</b>	<b>482</b>	<b>222</b>

	2017 £000	2016 £000
<b>Unprovided deferred tax asset:</b>		
Non trade loan relationship losses	1,693	1,693
Excess management expenses	53	53
Non trade intangible fixed asset losses	420	420
<b>Deferred tax expense</b>	<b>2,166</b>	<b>2,166</b>

# Notes to the consolidated financial statements

At 30 September 2017

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## 9. Earnings per share

Reported earnings per share has been calculated as follows:

The calculation of basic earnings per share is based on profit after taxation for the year and the weighted average number of ordinary shares in issue for each period.

	2017 £000	2016 £000
Basic:		
Profit attributable to equity holders of the Group	8,876	985
Weighted average number of ordinary shares in issue	104,085,100	1,374,851
<b>Basic earnings per share</b>	<b>8.53p</b>	<b>71.68p</b>
Diluted:		
Profit attributable to equity holders of the Group	8,876	985
Weighted average number of ordinary shares in issue	104,085,100	1,374,851
<b>Diluted earnings per share</b>	<b>8.53p</b>	<b>71.68p</b>

It should be noted that as a result of the IPO in October 2016, the total number of shares in issue increased significantly and as such the pre and post IPO earnings per share figures are not comparable.

## 10. Goodwill and other intangible assets

Cost, amortisation and net book value of intangible assets are as follows:

	Goodwill £000	Other £000	Total £000
Cost:			
At 1 October 2016	22,576	56,231	78,807
<b>At 30 September 2017</b>	<b>22,576</b>	<b>56,231</b>	<b>78,807</b>
Amortisation and impairment:			
At 1 October 2016	6,979	38,530	45,509
Amortisation during the year	-	2,536	2,536
<b>At 30 September 2017</b>	<b>6,979</b>	<b>41,066</b>	<b>48,045</b>
Carrying amount:			
<b>At 30 September 2017</b>	<b>15,597</b>	<b>15,165</b>	<b>30,762</b>
<b>At 30 September 2016</b>	<b>15,597</b>	<b>17,701</b>	<b>33,298</b>

### *Impairment tests for goodwill*

Goodwill is monitored by management at the operating segment level, which reflects the entire Group. Therefore, no further allocation of goodwill has been made.

The recoverable amount of the Group has been determined based on value-in-use calculations. These calculations are for the three-year period following the year end and are based on the next year's annual budget and subsequent two year forecasts. Budgeted increases in the level of assets under management, revenues and associated costs have been taken into account. Management forecasts revenues and associated costs based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructurings or cost saving measures. To arrive at the net present value, the cash flows have been discounted using a discount factor of 13.2%. The overall value in use was greater than the carrying amount and so no impairment charge has been recognised. The key assumptions used in calculating the value in use were the net cash flows and the discount rate. In determining the net cash flows assumptions were made on the level of future fund inflows, fund redemptions and market growth.

Investment management contracts purchased by the Group are capitalised as intangible fixed assets and are amortised over periods ranging from 7 to 20 years depending on the nature of the assets purchased.

### *Sensitivity analysis*

Sensitivity analysis has determined that an increase in the discount rate to 214% (2016: 1110%) would be required before an impairment of goodwill would be considered. The compound annual growth rate for the net cash flows over the forecast period is 17.7% (2016: 0%).

# Notes to the consolidated financial statements

At 30 September 2017

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## 11. Property, plant and equipment

	Land and buildings £000	Plant and equipment £000	Total £000
<b>Cost or fair value:</b>			
At 1 October 2016	931	769	1,700
Additions	126	77	203
Disposals	-	(299)	(299)
<b>At 30 September 2017</b>	<b>1,057</b>	<b>547</b>	<b>1,604</b>
<b>Depreciation and impairment:</b>			
At 1 October 2016	275	492	767
Depreciation during the year	123	102	225
Disposals	-	(299)	(299)
<b>At 30 September 2017</b>	<b>398</b>	<b>295</b>	<b>693</b>
<b>Carrying amount:</b>			
<b>At 30 September 2017</b>	<b>659</b>	<b>252</b>	<b>911</b>
<b>At 30 September 2016</b>	<b>656</b>	<b>277</b>	<b>933</b>

# Notes to the consolidated financial statements

At 30 September 2017

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## 12. Group entities

At 30 September 2017 the Company held (directly and indirectly) 100% of the allotted share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain with the exception of Premier Asset Management (Guernsey) Limited which is incorporated in Guernsey. All subsidiary undertakings are consolidated within the Group accounts.

	Class of share held	Proportion of voting rights and shares held	Nature of the business
(a) Directly held			
Premier Asset Management MidCo Limited	Ordinary	100%	Holding company
(b) Indirectly held			
Premier Asset Management Holdings Limited	Ordinary	100%	Holding company
Premier Asset Management Limited	Ordinary	100%	Holding company
Premier Investment Group Limited	Ordinary	100%	Holding company
Premier Portfolio Managers Limited	Ordinary	100%	Investment manager/ACD
PAM Plc	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Investment manager
Eastgate Court Nominees Limited	Ordinary	100%	Nominee company
Premier Fund Managers Limited	Ordinary	100%	Investment manager
Premier Investment Administration Limited	Ordinary	100%	Dormant
Premier Discretionary Asset Management Plc	Ordinary	100%	Dormant
Premier Fund Services Limited	Ordinary	100%	Dormant
Premier Capital Management Limited	Ordinary	100%	Dormant
Eastgate Investment Services Limited	Ordinary	100%	Dormant

## 13. Trade and other receivables

	2017 £000	2016 £000
Due from trustees/investors for open end fund cancellations/sales	42,170	31,914
Other trade debtors	113	161
Accrued income	4,221	3,605
Prepayments	1,326	516
Other taxes	-	-
Other receivables	102	428
<b>Total trade and other receivables</b>	<b>47,932</b>	<b>36,624</b>

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date.

The aging profile of trade receivables that are due but not impaired is:

Days	2017 £000	2016 £000
0 to 30	42,226	32,074
31 to 60	57	1
61 to 90	-	-
Over 90	-	-
<b>Total trade receivables</b>	<b>42,283</b>	<b>32,075</b>

These amounts have not been impaired as there has not been any significant changes in credit quality and the amounts are still considered recoverable.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 14. Financial instruments

- (a) Financial assets at fair value through profit and loss.

The financial instruments carried at fair value are analysed by valuation method. The different levels have been defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial assets is as follows:

	2017 £000	2016 £000
<b>Other investments</b>		
Quoted – Level 1	1,354	806
Unquoted – Level 3	-	255
<b>Total</b>	<b>1,354</b>	<b>1,061</b>

Quoted investments – Level 1

The Group holds shares and units in a number of funds for which quoted prices in an active market are available. The fair value measurement is based on Level 1 in the fair value hierarchy.

Unquoted investments – Level 3

There is no active market for the unit investments. Valuation is based on the sales of the investment shortly after the year end.

### Financial instruments measured at amortised cost, but fair value is disclosed

The following financial instruments are not measured at fair value in the balance sheet, but information about the fair value is disclosed.

#### *Trade debtors and trade creditors*

The trade debtors and trade creditors largely have a maturity of less than one year. The fair value of trade creditors and trade debtors are not materially different to their carrying value.

#### *Borrowings and overdraft*

The fair value of the bank borrowings and overdrafts are not materially different from the carrying value due to the variable interest rate and the short duration.

#### *Preference shares*

The fair value of the preference shares is not materially different to their carrying value. On 7 October 2016 the preference shares were redeemed in full at par; in addition all accrued interest up to the date of redemption was paid.

#### *Financial risk management*

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 14. Financial instruments (continued)

### (c) Credit risk

#### Market risks

The Group is exposed to market risk through interest rates, availability of credit, liquidity and foreign exchange fluctuations.

#### (a) Interest rate risk

The Group is exposed to interest rate risk as the Group borrows at floating interest rates.

A 1% increase in interest rates on the Group's debt balances at 30 September 2017, would increase the annual net interest payable in the statement of comprehensive income and reduce equity by £nil (2016: £nil). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings.

#### (b) Foreign exchange risk

The Group undertakes transactions denominated in US Dollars and Euros; consequently, exposures to exchange rate fluctuations arise.

At 30 September 2017, if the US Dollar and Euro had strengthened by 10% against the Pound with all other variables held constant, this would have had an £124,000 (2016: £83,000) impact on the statement of comprehensive income and equity.

The Group credit risk is primarily focused on trade receivables due from trustees/investors for open end fund cancellations/sales. The risk is that a counterparty fails to settle on a trade and thereby creates an illiquid asset. However, in such cases the Group has the ability to arrange with the trustees of the relevant fund to cancel the trade and to liquidate the units issued, thereby settling the trade. A possible exposure will arise in such an instance whereby the price achieved on a cancellation of a trade is less than the original price at which the units were issued.

The credit risk on liquid assets is limited because the counterparties are banks with relatively high credit ratings.

The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers.

### (d) Liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation. Details of the bank facilities provided to the Group are provided in note 17.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months £000	Between 3 months and 1 year £000	Between 1 and 5 years £000	Over 5 years £000
<b>As at 30 September 2017</b>				
Trade and other payables	49,416	293	1,174	196
	<b>49,416</b>	<b>293</b>	<b>1,174</b>	<b>196</b>
<b>As at 30 September 2016</b>				
Borrowings	-	-	13,500	29,170
Trade and other payables	40,138	-	-	-
Other liabilities	-	-	2,235	2,414
	<b>40,138</b>	<b>-</b>	<b>15,735</b>	<b>31,584</b>

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 14. Financial instruments (continued)

### Capital Management

#### Working capital

The Group manages the level of its working capital on an ongoing basis. The Group uses detailed financial information provided by its forecasting model and by regular review of its consolidated management information.

#### Regulatory capital requirements

In accordance with the Capital Requirements Directive ("CRD"), the Group is required to maintain a minimum level of capital as prescribed in the UK by the Financial Conduct Authority ("FCA"). The Group is required to conduct an Internal Capital Adequacy Assessment Process ("ICAAP"), referred to as Pillar 2 capital requirements. The objective of this process is to ensure that firms have adequate capital to enable them to manage risks not deemed to be adequately covered under Pillar 1 minimum requirements. This is a forward looking exercise which includes stress testing on major risks, considering how the firm would cope with a significant market downturn, for example, and an assessment of the Group's ability to mitigate the risks. Each of the regulated companies in the Group maintained surpluses of regulatory capital throughout the year.

The primary objective of the Group's capital management is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to provide a suitable base to sustain the future development of the business, while ensuring compliance with regulatory capital requirements.

#### Offsetting financial assets and financial liabilities

There are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

## 15. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	16,449	10,638
<b>Total cash and cash equivalents</b>	<b>16,449</b>	<b>10,638</b>

## 16. Trade and other payables

	2017 £000	2016 £000
Due to trustees/investors for open end fund creations/redemptions	41,375	31,885
Other trade payables	1,145	420
Other tax and social security payable	1,048	759
Accruals	6,830	5,534
Pension contributions	26	24
Other payables	655	1,516
<b>Total trade and other payables</b>	<b>51,079</b>	<b>40,138</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

## 17. Borrowings

	2017 £000	2016 £000
Preference shares of £1 each	-	42,670
<b>Total borrowings</b>	<b>-</b>	<b>42,670</b>

	2017 £000	2016 £000
Non-current	-	42,670
<b>Total borrowings</b>	<b>-</b>	<b>42,670</b>

#### Preference shares

On 7 October 2016 the Company redeemed the 13,500,000 8% preference shares and 29,170,000 4% preference shares, and paid accrued interest of £2,252,429 and £2,433,449 respectively.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 18. Obligations under leases

Operating lease agreements where the Group is lessee.

The Group has entered into commercial leases on certain properties. These leases have an average duration of between 3 and 10 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2017 £000	2016 £000
Between zero and one year	12	29
Between one and two years	-	65
Between two and five years	115	-
Over five years	221	221
<b>Total lease obligations</b>	<b>348</b>	<b>315</b>

## 19. Provisions and other liabilities

Analysis of total provisions and other liabilities:

	2017 £000	2016 £000
Interest on preference shares	-	4,649
<b>Total provisions and other liabilities</b>	<b>-</b>	<b>4,649</b>

### Interest on preference shares

The accrued interest relates to the preference shares (note 17). The entire interest accrual is non-current.

## 20. Share capital

	2017	2016
<b>Authorised</b>		
Ordinary shares	105,801,310	1,398,513
<b>Allotted, issued and fully paid</b>		
Ordinary shares	105,801,310	1,398,513

On 23 September 2016, and in accordance with rule 2 of the AIM rules, the Company issued an announcement to the London Stock Exchange giving notice of its intention to apply for admission of its shares onto the Alternative Investment Market ("AIM"). In preparation for the proposed flotation of its shares, the Company applied to, and received consent from, Companies House to re-register from a private company to a public Company with effect from 29 September 2016.

The Company then issued on 4 October 2016 an announcement to the London Stock Exchange giving notice of its proposed admission to trading on AIM and announced its initial public offering by way of a placing of 35,875,660 new and 12,381,916 existing ordinary shares of 0.02 pence each at a price of 132 pence per share, raising gross proceeds of £63.7 million.

On 7 October 2016 the Company subdivided its ordinary share capital, with each ordinary share of 1 pence each being replaced by 50 ordinary shares of 0.02 pence each. The effect of this subdivision was to replace the 1,398,513 ordinary shares of 1 pence each with 69,925,650 new ordinary shares of 0.02 pence each.

On 7 October 2016 the Company's shares were admitted to trading on AIM and 35,875,660 ordinary shares of 0.02 pence each were allotted at a price of 132 pence per share, increasing the number of issued ordinary share capital to 105,801,310 shares. The gross proceeds of the allotment, which amounted to £47,355,871 were used on 7 October 2016 firstly, to redeem the 13,500,000 8% preference shares and pay accrued interest thereon of £2,252,429 and secondly, to redeem the 29,170,000 4% preference shares and pay accrued interest thereon of £2,433,449.

## 21. Capital redemption reserve

	2017 £000	2016 £000
Redemption of preference shares	4,000	4,000
Cancellation of deferred shares	532	532
<b>Total capital redemption reserve</b>	<b>4,532</b>	<b>4,532</b>

On the redemption of the preference shares a transfer was made from retained earnings to the capital redemption reserve equivalent to the nominal value of the preference shares redeemed. On 19 October 2015 £4,000,000 of the 8% preference shares, plus £359,452 of accrued interest, was redeemed.

# Notes to the consolidated financial statements

At 30 September 2017

Continued

## 22. Dividends paid and proposed

	2017 £000	2016 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
First interim for 2017: 1.25 pence per share	1,323	-
Second interim for 2017: 1.25 pence per share	1,308	-
Third interim for 2017: 1.25 pence per share	1,308	-
<b>Dividends paid</b>	<b>3,939</b>	-

## 23. Related party transactions

All companies forming part of the consolidated Group are considered to be related parties as these companies are owned either directly or indirectly by Premier Asset Management Group PLC.

The Group manages, through its subsidiaries, a number of open ended investment companies and investment trusts. The subsidiary companies receive management fees from these entities for managing assets and in some instances receive performance fees. The Group acts as manager and/or authorised corporate director for 27 (2016: 27) funds as at 30 September 2017.

### (a) Asset management vehicles

The Group provides investment management services for a number of collective investment schemes where Group companies are investment managers/advisors of underlying funds and which meet the criteria of related parties (note 2.5(p)). In return the Group receives management fees for the provision of these services

	2017 £000	2016 £000
Management fees	44,968	37,906
Amounts outstanding at the year end	4,102	3,448

## (b) Key management compensation

The key management personnel compensation that is represented by the Executive Committee, for employee and Director services during the year is shown below:

	2017 £000	2016 £000
Short-term employee benefits	3,033	2,543

## 24. Segment reporting

The Group operates a single business segment of asset management for reporting and control purposes.

IFRS 8 Operating Segments requires disclosures to reflect the information which Group management uses for evaluating performance and the allocation of resources. The Group is managed as a single asset management business and as such, there are no additional operating segments to disclose.

Under IFRS 8, the Group is also required to make disclosures by geographical segments. As Group operations are solely in the UK and Channel Islands, there are no additional geographical segments to disclose.

## 25. Post balance sheet events

The Directors are not aware of any conditions that existed at the reporting date or events since, that would affect the disclosures in these financial statements.

# Company statement of financial position

As at 30 September 2017

	Note	2017 £000	2016 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		-	-
Investment in subsidiaries	27	43,732	43,732
<b>Total non-current assets</b>		<b>43,732</b>	<b>43,732</b>
<b>Current assets</b>			
Trade and other receivables	28	9,144	10,977
Cash and cash equivalents		346	66
<b>Total current assets</b>		<b>9,490</b>	<b>11,043</b>
<b>Total assets</b>		<b>53,222</b>	<b>54,775</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share capital		21	14
Share premium		-	34
Capital redemption reserve	21	4,532	4,532
Retained earnings		48,642	2,625
<b>Total equity</b>		<b>53,195</b>	<b>7,205</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	29	27	251
<b>Total current liabilities</b>		<b>27</b>	<b>251</b>
<b>Non-current liabilities</b>			
Borrowings	31	-	42,670
Provisions and other liabilities	32	-	4,649
<b>Total non-current liabilities</b>		<b>-</b>	<b>47,319</b>
<b>Total liabilities</b>		<b>27</b>	<b>47,570</b>
<b>Total equity and liabilities</b>		<b>53,222</b>	<b>54,775</b>

Company number 06306664

The financial statements were approved on behalf of the Board of Directors on 29 November 2017.

**Mike O'Shea**  
Chief Executive Officer

**Neil Macpherson**  
Group Finance Director

The notes on pages 53 to 54 form an integral part of these financial statements.

# Company statement of changes in equity

For the year ended 30 September 2017

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
<b>At 1 October 2015</b>	<b>546</b>	<b>13</b>	-	<b>9,125</b>	<b>9,684</b>
Shares issued during the year	-	21	-	-	21
Capital reduction	(532)	-	4,532	(4,000)	-
Loss for the financial year	-	-	-	(2,500)	(2,500)
<b>At 30 September 2016</b>	<b>14</b>	<b>34</b>	<b>4,532</b>	<b>2,625</b>	<b>7,205</b>
Shares issued	7	44,713	-	-	44,720
Cancellation of share premium	-	(44,747)	-	44,747	-
Equity dividends paid (note 30)	-	-	-	(3,939)	(3,939)
Share based payment expense	-	-	-	322	322
Profit for the financial year	-	-	-	4,887	4,887
<b>At 30 September 2017</b>	<b>21</b>	<b>-</b>	<b>4,532</b>	<b>48,642</b>	<b>53,195</b>

The notes on pages 53 to 54 form an integral part of these financial statements.

# Company statement of cash flow

For the year ended 30 September 2017

	2017 £000	2016 £000
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year	4,887	(2,500)
<b>Adjustments for</b>		
Financial expense	37	2,265
Share based payments	323	-
<b>Changes in working capital</b>		
Decrease in trade and other receivables	1,832	210
(Decrease)/increase in trade and other payables	(224)	4
<b>Net cash flows used in operating activities</b>	<b>6,855</b>	<b>(21)</b>
<b>Cash flows from investing activities</b>		
Disposals of intangible assets	-	-
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(42,670)	(4,000)
Interest paid on borrowings	(4,686)	(359)
Dividends paid to shareholders	(3,939)	-
Issue of ordinary shares	44,720	21
<b>Net cash flow from financing activities</b>	<b>(6,575)</b>	<b>(4,338)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>280</b>	<b>(4,359)</b>
Cash and cash equivalents at the beginning of the period	66	4,425
<b>Cash and cash equivalents at the end of the period</b>	<b>346</b>	<b>66</b>

The notes on pages 53 to 54 form an integral part of these financial statements.

# Notes to the Company financial statements

At 30 September 2017

## 26. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The principal accounting policies adopted are the same as those set out in the Group's financial statements disclosures. In addition, note 27 sets out the accounting policy in respect of investments in subsidiary undertakings.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's net profit for the year amounted to £4,886,860 (2016: loss £2,500,408).

## 27. Investments in subsidiaries

Investments held by the Company in subsidiary undertakings are held at cost less any provision for impairment.

	2017 £000	2016 £000
Cost:		
At 1 October	43,732	43,732
Additions	-	-
<b>At 30 September</b>	<b>43,732</b>	<b>43,732</b>
Amortisation and impairment:		
At 1 October	-	-
Amortisation during the year	-	-
<b>At 30 September</b>	<b>-</b>	<b>-</b>
Carrying amount:		
<b>At 30 September</b>	<b>43,732</b>	<b>43,732</b>

At 30 September 2017 the Company held (directly and indirectly) 100% of the allotted share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain with the exception of Premier Asset Management (Guernsey) Limited which is incorporated in Guernsey.

	Class of share held	Proportion of voting rights and shares held	Nature of the business
(a) Directly held			
Premier Asset Management MidCo Limited	Ordinary	100%	Holding company
(b) Indirectly held			
Premier Asset Management Holdings Limited	Ordinary	100%	Holding company
Premier Asset Management Limited	Ordinary	100%	Holding company
Premier Investment Group Limited	Ordinary	100%	Holding company
Premier Portfolio Managers Limited	Ordinary	100%	Investment manager/ACD
PAM Plc	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Investment manager
Eastgate Court Nominees Limited	Ordinary	100%	Nominee company
Eastgate Investment Services Limited	Ordinary	100%	Dormant
Premier Fund Managers Limited	Ordinary	100%	Investment manager
Premier Investment Administration Limited	Ordinary	100%	Dormant
Premier Discretionary Asset Management Plc	Ordinary	100%	Dormant
Premier Fund Services Limited	Ordinary	100%	Dormant
Premier Capital Management Limited	Ordinary	100%	Dormant

# Notes to the Company financial statements

At 30 September 2017

Continued

## 28. Trade and other receivables

	2017 £000	2016 £000
Amounts owed by Group undertakings	9,138	10,977
Prepayments and accrued income	6	-
<b>Total trade and other receivables</b>	<b>9,144</b>	<b>10,977</b>

Trade and other receivables are all current and any fair value difference is not material. Trade and receivables are considered past due once they have passed their contracted due date.

## 29. Trade and other payables

	2017 £000	2016 £000
Amounts owed to Group undertakings	-	246
Other payables	27	5
<b>Total trade and other payables</b>	<b>27</b>	<b>251</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

## 30. Dividends paid and proposed

	2017 £000	2016 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
First interim for 2017: 1.25 pence per share	1,323	-
Second interim for 2017: 1.25 pence per share	1,308	-
Third interim for 2017: 1.25 pence per share	1,308	-
<b>Dividends paid</b>	<b>3,939</b>	<b>-</b>

## 31. Borrowings

	2017 £000	2016 £000
Preference shares of £1 each	-	42,670
<b>Total borrowings</b>	<b>-</b>	<b>42,670</b>

See note 17 for details of the preference shares.

## 32. Provisions

	2017 £000	2016 £000
Interest on preference shares	-	4,649
<b>Total provisions</b>	<b>-</b>	<b>4,649</b>

# Notice of Annual General Meeting

## Premier Asset Management Group PLC (the “Company”)

Incorporated in England and Wales with company number 06306664

Notice is hereby given that the Annual General Meeting (“AGM”) of the Company will be held at the Company’s registered office at Eastgate Court, High Street, Guildford, Surrey GU1 3DE on 8 February 2018 at 10:00 a.m. for the following purposes:

### Ordinary business

1. To receive the Company’s accounts and reports of the Directors and the auditors for the financial year ended 30 September 2017.
2. To reappoint Michael Vogel who retires by rotation and who, being eligible, offers himself for reappointment as a director.
3. To reappoint Luke Wiseman who retires by rotation and who, being eligible, offers himself for reappointment as a director.
4. To reappoint KPMG LLP as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the directors to fix their remuneration.

### Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolutions 6, 7, 8 and 9 will be proposed as special resolutions.

5. That the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “2006 Act”) to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the 2006 Act) of £7,053.42.

6. That, subject to the passing of resolution 5, the directors of the Company be and they are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) of the Company for cash pursuant to the authority conferred by resolution 5 as if section 561 of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash:

- (a) in connection with or pursuant to an offer or invitation in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the directors may deem necessary or appropriate to deal with fractional entitlements, treasury shares, record dates, or legal, regulatory or practical problems which may arise under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or otherwise howsoever; and
- (b) in the case of the authority granted under resolution 5, and otherwise than pursuant to paragraph (a) of this resolution, for cash up to an aggregate nominal amount of £1,058.01, being approximately 5% of the Company’s issued ordinary share capital as at the date of this Notice.

The power conferred by resolutions 5 and 6 shall expire at the conclusion of the next Annual General Meeting, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry.

# Notice of Annual General Meeting

Continued

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7. That the Company be generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of fully paid ordinary shares of 0.02p each in the capital of the Company provided that:

(a) the maximum aggregate number of ordinary shares authorised to be purchased is 10,580,131 (representing approximately 10 per cent. of the Company's issued ordinary share capital);

(b) the minimum price (exclusive of expenses) which may be paid for each ordinary share shall be the nominal value;

(c) the maximum price (exclusive of expenses) which may be paid for each ordinary share shall not be more than 5 per cent. above the average of the middle market quotations for an ordinary share, as derived from the AIM section of the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased;

(d) unless previously renewed, varied or revoked, this authority shall expire at the conclusion of the Company's next Annual General Meeting; and

(e) the Company may make a contract or contracts to purchase ordinary shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

8. That in addition to the authorities conferred by resolutions 5 and 6, and subject to the passing of resolution 9, the directors of the Company be and they are hereby authorised to capitalise the sum of £28,839.74 standing to the credit of the Company's share premium account in allotting and issuing to Eastgate Court Nominees Limited, credited as fully paid, one redeemable Deferred Share in the capital of the Company with a nominal value of £28,839.74 having the rights and being subject to the restrictions contained in the Articles (as defined below).

9. That the articles of association ("Articles") annexed to these resolutions are adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

BY ORDER OF THE BOARD Neil Macpherson Company Secretary 29 November 2017	Registered Office: Eastgate Court High Street Guildford Surrey GU1 3DE
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# Notes - Notice of Annual General Meeting

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1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the address provided in the proxy form, no later than 48 hours before the time appointed for holding the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 5 below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.

4. To be entitled to attend and vote at the meeting or any adjournment (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company 48 hours (excluding non-working days) before the time appointed for holding the meeting or adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless

of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent 48 hours (excluding non-working days) before the time appointed for holding the meeting or adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

7. Copies of the following documents are available for inspection at the registered office of the Company during normal business hours (excluding weekends and public holidays) from the date of this notice until the conclusion of the AGM:

- service contracts of the executive directors; and
- letters of appointment of the directors.

# Notes - Notice of Annual General Meeting

## Continued

**The notes on these pages give an explanation of the proposed resolutions.**

Resolutions 1 to 5 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed other than on a show of hands, more than half of the votes cast must be in favour of the resolution. Resolutions 6 to 9 are proposed as special resolutions. This means that for each of those resolutions to be passed other than on a show of hands, at least three-quarters of the votes cast must be in favour of the resolution.

### Resolutions 2 and 3: Reappointment of directors

In accordance with the Company's Articles of Association at every Annual General Meeting a certain number of directors must retire by rotation. Mr Vogel and Mr Wiseman have been the longest in office and in accordance with the Company's Articles of Association are therefore the first to retire by rotation. These resolutions reappoint them following their retirement.

### Resolution 5: Authority to allot shares

This resolution proposes that the directors' authority to allot shares be renewed. The authority previously given to the directors by resolutions of the shareholders dated 9 February 2017 at the Company's last AGM will expire at this year's AGM. Under the Companies Act 2006, the directors of the Company may only allot shares or grant rights to subscribe for or convert into shares if authorised to do so.

Resolution 5 will allow the directors to allot new shares or grant rights up to an aggregate nominal value of £7,053.42 which is equal to approximately one third of the total issued ordinary share capital of the Company as at the date of this Notice.

If passed, the authority given by this resolution will expire at the conclusion of the Company's next AGM. The directors have no present intention to allot new shares or grant rights, however, the directors may consider doing so if they believe it would be appropriate in respect of business opportunities that may arise consistent with the Company's strategic objectives.

### Resolution 6: Disapplication of pre-emption rights

Under the Companies Act 2006, if the directors wish to allot shares for cash (other than in connection with an employee share scheme) they must first offer them to existing shareholders in proportion to their holdings ("a pre-emption offer"). There may be occasions, however, when the directors will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emption offer to existing shareholders.

This resolution seeks to renew the directors' power to allot equity securities otherwise than in relation to pre-emption offers. The power granted by shareholder resolution dated 9 February 2017 at the Company's last AGM is due to expire at this year's AGM. Apart from pre-emption offers, the power is limited to the allotment of equity securities for cash up to an aggregate nominal value of £1,058.01 which is equal to approximately 5% of the issued ordinary share capital of the Company as at the date of the Notice. If given, this power will expire at the conclusion of the next AGM.

### Resolution 7: Authority to purchase Company shares

This resolution gives the Company general authority to repurchase up to 10,580,131 of its own shares in the market which is equal to approximately 10% of the Company's issued share capital as at the date of the Notice, at or between the maximum and minimum prices specified in the resolution giving the authority.

Current legislation allows companies to hold shares acquired by way of market purchase in treasury, rather than having to cancel them. The directors may use the authority to purchase shares and hold them in treasury (and subsequently sell or transfer them out of treasury as permitted in accordance with legislation) rather than cancel them, subject to institutional guidelines applicable at the time. Shares will only be purchased if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally.

### Resolution 8: Capitalisation of share premium account

The Company proposes to issue a single Deferred Share with a nominal value of £28,839.74. The Deferred Share will be allotted to the Company's wholly-owned subsidiary, Eastgate Court Nominees Limited, to hold on trust for such of the Group's employees as the directors may determine from time to time (although this share is in practice valueless as explained below). The issue of this share is a technical requirement consequential on the Company's reduction of share capital.

In the circular to convene the Company's EGM on 27 June 2017, shareholders were advised that in order to approve the capital reduction, the Court may require particular arrangements. Subsequently the Court identified a technical requirement to increase the Company's nominal share capital value to £50,000, the authorised minimum for a PLC, as the nominal share capital in issue fell below this level on the redemption of preference shares following the Company's admission to AIM in October 2016. This resolution to issue a single Deferred Share with a nominal value of £28,839.74 is a technical solution to a technical problem. The new Deferred Share will have no voting or dividend rights, and the Company does not anticipate any required payments to the share. As soon as the issued share capital of the Company of other classes increases to a value over £50,000, the Company intends to redeem the single Deferred Share in issue for a nominal £1.00.

# Notes - Notice of Annual General Meeting

Continued

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## Resolution 9: Adoption of new articles of association

Under resolution 9, the Company is proposing to adopt new articles of association in substitution for the existing articles of association. The new articles of association will reflect the adoption of the new share class of Deferred Share by the Company for the purposes described above in the context of resolution 8. A copy of the proposed new articles of association marked to show all the changes will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office from the date of this notice of meeting until the close of the meeting. The proposed new articles of association will also be available for inspection at the AGM from at least 15 minutes prior to the start of the meeting until the close of the meeting.







**Premier**  
Asset Management

