



GAM LONDON LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015



Registered Company Number 00874802

DIRECTORS' REPORT

The Directors submit their report together with the financial statements of GAM London Limited (the 'Company') for the year ended 31 December 2015.

DIRECTORS

The Directors who served in the year were as follows:

Richard Cull
Andrew Hanges
Clementa Monedero
Darren Nicholls
Graham Wainer
Craig Wallis

During to year the Company entered into qualifying third party indemnity provision for its Directors in accordance with the Companies Act 2006.

Directors' interests

During the year none of the Directors had any interest in the shares of any company in the UK Group (comprising GAM (U.K.) Limited, GAM International Management Limited, GAM London Limited, GAM Sterling Management Limited, GAM Investment Managers Limited, Renshaw Bay GP1 Limited and RB REFS 1 Limited, RB REFS 2 Limited, Renshaw Bay GP4 LLP and GAM (Guernsey) GP Limited).

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently the going concern basis is appropriate in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITOR

In accordance with Section 418 of Companies Act 2006, the Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. All Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITOR

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



By order of the Board
C Fletcher
Secretary

24 February 2016

Registered Company Number 00874802

STRATEGIC REPORT**PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of distribution of funds sponsored and operated by the GAM Group (being GAM Holding AG and its subsidiaries and associated companies). Additionally, the Company also provides investment management services to certain GAM funds and other third party clients on a discretionary and non discretionary basis. The Company is regulated by the Financial Conduct Authority (FCA).

REVIEW OF THE COMPANY'S BUSINESS**Capital structure of the Company**

The Company had issued capital at 31 December 2015 of £2,025,000 (2,025,000 ordinary shares of £1 each) (2014: £2,025,000), all held by GAM (U.K.) Limited, a company registered in the United Kingdom.

Review of the business and future developments

In 2015, the value of the Company's distribution activities increased by 25.05%. Its Assets under Management (AuM) decreased by 7.23% due to a reduction in its fund management activities. The AuM of its discretionary managed client activities remained steady during the year. The Company's position remains robust. The Company is committed in continuing to deliver high quality distribution services to the GAM Group and investment management services to its clients and remains convinced that GAM's relative performance and active management approach will enable it to continue to capture flows of new money.

FINANCIAL REVIEW

During the year to 31 December 2015, the Company made a profit after taxation of £7,832,300 (2014: £3,417,000).

Key performance indicators

Client AuM is £1,367 million in 2015 (2014: £1,473 million).

The Company monitors its cost/income ratio on a monthly basis, which for the year ended 31 December 2015 was 72% (2014: 84%).

The return on assets for the year ended 31 December 2015 was 40% (2014: 20%).

PRINCIPAL RISKS

The principal risk facing the UK Group is a reduction in AuM arising from adverse external market movements. The UK Group addresses this risk through diligent attention to the asset allocation process.

Key risks

Risk is inherent in the nature of the UK Group's business and activities. The key categories of risks to which the UK Group is exposed are:

- operational risk in relation to how it conducts its business activities;
- market risk in relation to the value of AuM that underpins revenue streams; and
- the exposure to adverse movements in foreign exchange rates.

These risks have been reviewed and stress tested in the UK Group's ICAAP. Each risk is discussed in greater detail below:

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The UK Group has a dedicated Risk Management function which facilitates the ongoing identification, assessment, monitoring, controlling and mitigation of risks.

The UK Group manages these risks through an Operational Risk Framework comprising of procedures that seek to ensure the most significant risk exposures are identified, assessed, controlled and monitored. The Risk Management Framework includes Key Risk Indicators, Process, Risk and Control Self Assessments, Error Management and Reporting and Analysis.

STRATEGIC REPORT (Continued)

Market risk

Market risk is the risk of losses due to fluctuations in market variables such as foreign exchange rates, security prices and interest rates. Exposures to market risk are further classified into foreign exchange risk, security risk and interest rate risk. The UK Group's balance sheet is not directly impacted by market risk as it does not regularly hold any material proprietary positions at the UK Group level. When these are held they are stress tested and additional capital is held in accordance with ICAAP requirements. The diversification (equity vs. fixed income, style, geography, blend) reduces risk of multiple product offerings simultaneously experiencing sustained market downturns.

In addition to the above the UK Group perform regular re-forecasting and scenario analysis and have contingency plans in places to rebalance expenses in line with the change in revenues. The UK Group currently maintain significant surplus capital under control of the GAM UK Boards.

Foreign exchange risk

Foreign exchange risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. While the UK Group does not actively hedge its profit and loss exposure to foreign exchange movements at the UK Group level, this exposure is managed at the GAM Group level. The UK Group separately manages its own foreign exchange balance sheet exposure.

Interest rate risk

Interest rate risk is the exposure of the UK Group's financial position to adverse movements in interest rates. Changes in interest rates do not affect the UK Group's earnings by materially changing its net interest income nor the level of other interest-sensitive income and operating expenses. Such a movement in interest rates does not affect the underlying value of the UK Group's assets and liabilities nor materially change the present value of future cash flows.

The UK Group does not rely on interest income to fund its operations and has no material debt and as a result would not be materially affected by a 200 basis point movement in interest rates. Therefore, the UK Group considers that Interest rate risk is not material.

Pension risk

The UK Group has both a Defined Benefit Pension Scheme and a Defined Contribution Pension Scheme. The UK Group took action to mitigate its future exposure to pension risk by closing its Defined Benefit Pension Scheme to new employees in 2004 and in 2012 it took further steps to limit the potential volatility of its pension risk by restructuring its Defined Benefit Pension Scheme offering to active members. This will continue to be monitored as a key risk until remaining exposure to the Defined Benefit Pension Scheme is no longer deemed to be material.

Other risks

The UK Group is also exposed to Credit and Liquidity risk (see Note 3). Other risks including insurance risk, concentration risk, residual risk and securitisation risk have also been considered, but are not deemed to be material.

Pillar 3 Regulatory capital disclosure

In accordance with the rules of the FCA, the UK Group has published information on its risk and management objectives and policies, and on its regulatory capital requirements and resources. This information is available by visiting the GAM website at www.gam.com.



By order of the Board
C Fletcher
Secretary

24 February 2016

We have audited the financial statements of GAM London Limited for the year ended 31 December 2015 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

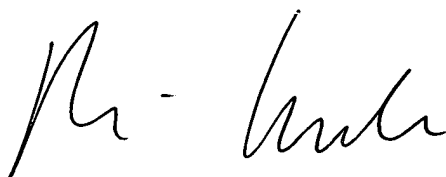
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Ravi Lamba
Senior Statutory Auditor for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

24 February 2016

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Revenue	4	36,437	28,486
Investment advisory costs, professional fees and marketing costs	4	(6,155)	(5,805)
Administrative expenses	4	(19,764)	(18,301)
Other operating expenses	4	(821)	(66)
Operating profit		9,697	4,314
Finance income / (expense) - net	4	188	95
Profit before income tax		9,885	4,409
Corporation tax expense	5	(2,053)	(992)
Profit for the period		7,832	3,417
Total comprehensive income for the year		7,832	3,417
Profit attributable to:			
Equity holders of the Company		7,832	3,417
Total comprehensive income attributable to:			
Equity holders of the Company		7,832	3,417

All the items dealt with when arriving at the results for the year ended 31 December 2015 and 31 December 2014 relate to continuing operations.

STATEMENT OF CHANGES IN EQUITY

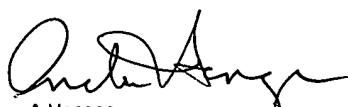
	Attributable to equity holders of the Company		
	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2014	2,025	6,459	8,484
Profit for the period	-	3,417	3,417
Taxation on share based payments	-	17	17
Dividend paid	-	(2,196)	(2,196)
Balance at 31 December 2014	2,025	7,697	9,722
Profit for the period	-	7,832	7,832
Taxation on share based payments	-	(9)	(9)
Dividend paid	-	(7,000)	(7,000)
Balance at 31 December 2015	2,025	8,520	10,545

All balances shown in the above Statement of Changes in Equity are owner related. There are no equity balances relating to non-controlling interests.

STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
ASSETS			
Non current assets			
Deferred tax assets	5	515	375
Total non current assets		515	375
Current assets			
Cash and cash equivalents	9	15,375	12,830
Trade and other receivables	8	5,209	4,592
Total current assets		20,584	17,422
TOTAL ASSETS		21,099	17,797
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued Capital	10	2,025	2,025
Retained earnings		8,520	7,697
Total equity		10,545	9,722
Current liabilities			
Trade and other payables	11	8,895	7,720
Current tax liabilities	5	1,659	355
Total current liabilities		10,554	8,075
TOTAL EQUITY AND LIABILITIES		21,099	17,797

The financial statements on pages 6 to 22 are approved by the Board on 24 February 2016 and signed on its behalf by:


A Hanges
Director

STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Cash flows from operating activities			
Receipts from customers		35,820	28,604
Payments to suppliers and employees		(25,654)	(24,400)
Corporation tax paid	5	(672)	(304)
Net cash flows from operating activities		9,494	3,900
Cash flows from investing activities			
Interest received	4	51	43
Net cash flows used in investing activities		51	43
Cash flow from financing activities			
Dividends paid to the Company's shareholders	7	(7,000)	(2,196)
Net cash flows used in financing activities		(7,000)	(2,196)
Net (decrease)/increase in cash and cash equivalents		2,545	1,747
Cash and cash equivalents at 1 January		12,830	11,083
Cash and cash equivalents at 31 December	9	15,375	12,830

The notes on pages 9 to 22 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

1. CORPORATE INFORMATION

The financial statements of the Company for the year ended 31 December 2015 were approved on 24 February 2016.

The Company is a private limited company incorporated in the United Kingdom with its registered office at 20 King Street, London, SW1Y 6QY. The Company is a wholly owned direct subsidiary of GAM (U.K.) Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling party of the Company is GAM Holding AG, a company incorporated in Switzerland.

The principal activities of the Company are described in the Strategic Report on page 3.

As the Company's shares are not publicly traded, and as the presentation of segmental financial information would not be helpful in assisting the user of these financial statements to understand the Company's business, segmental information is not presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The historical cost principle has been applied, with the exception of financial assets at fair value through profit or loss, derivative financial instruments and financial investments available for sale. The financial statements are presented in pounds sterling (£) and are rounded to the nearest unit of £1,000 except when otherwise indicated. Income and expenses are recorded on an accruals basis.

Statement of compliance

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, however they had no impact on the financial statements of the Company.

Certain new standards, revisions and interpretations of existing standards were published that must be applied in future financial periods. The UK Group chooses not to adopt these in advance. These changes are not expected to have any significant impact on the UK Group's consolidated financial statements, except for IFRS 9, IFRS 15 and the newly published IFRS 16 standards.

The following standards, revisions and interpretations will be relevant to the UK Group.

IFRS 9 - Financial Instruments

The new standard will replace the current IAS 39 and includes the three phases: classification and measurement of financial liabilities, recognition and de-recognition of financial assets and liabilities, impairment of financial assets and hedge accounting. All recognised financial assets will be measured at either amortised cost or fair value. IFRS 9 is effective for annual reporting periods on or after 1 January 2018.

IFRS 15 - Revenue from contracts with customers

A single revenue recognition model was published for all revenue transaction arising from contracts with customers (i.e. contracts for goods, service, licences or fees). This represents a new standard for revenue recognition which replaces IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes and other revenue standards. IFRS 15 is effective for annual reporting periods on or after 1 January 2018.

Foreign currency translation

The functional and presentation currency of the Company is pounds sterling (£). Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rate of exchange ruling at the statement of financial position date. All differences are disclosed in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. 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 majority of foreign currency transactions are denominated in Euros (EUR), US Dollars (USD) and Swiss Francs (CHF). The exchange rates used for these currencies at the statement of financial position date were as follows:

GBP / EUR	1.3568
GBP / USD	1.4739
GBP / CHF	1.4754

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at recoverable amount (original invoice amount less an allowance for any uncollectible amounts) and carried at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade and other payables

Trade payables, which generally have 30 day terms, are stated at amortised cost using the effective interest rate method.

Income

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from the provision of asset management services is recognised as the services are provided and includes management fees.

An analysis of revenue streams is presented in Note 4 ('Revenue and expenses').

Tax

Deferred tax is provided for using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and the liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of the unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred 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 profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Revenue, expense and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense items applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

The significant estimates and judgements in preparing the Company's financial statements are in connection with any impairment, the valuation of the Company's share based payments, assumptions used in the Defined Benefit Pension Scheme and recognition of deferred tax assets.

Post employment benefits

The immediate holding company, GAM (U.K.) Limited, operates a Defined Benefit Pension Scheme and a Defined Contribution Pension Scheme for its employees and those of the subsidiaries, including the Company. Details of the Schemes are disclosed in the consolidated accounts of GAM (U.K.) Limited.

In the case of Defined Benefit Pension Scheme, the pension expenses and obligations are valued according to the projected unit credit method. The corresponding calculations are carried out by independent qualified actuaries. The pension expenses recorded in the income statement for the Defined Benefit Pension Scheme correspond to the actuarially determined expenses minus the employee contributions and are charged in personnel expenses.

The full value of any net liability is recognised in the balance sheet of the holding company, GAM (U.K.) Limited. Pension assets are only recognised in the balance sheet if they are available to the Company as refunds or future reductions in contributions.

In the case of Defined Contribution Pension Scheme, the contributions are expensed when the employees render the corresponding service to the Company.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share based payments

The Company participates in a number of share based payment plans in the form of share or share option plans for its employees. When such payments are made to employees, the fair value of these payments at grant date serves as the basis for calculating the personnel expenses.

Share based payments that are not subject to any further conditions are expensed immediately at grant date. Share based payments that are subject to the completion of a service period are expensed over the respective service period.

Share based payments that are settled in GAM Holding AG equity instruments (shares or options) result in a corresponding increase in equity and are not re-measured for subsequent changes in the fair value of the underlying equity instruments. Share based payment plans that are settled by the payment of cash are recognised as a liability and are adjusted through the income statement for changes in fair value of the underlying equity instruments until final settlement.

3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk (which includes foreign currency risk and interest rate risk).

The Company's risk management policies are designed to identify and analyse the risks it faces, to set appropriate risk limits and controls and to monitor the risks and adherence to the limits by means of reliable up to date information. The Company regularly reviews its risk management policies and systems to reflect changes in business, counterparties, markets and the financial instruments that it utilises.

The Company's overall strategy and policies for the monitoring and management of financial risk are set by the Board of Directors. The Board of Directors delegates the implementation of risk monitoring, management and mitigation policies to a number of individuals and teams within the Group including the Head of Risk (UK), the Risk Management Team, the Legal & Compliance Team and Internal Audit.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Credit risk arises from daily operations of the Company. The principal source of credit risk arises from the placing of funds with banks, trade debtors and accrued income and related-party receivables.

Cash held by the Company is held with several large banks. Bankruptcy or insolvency by these banks may cause the Company's rights with respect to the cash held by these banks to be delayed or limited. The Company monitors the credit rating of each bank on a monthly basis, as reported by the major credit rating agencies. Additionally, the GAM Group Policy on Bank Counterparties sets a limit for the maximum exposure permitted to each bank. If the credit quality or the financial position of any bank deteriorates significantly, Management will move the cash holdings to another bank.

Trade debtors and accrued income represents income due from clients in relation to AuM. Given that the Company manages assets on behalf of clients and institutions and that management fees are typically charged to and paid from the underlying funds managed, there is a relatively low risk of default on trade debtors and accrued income.

There were no overdue related party receivables at the statement of financial position date.

At the statement of financial position date, the Company's financial assets exposed to credit risk were as follows:

	2015	2014
	£000	£000
Cash and cash equivalents	15,375	12,830
Trade receivables	59	31
Receivable from related parties	4,215	3,659
Accrued income	935	901
	20,584	17,421

Amounts in the above table are based on the carrying value of all accounts. The Company does not have any material overdue receivables.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. It is the Company's policy to have enough cash on hand to meet its current obligations.

At the statement of financial position date, the Company had cash and cash equivalents of £15,375,000 (2014: £12,830,000) on hand to meet its current obligations.

The following table details the residual contractual maturities, undiscounted cashflows of the Company's financial liabilities at 31 December 2015:

	On Demand £000	Not more than 6 months £000	6 months to 1 year £000	More than 1 year £000
Accrued expenses	-	3,972	-	-
Payable to related parties	-	1,504	-	-
	-	5,476	-	-

The following table details the residual contractual maturities, undiscounted cashflows of the Company's financial liabilities at 31 December 2014:

	On Demand £000	Not more than 6 months £000	6 months to 1 year £000	More than 1 year £000
Accrued expenses	-	5,193	-	-
Payable to related parties	-	1,550	-	-
	-	6,743	-	-

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its banking deposits.

The Company keeps its excess cash at banks and receives a floating rate of interest on these deposits. Management does not actively manage interest rate risk, as it does not consider it significant, apart from placing excess cash in banks with a market interest rate.

At 31 December 2015 the Company had the following interest rate exposure:

	2015 £000	2014 £000
Short term bank deposits	15,375	12,830
	15,375	12,830

On the basis that all other variables remain constant, if, at 31 December 2015, interest rates had been 50 basis points higher, equity and profit and loss for the period (per the income statement) would have increased by £56,000 (2014: £53,000).

Had interest rates been 50 basis points lower, it would have resulted in a decrease of £50,000 (2014: £45,000) to the amounts shown above.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's business is impacted through its exposure to non-Sterling denominated income, expenses, assets and liabilities. The currency exposure is managed through the placing of monthly forward currency contracts on foreign currency revenue receipts via the UK Group. In addition, the UK Group carries a small exchange position as principal to facilitate the smooth conduct of its business.

At 31 December 2015, the Company had the following statement of financial position exposure to foreign currency:

	2015 £000	2014 £000
EUR	49	41
USD	293	168
CHF	(281)	(316)
	61	(107)

On the basis that all other variables remain constant, if, at 31 December 2015, the pound Sterling had strengthened by 10% in relation to all currencies, equity and profit for the period per the statement of comprehensive income would have decreased by the amounts shown below:

	2015 £000	2014 £000
EUR	(4)	(4)
USD	(27)	(15)
CHF	26	29
	(5)	10

On the basis that at all other variables remain constant, a 10% weakening in the pound Sterling against the above currencies would have resulted in an equal but opposite effect on the above financial statement accounts to the amounts shown above.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

4. REVENUE AND EXPENSES

Revenue

	2015	2014
	£000	£000
Revenue, which is stated net of sales tax, comprises:		
Fees from advising:		
Fund management and Client management fees	3,723	3,648
Distribution fees	29,809	23,837
Fees from services provided to other GAM Group companies	2,905	1,003
Total Revenue	36,437	28,486

Finance income - net

	2015	2014
	£000	£000
Interest income	51	43
Net foreign exchange translation gains/(losses)	137	52
	188	95

Expense by nature

	2015	2014
	£000	£000
Advertising and marketing costs	1,880	1,784
Management charge from holding company	7,157	5,988
Investment advisory fees	2,783	2,434
Professional fees	1,492	1,587
Employee benefits expense	10,464	10,551
Other administration costs	2,143	1,762
Other expense	821	66
	26,740	24,172
Investment advisory costs, professional fees and marketing costs	6,155	5,805
Administrative expenses	19,764	18,301
Other operating expenses	821	66
	26,740	24,172

Investment advisory fees comprise amounts paid to other GAM Group companies or to third parties in respect of sub advisory fees provided to the Company.

During the year, no payments were made in relation to litigation matters and no specific provisions are included in the results.

Employee benefits expense

	2015	2014
	£000	£000
Salaries and bonuses	7,718	8,343
Social security costs	1,000	1,109
Pension costs - Defined Contribution Pension Scheme	383	330
Pension costs - Defined Benefit Pension Scheme	50	48
Long Term Incentive plan costs	880	435
Other employment costs	433	286
	10,464	10,551

The average number of employees employed by the Company during the financial year was 49 (2014: 42).

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

4. REVENUE AND EXPENSES (Continued)

Auditor's remuneration		
	2015	2014
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's accounts	22	25
Fees payable to the Company's auditor for other services - other services pursuant to legislation	3	-
	25	25

Directors' emoluments		
	2015	2014
	£000	£000
Aggregate emoluments	2,500	2,776
Amounts (excluding shares) receivable under long-term incentives schemes included in the above aggregate emoluments	-	-
Highest paid Director - aggregate emoluments	1,316	1,409

During the year four (2014: four) Directors were also remunerated through the immediate holding company, or fellow subsidiaries. The aggregate of these emoluments amounted to £1,312,000 (2014: £1,592,000) of this figure, payments made under long-term incentive schemes amounted to £66,000 (2014: £31,000). Pension contributions of £42,000 (2014: £46,000) are not included above.

There were no related party transactions with Directors.

5. CORPORATION TAX

Reductions in UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (1 April 2020) were substantively enacted on 26 October 2015. This will reduce the UK Group and Company's future current tax charge accordingly. The deferred tax asset/liability at 31 December 2015 has been calculated based on these rates.

Major components of tax expense for the years ended 31 December 2015 and 31 December 2014 were:

	2015	2014
	£000	£000
Profit on ordinary activities before tax	9,885	4,409

Statement of comprehensive income

UK corporation tax		
Current tax on income for the period	2,186	950
Adjustments in respect of prior periods	21	(2)
Current tax expense	2,207	948
Deferred tax (income)/expense	(154)	44
Corporation tax expense	2,053	992

Taxation charged on items credited to equity in the period amounted to nil (2014: £1,505).

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

5. CORPORATION TAX (Continued)

From April 2015 the standard rate applying in the UK changed from 21% to 20%. The tax assessed for the period is the same as the effective tax rate for the year 20.25% (2014:21.49%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities at the effective UK tax rate 20.25% (2014: 21.49%)	2,002	947
Adjustments to tax in respect of prior period	6	(2)
Expenses not deductible for tax purposes	53	50
Tax on Share Options	(18)	-
Items taken to reserves	-	-
Difference in tax rate due to loss carried back	-	-
Other timing difference	-	-
Effects of other tax rates	9	(3)
Total taxation - continuing operations	2,053	992

Statement of financial position

	2015 £000	2014 £000
Current tax liabilities	-	-
Other current tax assets	-	-
Other current tax liabilities	1,659	355

Deferred tax

Deferred tax is calculated in full on the temporary differences under the liability method using an effective tax rate of 20.25% (2014: 20%).

	2015 £000	2014 £000
Deferred tax asset	515	375

The movement on the deferred tax account is shown below:

	2015 £000	2014 £000
At beginning of period	375	419
Adjustment to prior periods	15	-
Statement of comprehensive income credit/(charge)	141	(44)
Deferred tax charge in equity for the period	(16)	-
At end of period	515	375

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the period are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax assets - Recognised	Provisions	Accelerated tax depreciation	Total
£000	£000	£000	£000
At 1 January 2015	378	(3)	375
Statement of comprehensive income credit/(charge)	140	-	140
At 31 December 2015	518	(3)	515
Assets receivable in 12 months or more			515

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2014

5. CORPORATION TAX (Continued)

Deferred tax (Continued)

There were no deferred tax liabilities as at 31 December 2015 (2014: nil).

Statement of cash flows

	2015 £000	2014 £000
Corporation tax paid	672	304

6. EMPLOYEE BENEFITS

Employee share incentive plans

2009 Long-Term Incentive Plan (GAM Holding AG)

On 28 October 2009, to mark its independent listing, the Board of Directors of GAM Holding AG approved the granting of options (each option corresponding to one share with physical settlement) over its shares to every officer and employee of the GAM Group. Since 2010, further options were granted under this plan, principally to new employees of the GAM Group. It is the current intention to settle these options by delivering to officers and employees only that number of shares equivalent to the difference in value between the exercise price and the share price as at the date of exercise (net physical settlement).

Expenses are allocated over the relevant vesting period. In 2015, no expense was recognised (2014: £94,000).

In the first half of 2015, 2,500,000 share options from the 2009 long term incentive plan were exercised. The number of outstanding options as at 31 December 2015 was zero (31 December 2014: 2,500,000).

2013 Deferred compensation scheme

On 25 June 2013, members of senior management were granted 2,485,713 share options as a variable deferred element of their total compensation for 2013. The options (each option corresponding to one GAM Holding AG share with physical settlement) carry an exercise price of CHF 14.00 (closing price of the share on 24 June 2013) and will vest on 15 August 2016, subject to recipients continuing to be employed with the Group on the vesting date. It is the current intention to settle these options by delivering only that number of GAM Holding AG shares equivalent to the difference in value between the exercise price and the share's average daily closing price on the 124 trading days prior to vesting (physical net settlement).

As at the date of grant, the aggregate fair value of the options amounted to CHF 4,200,000. Expenses are allocated over the relevant vesting period. In 2015, an expense of £1,073,000 was recognised (2014: £1,007,000). The options were valued using a Monte-carlo simulation approach. No options were exercised during 2015 (2014: nil).

UK Group	2015 £000
Charged to statement of comprehensive income as at 31 December	1,073
Charged to equity as at 31 December	-

	Number of Options 2015	Weighted average exercise price 2015 CHF
Outstanding at the beginning of the year	2,485,713	14.00
Granted during the year	-	-
Exercised during the year	-	-
Forfeited/cancelled during the year	-	-
Outstanding at the end of the year	2,485,713	14.00

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

6. EMPLOYEE BENEFITS (Continued)

	Options vesting on 15/08/2016
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Fair value share options and assumptions

Fair value of options at grant date	1.97
Average remaining contractual life (in months)	7.5
Share price at modified grant date	14.00
Exercise price	14.00
Expected volatility	31.25%
Expected dividend yield	4.50%
Risk-free interest rate	0.17%
Incremental expense recognised in 2015 (£000)	1,073
Incremental expense recognised in 2014 (£000)	1,007

Three-Year variable restricted share (VRS) scheme

On 20 January 2015, members of senior management were granted a total of 196,627 VRS units (options) as a variable deferred element of their total compensation for 2014, which will vest in equal tranches of 33.3% on the first three anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date. The final number of shares that vest is dependent on the performance of the GAM Holding AG shares over the three years following the grant of the VRS units:

- Should the share price fail to increase relative to the price on the grant date (CHF 15.45), the plan participants will receive zero GAM Holding AG shares. The award is therefore fully at risk.
- The target share price appreciation for the GAM Holding AG shares over the three year vesting period is set at 50%.
- If the 50% target increase is achieved, then each VRS unit will entitle the plan participants to one GAM Holding AG share.
- Should the share price appreciate by 200% (three times the share price on the date of grant) or more, they are entitled to two GAM Holding AG shares. Awards are capped at two times the number of VRS units originally granted.

The VRS units will be automatically settled three years after grant date. The settlement price of the VRS units is determined by the average daily closing share price on the 124 trading days prior to the vesting date.

As at the date of grant, the aggregate fair value of the VRS units amounted to £675,000. Expenses are allocated over the relevant vesting period (starting 1 January 2014). In 2015, an expense of £238,000 was recognised (2014: £270,000). The VRS units were valued using a Monte Carlo simulation approach.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

6. EMPLOYEE BENEFITS (Continued)

VRS (continued)

UK Group	VRS Units granted on 20/01/2015
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Fair value VRS units options and assumptions

Fair value of options at grant date	4.81
Average remaining contractual life (in months)	25.0
Share price at modified grant date	15.45
Exercise price	15.45
Expected volatility	27.40%
Expected dividend yield	5.00%
Risk-free interest rate	-0.72%
Incremental expense recognised for the 2015 (£000)	238
Incremental expense recognised for the 2014 (£000)	270

Share Plan for the Group Management Board

On 19 January 2016, members of the Group Management Board (including the Group CEO) were granted a total of 202,371 GAM Holding AG shares with a fair value of CHF 11.94 per share as a variable deferred element of their of their total compensation for 2015 which will vest in equal tranches of 33.3% on the first three anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date or having retired and not subsequently taken up employment outside of GAM Group.

Expenses are allocated over the relevant vesting period starting 1 January 2015. The share will be delivered three years after the grant date. The aggregate fair value of these shares amounted to CHF 11.94 and £216,000 was recognised as an expense in 2015.

Other Share Plan grants

On 7 September 2015 various new employees were granted 105,486 GAM Holding AG shares with a fair value between CHF15.4 per share. The shares will vest in three to five equal, yearly tranches, on the following three to five year anniversaries of the grant dates, subject to the recipient continuing to be employed with the GAM Group on the vesting date.

The aggregate fair value if these share plans amounted to CHF 1,597,058 and £161,000 was recognised as an expense in 2015.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

6. EMPLOYEE BENEFITS (Continued)

Pensions and other post-employment plans

GAM (U.K.) Limited operates a Defined Benefit Pension Scheme and a Defined Contribution Pension Scheme for its employees and those of the UK Group. Details of the Schemes are disclosed in the consolidated accounts of GAM (U.K.) Limited.

The cost of providing benefits under the Schemes is determined using the projected unit credit actuarial valuation method. The full value of any net liability is recognised in the balance sheet of the holding company, GAM (U.K.) Limited. Pension assets are only recognised in the balance sheet if they are available to the Company as refunds or future reductions in contributions. The Scheme is valued every three years by a professionally qualified independent Actuary. The rate of contributions payable is determined by the Actuary on behalf of the Trustees of the Schemes. With effect from 1 January 2004 the Defined Benefit Pension Scheme was closed to new entrants and a Defined Contribution Pension Scheme was opened for all new employees.

Costs are charged by GAM (U.K.) Limited to the Company based on the contributions paid on behalf of employees of the Company. The contribution rate for the Defined Benefit Pension Scheme in 2015 is 26.1% (2014: 20.9%) of pensionable payroll.

	2015 £000	2014 £000
Costs charged to statement of comprehensive income:		
Defined Contribution Pension Scheme	383	330
Defined Benefit Pension Scheme	50	48
	433	378

7. DIVIDENDS PAID AND PROPOSED

	2015 £000	2014 £000
Declared and paid during the year		
Dividends on ordinary shares:	7,000	2,196
Total	7,000	2,196
Dividend paid per share (£)	3.46	1.08

All dividends in 2015 were paid in the same year they were proposed, declared and approved.

8. TRADE AND OTHER RECEIVABLES (CURRENT)

	2015 £000	2014 £000
Trade receivables	59	31
Receivable from related parties	4,215	3,659
Accrued income	935	901
	5,209	4,592

Trade receivables are non-interest bearing and are generally on 30 day terms. The net amount of sales tax receivable and sales tax payable is non-interest bearing and is remitted to the appropriate taxation authorities on a quarterly basis. Amount due from holding company is interest bearing. Interest is charged on the average month end balances at Bank of England base rate plus 0.25%.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

9. CASH AND CASH EQUIVALENTS

	2015 £000	2014 £000
Short-term bank deposits	15,375	12,830
	15,375	12,830

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £15,375,000 (2014: £12,830,000). For the purposes of the statement of cash flows, cash and cash equivalents are shown in the table above.

The effective interest rate on short-term bank deposits was 50% (2014: 0.43%). These deposits have an average maturity of 71 days (2014: 40 days).

10. ISSUED CAPITAL

	2015 £000	2014 £000
Issued, called up and fully paid: 2,025,000 ordinary shares of £1 each	2,025	2,025

There have been no shares issued or redeemed during the financial year ended 31 December 2015 (2014: nil). There are no preferences or restrictions attaching to any share class.

The UK Group manages its capital to ensure that all UK entities within the Group are able to operate as going concerns and exceed any minimum externally imposed capital requirements.

The Company is supervised in the UK by the FCA. The Company submits quarterly returns to the FCA on its capital adequacy. Throughout the year, the Company held significant surplus capital over regulatory requirements.

11. TRADE AND OTHER PAYABLES (CURRENT)

	2015 £000	2014 £000
Social security and other taxes	838	883
Accrued expenses	3,972	5,193
Amounts due to holding company	2,581	94
Payable to related parties	1,504	1,550
	8,895	7,720

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Amount due to holding company is interest bearing. Interest is charged on the average month end balances at Bank of England base rate plus 0.25%.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

12. RELATED PARTY TRANSACTIONS

Amounts payable and receivable between related parties are due on demand. The following table provides the total amount of transactions which have been entered into with related parties, all of whom are part of the GAM Group, for the relevant financial year.

Related party - 2015	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
GAM (Schweiz) AG	-	683	32	203
GAM (U.K.) Limited	1,573	7,157	-	2,581
GAM Anlagefonds AG	2,652	1,571	226	219
GAM Fund Management Limited	-	15	-	1
GAM (Luxembourg) S.A.	1,340	-	79	-
GAM Hong Kong Limited	69	246	11	24
GAM International Management Limited	1,206	-	-	-
GAM Holding AG	-	-	-	79
GAM Limited	23,293	-	3,798	975
GAM Sterling Management Limited	2,980	-	8	1
GAM USA Inc	169	10	60	2

Related party - 2014	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
GAM (Schweiz) AG	349	543	45	197
GAM (U.K.) Limited	1,003	5,990	-	94
GAM Anlagefonds AG	736	1,372	362	270
GAM Fund Management Limited	-	15	-	1
GAM Hong Kong Limited	115	167	28	17
GAM International Management Limited	1,475	-	-	-
GAM Holding AG	-	-	-	156
GAM Limited	18,797	-	3,166	908
GAM Sterling Management Limited	2,184	-	-	-
GAM USA Inc	165	17	58	1

The Company is wholly owned by GAM (U.K.) Limited. The Company's related party receivable with its parent arose primarily as a result of the management services provided by the parent.

13. PARENT UNDERTAKING

The immediate parent undertaking into which the Company's financial statements are consolidated is GAM (U.K.) Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent undertaking and controlling party of the Company is GAM Holding AG, a company incorporated in Switzerland. The smallest group into which the financial statements of the Company are consolidated is headed by GAM (U.K.) Limited. The largest group into which the financial statements of the Company are consolidated is that headed by GAM Holding AG, Hardstrasse 201, CH-8005 Zurich, Switzerland. Copies of the ultimate parent's consolidated financial statements may be obtained from the Company Secretary.