



GAM LONDON LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 December 2017

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DIRECTORS' REPORT

The Directors submit their report together with the financial statements of GAM London Limited (the 'Company') for the year ended 31 December 2017.

DIRECTORS

The Directors who served in the year were as follows:

Richard Cull	(resigned 12 December 2017)
Andrew Hanges	
Larry Hatheway	(appointed 5 December 2017)
Clementa Monedero	(resigned 5 December 2017)
Darren Nicholls	
Nora O'Mahony	(resigned 22 May 2017)
Tim Rainsford	(appointed 6 March 2017)

The Company maintains qualifying third party indemnity provisions for its Directors in accordance with the Companies Act 2006.

The Company paid a dividend of £5,000,000 in the year (2016: £nil).

The Company did not make any political donations in the year ended 31 December 2017.

GOING CONCERN

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently the Directors continue to adopt the going concern basis 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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs 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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

DIRECTORS' REPORT (Continued)

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.

A handwritten signature in black ink, appearing to read 'C Mike-Eze', is written over a faint, circular stamp.

By order of the Board
C Mike-Eze
Secretary

27 February 2018

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, its subsidiaries and associated companies). Additionally, the Company 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 2017 of £2,025,000 (2,025,000 ordinary shares of £1 each) (2016: £2,025,000). GAM (U.K.) Limited, a company registered in England, holds the entire issued share capital of the Company.

Review of the business and future developments

In 2017, the value of the Company's distribution activities decreased by 16.84% based on revenue. Its Assets under Management (AuM) decreased by 11.84% due to a reduction in its fund management activities. The Company's position remains robust. The Company is committed to 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 2017 the Company made a profit after taxation of £672,000 (2016: £9,123,000).

Key performance indicators

AuM was £1,087 million in 2017 (2016: £1,233 million).

The Company monitors its cost/income ratio on a monthly basis, which for the year ended 31 December 2017, was 96% (2016: 67%).

The return on assets for the year ended 31 December 2017 was 3% (2016: 34%).

PRINCIPAL RISKS

The principal risk facing the UK Group (being GAM (U.K.) Limited and all its subsidiaries and associate companies) 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 Internal Capital Adequacy Assessment Process (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. It includes legal, regulatory, compliance and tax risk resulting from failure to comply with relevant laws and regulations as well as contractual obligations. The UK Group has a dedicated Risk Management function which facilitates the ongoing identification, assessment, monitoring and mitigation of risks.

The UK Group manages these risks through an Operational Risk Framework comprising procedures designed to ensure the most significant risk exposures are identified, assessed, monitored and mitigated. 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 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, the UK Group performs regular re-forecasting and scenario analysis and has contingency plans in place to rebalance expenses in line with any change in revenues.

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 and will hedge any material balances.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the values of financial instruments. 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.

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.

Capital Management

The UK Group continues to actively and prudently manage its capital. The primary principle of the UK Group and all of its legal entities is at all times to maintain sufficient regulatory capital to meet the applicable local regulatory requirements.

The UK Group is supervised and regulated on a consolidated basis by the Financial Conduct Authority (FCA). Consequently, the UK Group's governance, internal controls and available capital are reviewed on a regular basis by the Board of Directors. Additionally the Company is independently regulated by the FCA and the capital position is reviewed by the Board of Directors.

Regulatory capital requirements are based on factors such as an entity's level of its fixed expenditures and/or the size and quality of its financial assets and liabilities. The Company currently maintains an appropriate level of capital resources relative to its applicable capital requirements.

The United Kingdoms (UK) exit from the EU (BREXIT)

It is expected that the impact of BREXIT will not have a material effect on the UK Group's business. While the outcome of the political and market based discussions between the UK government and the representatives of the EU are unknown, it is expected that the UK business could adjust to any potential adverse market forces.

STRATEGIC REPORT (Continued)

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 Mike-Eze
Secretary

27 February 2018

Opinion

We have audited the financial statements of GAM London Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and 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 Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

Strategic Report and Directors' Report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



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

7 March 2018

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Revenue	4	29,193	35,601
Investment advisory costs, professional fees and marketing costs	4	(5,766)	(5,690)
Administrative expenses	4	(21,901)	(18,845)
Other operating expenses	4	(102)	222
Operating profit		1,424	11,288
Finance income / (expense)	4	(391)	498
Profit before tax		1,033	11,786
Corporation tax expense	5	(361)	(2,663)
Profit for the period		672	9,123
Total comprehensive income for the year		672	9,123
Profit attributable to:			
Equity holders of the Company		672	9,123
Total comprehensive income attributable to:			
Equity holders of the Company		672	9,123

All the items dealt with when arriving at the results for the years ended 31 December 2017 and 31 December 2016 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 2016	2,025	8,520	10,545
Profit for the period	-	9,123	9,123
Share based payments	-	-	-
Taxation on share based payments	-	(218)	(218)
Balance at 31 December 2016	2,025	17,425	19,450
Profit for the period	-	672	672
Taxation on share based payments	-	103	103
Dividend paid	-	(5,000)	(5,000)
Balance at 31 December 2017	2,025	13,200	15,225

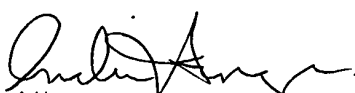
All balances shown in the above Statement of Changes in Equity are owner related. There are no equity balances relating to non-controlling interests.

The notes on pages 12 to 26 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
ASSETS			
Non current assets			
Deferred tax assets	5	514	124
Total non current assets		514	124
Current assets			
Cash and cash equivalents	9	8,018	8,000
Trade and other receivables	8	10,253	18,429
Current tax assets	5	1,654	-
Total current assets		19,925	26,429
TOTAL ASSETS		20,439	26,553
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued Capital	10	2,025	2,025
Retained earnings		13,200	17,425
Total equity		15,225	19,450
Current liabilities			
Trade and other payables	11	5,214	5,418
Provision	12	-	200
Current tax liabilities	5	-	1,485
Total current liabilities		5,214	7,103
TOTAL EQUITY AND LIABILITIES		20,439	26,553

The financial statements on pages 9 to 26 are approved by the Board of Directors on 27 February 2018 and signed on its behalf by:


A Hanges
Director

The notes on pages 12 to 26 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Receipts from customers		37,369	22,381
Payments to suppliers and employees		(31,896)	(29,682)
Corporation tax paid	5	(514)	(124)
Net cash flows from operating activities		4,959	(7,425)
Cash flows from investing activities			
Interest received	4	59	50
Net cash flows used in investing activities		59	50
Cash flow from financing activities			
Dividends paid to the Company's shareholders	7	(5,000)	-
Net cash flows used in financing activities		(5,000)	-
Net (decrease)/increase in cash and cash equivalents		18	(7,375)
Cash and cash equivalents at 1 January		8,000	15,375
Cash and cash equivalents at 31 December	9	8,018	8,000

The notes on pages 12 to 26 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

1. CORPORATE INFORMATION

The financial statements of the Company for the year ended 31 December 2017 were approved on 27 February 2018.

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 registered in England. 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 2016, however they had no impact on the financial statements of the Company.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017. The following standards below became effective in the financial year commencing 1 January 2017 but had no impact on the financial statements of the Company:

- Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses;
- Amendments to IAS 7 - Disclosure initiatives;
- IFRS 12 - Annual improvements 2014 - 2016 cycle.

Certain new standards, revisions and interpretations of existing standards have been published that must be applied in future financial periods, but are not yet adopted by the Company. These changes are not expected to have any significant impact on the Company's financial statements.

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

IFRS 9 - Financial Instruments

The new standard will replace the current IAS 39 and is required to be applied for annual periods beginning on or after 1 January 2018.

It is not expected to have a material impact on the financial statements.

IFRS 15 - Revenue from Contracts and Customers

A single revenue recognition model was published for all revenue transactions arising from contracts with customers, (i.e. contracts for goods, services, licences or fees). The goal was to prepare a new standard for revenue recognition which replaces IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes and other revenue standards.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 15 - Revenue from Contracts and Customers (Continued)

The new standard introduces the following changes:

- An entity has to recognise revenue when it satisfies its performance obligations in a contract by transferring goods and services to a customer.
- Under the new model, revenue is recognised when control is transferred, compared with the current model that focuses on the transfer of risks and rewards.
- The transaction price should reflect an estimate of variable or contingent consideration if it can be reasonably estimated.
- Extensive new disclosure requirements, e.g. information about contracts with customers and information about judgments and changes in judgments.
- Entities have to disclose disaggregated revenue information that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. These disclosures will also have to be presented in interim financial reports in accordance with IAS 34.

IFRS 15 is required to be applied for annual periods beginning on or after 1 January 2018. The impact of this standard has been assessed and the Company expects that IFRS 15 will be applied on a retrospective basis, with the cumulative effect of initially applying this standard recognised as an adjustment to the opening balance of retained earnings on 1 January 2018, with the benefit of certain optional practical reliefs. The application of the new standard will result in more extensive disclosures about contracts with customers, with no other impact expected on adoption.

IFRS 16 - Leases

The new standard below will become effective in the financial year commencing 1 January 2019.

It is not expected to have a material impact on the financial statements of the Company.

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), Swiss Francs (CHF), Israeli New Shekel (ILS) and Canadian Dollars (CAD). The exchange rates used for these currencies at the statement of financial position date were as follows:

	2017	2016
GBP / CAD	1.6949	1.6571
GBP / ILS	4.6963	-
GBP / CHF	1.3183	1.2559
GBP / EUR	1.1265	1.1715
GBP / USD	1.3528	1.2357

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.

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').

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets/liabilities. Actual results in future periods could differ from such estimates. Estimates and assumptions are mainly used in the following areas of the financial statements and are disclosed in the corresponding notes:

- measurement and timing of provisions
- measurement of defined benefit pension plan obligations
- utilisation of tax losses and measurement of deferred tax assets
- determining the fair value of share-based payments

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 net defined benefit cost of the plan is charged to participating entities on the basis as out in Note 6.

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 of GAM (U.K.) Limited if they are available 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 2017

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 one large bank. Bankruptcy or insolvency by this bank may cause the Company's rights with respect to the cash held by the bank to be delayed or limited. The Company monitors the credit rating of the 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 the bank. If the credit quality or the financial position of the 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:

	2017 £000	2016 £000
Cash and cash equivalents	8,018	8,000
Trade receivables	1	16
Receivable from related parties	9,516	17,609
Accrued income	736	804
	18,271	26,429

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 2017

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 £8,018,499 (2016: £8,000,000) 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 2017:

	On Demand £000	Not more than 6 months £000	6 months to 1 year £000	More than 1 year £000
Accrued expenses	-	4,520	-	-
Payable to related parties	-	694	-	-
	-	5,214	-	-

The following table details the residual contractual maturities, undiscounted cashflows of the Company's financial liabilities at 31 December 2016:

	On Demand £000	Not more than 6 months £000	6 months to 1 year £000	More than 1 year £000
Accrued expenses	-	3,444	-	-
Payable to related parties	-	1,503	-	-
	-	4,947	-	-

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 2017 the Company had the following interest rate exposure:

	2017 £000	2016 £000
Short term bank deposits	-	8,000
	-	8,000

On the basis that all other variables remain constant, if, at 31 December 2017, interest rates had been 50 basis points higher, equity and profit and loss for the period (per the income statement) would have increased by £26,000 (2016: £59,000).

Had interest rates been 50 basis points lower, it would have resulted in a decrease of £13,000 (2016: £47,000) to the amounts shown above.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

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 2017, the Company had the following statement of financial position exposure to foreign currency:

	2017 £000	2016 £000
CAD	2	2
CHF	147	(239)
DKK	(12)	-
EUR	90	78
ILS	(88)	(40)
USD	1,361	4,765
	1,500	4,566

On the basis that all other variables remain constant, if, at 31 December 2017, 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:

	2017 £000	2016 £000
CHF	(13)	22
DKK	1	-
EUR	(8)	(7)
ILS	8	4
USD	(124)	(433)
	(136)	(414)

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.

4. REVENUE AND EXPENSES

Revenue

	2017 £000	2016 £000
Revenue, which is stated net of sales tax, comprises:		
Fees from advising:		
Fund management and Client management fees	2,747	3,264
Distribution fees	25,080	30,158
Fees from services provided to other GAM Group companies	1,366	2,179
Total Revenue	29,193	35,601

Finance income / expense

	2017 £000	2016 £000
Interest income	59	50
Net foreign exchange translation gains/(losses)	(450)	448
	(391)	498

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

4. REVENUE AND EXPENSES (Continued)

Expense by nature

	2017 £000	2016 £000
Advertising and marketing costs	2,559	1,777
Management charge from holding company	7,163	7,531
Investment advisory fees	2,719	2,807
Professional fees	488	1,106
Employee benefits expense	12,774	9,336
Other administration costs	1,964	1,978
Other expense	102	(222)
	27,769	24,313
Investment advisory costs, professional fees and marketing costs	5,766	5,690
Administrative expenses	21,901	18,845
Other operating expenses	102	(222)
	27,769	24,313

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

	2017 £000	2016 £000
Salaries and bonuses	8,168	6,807
Social security costs	1,024	899
Pension costs - Defined Contribution Pension Scheme	345	335
Pension costs - Defined Benefit Pension Scheme	(1)	24
Long Term Incentive plan costs	2,232	403
Other employment costs	1,006	868
	12,774	9,336

The average number of full-time equivalent (FTE) employed by the Company during the financial year was 47 (2016: 50).

Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Company's auditor for the audit of the Company's accounts	22	22
Fees payable to the Company's auditor for other services - other services pursuant to legislation	3	3
	25	25

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

4. REVENUE AND EXPENSES (Continued)

Directors' emoluments

The calculation method for the aggregate Directors' emoluments has been adjusted so that the Directors' emoluments are based on the work the Directors have performed for the Company.

	2017 £000	2016 £000
Aggregate emoluments	226	1,599
Highest paid Director - aggregate emoluments	93	445

During the year ten (2016: seven) Directors were remunerated through the immediate holding company, or fellow subsidiaries. The aggregate of these emoluments amounted to £226,000 (2016: £1,599,000) of this figure, payments made under long-term incentive schemes amounted to nil (2016: nil). Pension contributions of £93,000 (2016: £39,000) are not included above.

There were no related party transactions with Directors.

5. CORPORATION TAX

UK corporation tax rate for 2017 was 19.25%. A reduction to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and to 17% (1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset/liability at 31 December 2017 has been calculated based on these rates.

Major components of tax expense for the years ended 31 December 2017 and 31 December 2016 were:

	2017 £000	2016 £000
Profit on ordinary activities before tax	1,033	11,786

Statement of comprehensive income

	2017 £000	2016 £000
UK corporation tax		
Current tax on income for the period	619	2,443
Adjustments in respect of prior periods	29	53
Current tax expense	648	2,496
Deferred tax (income)/expense	(287)	167
Corporation tax expense	361	2,663

Taxation charged on items credited to equity in the period amounted to £nil (2016: £nil).

	2017 £000	2016 £000
Profit on ordinary activities at the effective UK tax rate 19.25% (2016: 20.00%)	199	2,357
Adjustments to tax in respect of prior period	17	46
Expenses not deductible for tax purposes	63	34
Tax on Share Options	65	222
Effects of other tax rates	17	4
Total taxation - continuing operations	361	2,663

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

5. CORPORATION TAX (Continued)

Statement of financial position

	2017 £000	2016 £000
Current tax liabilities		
Other current tax assets	1,654	-
Other current tax liabilities	-	1,485

Deferred tax

Deferred tax is calculated in full on the temporary differences under the liability method using the relevant tax rate at the point which it is known to become taxable. The current effective tax rate of 19.25% (2016: 20%).

	2017 £000	2016 £000
Deferred tax asset	514	124

The movement on the deferred tax account is shown below:

	2017 £000	2016 £000
At beginning of period	124	515
Adjustment to prior periods	12	(212)
Statement of comprehensive income credit/(charge)	275	(175)
Deferred tax charge in equity for the period	103	(4)
Revenue reserves credit/(charge)	-	-
At end of period	514	124

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 £000	Accelerated tax depreciation £000	Total £000
At 1 January 2017	127	(3)	124
Statement of comprehensive income credit/(charge)	287	-	287
Statement of Equity	103	-	103
At 31 December 2017	517	(3)	514
Assets receivable in 12 months or more			514

There were no deferred tax liabilities as at 31 December 2017 (2016: £nil).

Statement of cash flows

	2017 £000	2016 £000
Corporation tax paid	514	124

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

6. EMPLOYEE BENEFITS

Share-based payments

The plans described below reflect the situation as at 31 December 2017. All share plans, bonus deferrals, long-term incentive plans and option plans mentioned below are equity settled plans.

2017 Employee Option Award

On 6 March 2017, the Group granted, to certain permanent employees (excluding all Board of Directors and Group Management Board members), a total of 70,309 options with an exercise price of CHF 11.25. Subject to certain terms and conditions, the Group will deliver one share in GAM Holding AG per option. The options have an exercise period of six months after their vesting date of 6 March 2020.

As at the date of grant, the aggregate fair value of these options amounted to CHF 105,525 and is recognised as an expense over the relevant vesting period. In 2017 an expense of £26,000 was recognised.

As at 31 December 2017, no options have forfeited and 70,309 options were outstanding.

2017 Long-Term Incentive Plan (LTIP)

The proposed LTIP award will be granted after the Annual General Meeting in April 2018. Members of the Group Management Board and a handful of senior executives will be eligible to receive an LTIP award which will form part of their deferred variable compensation.

The LTIP will be delivered 100% in performance shares and will have a three year performance period plus a two year holding period. The award will vest and settle five years after the grant date subject to the recipient continuing to be employed with the Group on the vesting date.

The metrics utilised will include the annual Earnings Per Share (EPS) growth which will have a 50% weighting, three year relative Total Shareholder Return (rTSR) and three and five year Investment Performance both of which will have a weighting of 25%.

A maximum of 25% of the LTIP will vest for achieving a threshold level of performance increasing to 50% for target performance and 100% for exceptional performance. The number of performance shares converted to GAM shares will be capped at one share for each performance share.

The number of performance shares granted will be determined by dividing the predetermined aggregate fair value by the fair value per performance share at grant date. Subject to Shareholder approval for GMB members, as at the date of grant, the aggregate fair value of the performance shares amounts to CHF 149,880 (thereof to members of the GMB, subject to approval by the Annual General Meeting: CHF 46,036). The fair value at grant date is recognised as an expense over the relevant vesting period. In 2017 an expense of £18,000 was recognised (thereof to members of the GMB: £5,514).

2017 Bonus deferrals

Deferral applies to all employees' annual bonuses. The proportion of annual bonus to be deferred into GAM shares by employees (other than GMB members) will be one-third of any annual bonus over CHF 75,000.

In early March 2018, the Group will grant to certain permanent employees GAM Holding AG shares as a variable deferred element of their total compensation for 2017. These shares will vest and be delivered in three equal tranches on the first three anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date. Other elements of the deferred bonuses are granted in form of fund units.

As at the date of grant, the aggregate fair value of these shares amounted to CHF 1,544,975 and is recognised as an expense over the relevant vesting period starting 1 January 2017. In 2017 an expense of £358,000 was recognised.

2016 Employee share ownership plan (ESOP)

The Group introduced the ESOP for all permanent staff, excluding GMB members, to support the share ownership of the Group's employees. The ESOP gives employees the opportunity to acquire shares in GAM Holding AG, and for every share purchased, subject to certain terms and conditions, the Group will grant a conditional award to acquire a matching share free of payment on the vesting date of 1 March 2018.

On 3 October 2016, the plan participants were granted 131,185 GAM Holding AG shares. As at the date of grant, the aggregate fair value of these shares amounted to CHF 108,021 and is recognised as an expense over the relevant vesting period starting 3 October 2016. In 2017 an expense of £47,000 was recognised (2016: £178,000).

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

6. EMPLOYEE BENEFITS (Continued)

2016 Long-Term Incentive Plan (LTIP)

On 26 October 2016, members of the Group Management Board and selected senior employees received an LTIP award, subject to the recipient continuing to be employed with the Group on the vesting date. Each award is split and will vest in three tranches.

The award will be split equally to fund two components:

- Performance units linked to the Company's relative total shareholder return (rTSR);
- Stock options issued at a premium to the share price at grant.

Each award will be split and vest in three tranches.

The performance units (or 'rTSR units') are converted to shares based on the performance of GAM relative to a peer group. The conversion of performance units to shares varies linearly from the 50th (50% of rTSR units vesting) to the 75th percentile (100% of rTSR units vesting). The number of performance units converted will be capped at one share for each unit irrespective of relative performance above the 75th percentile, while no performance units will vest if performance is below the 50th percentile.

The premium to the share price of one option is 20% in the case of non-GMB members and 30% in the case of GMB members, i.e. the options were granted out-of-the money.

Participants received an LTIP award in the form of 156,153 performance units and 824,177 options. The options have an exercise period of six months after their vesting date and for the performance units the exercise date is the same as the vesting date. As at the date of grant, the aggregate fair value of the performance units amounted to CHF 341,946 and the aggregate fair value of the options amounted to CHF 345,815. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2017 an expense of £81,000 was recognised for the 2016 LTIP awards (2016: £63,000).

As at 31 December 2017, 47,848 (2016: 6,771) performance units and 230,004 (2016: 32,543) options have forfeited. The number of outstanding share-based awards at year-end is 23,914 performance units and 114,949 options.

	Options vesting on 15 March 2019	Options vesting on 15 March 2020	Options vesting on 15 March 2021
Fair value of rTSR units and assumptions			
Fair value of rTSR unit at grant date	4.89	4.79	4.69
Number of rTSR units outstanding	forfeit	start	-
Average remaining contractual life (in months)	29.00	41.00	53.00
Share price at grant date	9.17	9.17	9.17
Expected volatility	33.00%	33.00%	34.00%
Expected dividend yield	5.00%	5.00%	5.00%
Risk-free interest rate	-0.65%	-0.60%	-0.53%

	Options vesting on 15 March 2019	Options vesting on 15 March 2020	Options vesting on 15 March 2021
Fair value of "20% premium" share options and assumptions			
Fair value of options at grant date	0.85	0.96	1.10
Number of options outstanding	-	-	-
Average remaining contractual life (in months)	35	47	59
Share price at grant date	9.17	9.17	9.17
Exercise price	11.00	11.00	11.00
Expected volatility	33.00%	33.00%	34.00%
Expected dividend yield	5.00%	5.00%	5.00%
Risk-free interest rate	-0.65%	-0.60%	-0.53%

The "30% premium" share option has transferred to GAM Holding AG and therefore there are no outstanding options in GAM (U.K.) Limited Group.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

6. EMPLOYEE BENEFITS (Continued)

2016 Compensation

On 6 March 2017, the members of the Group Management Board were granted 27,355 GAM Holding AG shares as a variable deferred element of their total compensation for 2016. These shares will vest in three equal tranches 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 the Group. The shares will be delivered three years after the grant date.

The number of shares granted at grant date will be determined by dividing the predetermined aggregate fair value by the fair value per share based on the grant day's closing share price.

The aggregate fair value of these shares amounts to CHF 265,610 and is recognised as an expense over the relevant vesting period starting 1 January 2016. £9,000 was recognised as an expense in 2017 (2016: £53,076).

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. Hence, awards are capped at two times the number of VRS units originally granted.
- For increases in the GAM Holding AG share price between 0% and 200% the value of shares delivered for each VRS unit will vary linearly.

The VRS units will be automatically physically settled three years after grant date. The settlement price of the VRS units is determined by taking the shares' average daily closing 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 2017 an expense of £22,000 was recognised (2016: £189,000). The VRS units were valued using a Monte Carlo simulation approach.

UK group	VRS Units granted on 20/01/2015
<u>Fair value share options and assumptions</u>	
Fair value of options at grant date	4.81
Average remaining contractual life (in months)	1
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 2017 (£000)	22
Incremental expense recognised for the 2016 (£000)	189
Incremental expense recognised for the 2015 (£000)	238
Incremental expense recognised for the 2014 (£000)	270

The VRS units were settled on 20 January 2018. As the average share price of GAM Holding AG on the 124 trading days prior to the settlement date was below the exercise price of CHF 15.45 all outstanding VRS units expired worthless.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

6. EMPLOYEE BENEFITS (Continued)

Other share awards

Between 1 January 2017 and 31 July 2017 certain new employees were granted a total of 197,532 GAM Holding AG shares (thereof to a member of the GMB: 180,117 shares) with a fair value between CHF 8.55 and CHF 14.64 per share. The shares will vest in one to three equal tranches after a maximum of three years, subject to the recipients continuing to be employed with the Group on each vesting date.

The aggregate fair value of this share plan amounted to CHF 2.1 million (thereof to a member of the GMB: CHF 1.9 million) and is recognised as an expense over the relevant vesting periods. In 2017 an expense of £1 million (thereof to a member of the GMB: £933,000) was recognised.

Between 7 September 2015 and 5 October 2015 certain new employees were granted 105,496 GAM Holding AG shares with a fair value between CHF 13.27 and CHF 17.21 per share. The shares will vest in three to five equal, yearly tranches, on the following three to five anniversaries of the respective grant dates, subject to the recipients continuing to be employed with the Group on each vesting date.

The aggregate fair value of these share plans amounted to CHF 1,597,058 and is recognised as an expense over the relevant vesting periods. In 2017 an expense of £81,000 was recognised (2016: £504,000).

Other option awards

On 1 January 2017, one new employee received a one-time award in the form of 1,016,949 options. Subject to certain terms and conditions, the Group will deliver one share in GAM Holding AG per option. The options will vest in either one or two tranches after a maximum of five years, subject to the recipient continuing to be employed with the Group on each vesting date.

As at the date of grant, the aggregate fair value of these options amounted to CHF 2.0 million and is recognised as an expense over the relevant vesting period. In 2017 an expense of £308,000 was recognised.

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.

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 2017 is 26.1% (2016: 26.1%) of pensionable payroll.

	2017 £000	2016 £000
Costs charged to statement of comprehensive income:		
Defined Contribution Pension Scheme	345	335
Defined Benefit Pension Scheme	(1)	24
	344	359

7. DIVIDENDS PAID AND PROPOSED

	2017 £000	2016 £000
Declared and paid during the year	5,000	-
Total	5,000	-
Dividend paid per share (£)	2.47	-

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017

8. TRADE AND OTHER RECEIVABLES

	2017 £000	2016 £000
Trade receivables	1	16
Receivable from related parties	9,516	17,609
Accrued income	736	804
	10,253	18,429

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%.

9. CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash at bank	8,018	
Short-term bank deposits	-	8,000
	8,018	8,000

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 £8,018,000 (2016: £8,000,000). 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 0.37% (2016: 0.50%). These deposits have an average maturity of 90 days (2016: 90 days).

10. ISSUED CAPITAL

	2017 £000	2016 £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 2017 (2016: 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 UK 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 has put in place processes and controls to monitor compliance with the FCA regulatory requirements and no breaches were reported. Throughout the year, the Company held significant surplus capital over regulatory requirements.

11. TRADE AND OTHER PAYABLES

	2017 £000	2016 £000
Social security and other taxes	398	471
Accrued expenses	4,122	3,444
Payable to related parties	694	1,503
	5,214	5,418

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 2017

12. PROVISIONS AND OTHER LIABILITIES

No provisions were made in 2017 related to specific restructuring programme (2016: £200,000).

13. 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.

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Related party - 2017	£000	£000	£000	£000
GAM (U.K.) Limited	1,020	7,163	7,482	-
GAM Capital Management (Switzerland) AG*	2,412	2,751	214	48
GAM Fund Management Limited	-	15	-	1
GAM (Luxembourg) S.A.	374	-	5	-
GAM Hong Kong Limited	75	740	69	129
GAM Japan Ltd	-	72	-	-
GAM International Management Limited	406	17	-	-
GAM Holding AG	-	-	178	376
GAM Limited	27,680	6,771	1,564	139
GAM Sterling Management Limited	3,738	1,063	-	-
GAM USA Inc	17	7	4	1

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Related party - 2016	£000	£000	£000	£000
GAM (U.K.) Limited	1,340	7,531	11,914	-
GAM Capital Management (Switzerland) AG*	2,596	2,989	253	373
GAM Fund Management Limited	-	15	-	1
GAM (Luxembourg) S.A.	846	-	55	-
GAM Hong Kong Limited	66	422	11	53
GAM Japan Ltd	-	59	-	58
GAM International Management Limited	988	101	-	-
GAM Holding AG	-	-	8	62
GAM Limited	35,057	10,225	5,353	955
GAM Sterling Management Limited	3,857	968	-	-
GAM USA Inc	157	27	15	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.

14. 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-8037 Zurich, Switzerland. Copies of the ultimate parent's consolidated financial statements may be obtained from the Company Secretary.

15 SUBSEQUENT EVENTS

The Board of Directors is not aware of any events between the reporting date and 27 February 2018 that would materially impact the financial statements or require disclosure.