

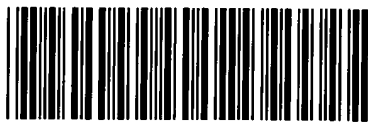
**Registered number: SC072014**

**Quayle Munro Holdings Limited**

**Annual report and financial statements**

**Year ended 30 September 2016**

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## **Group strategic report**

The Directors present their strategic report on the Group for the year ended 30 September 2016.

### **Business review**

Revenues for the twelve month period ended 30 September 2016 were £21.1m (2015: £10.4m) and pre-tax profits were £4.3m (2015: £0.04m).

### **Advisory business**

Results were ahead of budget with revenues of £20.9m for the twelve month period and significantly ahead of the £10.4m for the previous period. We set a challenging revenue budget number at the beginning of the financial year and it is satisfying to have exceeded that number by some margin. We have had an outstanding second half of the financial year with advisory revenues of over £17m during that period. Details of a number of the successful transactions completed during the year are set out on our website. <http://www.quaylemunro.com/>

At the outset of our strategic plan announced in 2013, we anticipated a transition period of up to three years during which the business would bear the initial costs of increasing our advisory team to allow for the inevitable time lag between hiring individuals and receipt of the associated revenues. We have expanded our team of senior bankers significantly over the past three years and now have a total of nine experienced, revenue-generating Managing Directors, focusing on a much broader range of transactions. We now have strong coverage across a broader spectrum of sectors including B2B data analytics, software and services, education, information technology, specialist financial services and financial technology and a growing reputation in the market.

At the year end total staff numbered 49 of which 40 are involved in revenue generation.

### **Principal investment business**

While we shall remain a predominantly advisory business, we believe that there are opportunities to assist unquoted clients by providing additional equity to enable them to grow their businesses. After providing for a prudent liquidity reserve, our strategy is to invest in high growth unlisted companies with strong management teams, in sectors where we specialise on the advisory side and where we have a strong relationship with the company's management. All principal investment decisions are made by the Board, which has a majority of non-executive Directors, several of whom have considerable experience in making successful private equity investments.

### **Morris Homes**

Morris Group Ltd, in which we have a 26.9% shareholding and a seat on the Board, has traded very satisfactorily in its current financial year.

Trading conditions remain buoyant with a shortage of supply of new homes and all major political parties committed to increasing available housing. In addition, Morris' geographical coverage and availability of funding sources has enabled it to continue to buy land at advantageous prices. However, house building remains a cyclical sector and Morris faces uncertainty around Britain's exit from the European Union and government policy.

In 2013, Morris completed a refinancing of its debt facilities with a £185m loan provided by affiliates of GSO Capital Partners LP ("GSO"). The loan has limited covenants and entitles GSO to a warrant over 15% of Morris' equity which, when exercised, will reduce our equity interest to 21.4%.

Your Board has reviewed its current valuation, using the same formula and discount as last year of 40% to tangible net assets and, taking into account the recent Morris results and its view of the housing market, has decided that there should be an uplift in the fair value of our equity interest to £10.1m (2015 £8.7m). Given the recent downward movement in interest rates in the UK and the relatively high interest rate paid on our loan stock holding, this has been increased to face value at £4.2m (2015: £3.7m), giving a combined total value of our ownership in Morris Group of £14.3m (2015: £12.4m).

## Group strategic report

### Other investments

No new or follow-on investments were made during the financial year.

Following discussions with our auditors, we have impaired the carrying cost of our shares in both Brightpearl and AMG Systems to the equivalent cost of recent share transactions/latest investment round. These impairments are more than covered by the uplift in the valuation of our ownership in Morris. Our investments in Idio and Soak and Sleep both continue to perform in line with budget and we continue to hold our shares in both those companies at cost.

We continue to hold our shares in VFT at zero value given the high risk nature of the company.

### Cash and Balance Sheet

The Group continues to have a strong balance sheet with cash at 30 September 2016 of £15.1m and no debt. Net assets at the same date were £36.9m.

### Dividends

The Board is pleased to recommend an increased final dividend of 41p per A and C Ordinary Share (2015: 26p) and 3p per B Ordinary Share (2015: 3p) which, together with the interim dividends of 9p and 2p respectively, paid in May 2016, amount to total dividends for the year respectively of 50p and 5p per share (2015: 35p and 5p per share). If approved at the Annual General Meeting, the final dividends will be paid on 25 November 2016 to those shareholders on the register at close of business on 11 November 2016. As previously disclosed, the B shares pay a dividend equal to the income received by the Company from Morris Homes.

### Risk management

The Group's risk management process reviews risk within the constraints of the Group's risk appetite and is consistent with the prudent management inherent in the organisation. The risk management framework is based on the following principles:

- Risk management: Primary responsibility for strategy, performance and risk management lies with the Board.
- Risk oversight: Is provided by the Chief Executive, Chief Financial Officer/Compliance Director and the Financial Controller.

There are clear reporting lines and defined areas of responsibility at Board and business level. This structure is designed to ensure, amongst other things, that key issues and developments are escalated on a timely basis.

The Board considers the principal risks facing the Group are as follows:

#### *Reputational risk*

Loss of reputation is the most significant risk to a business operating in the professional services sector.

#### *Strategic risk*

Strategic risk could lead to a failure of the effectiveness of strategy of the Group. This is mitigated by an established reporting structure for agreeing strategy, risk appetite, planning and budgets.

#### *Treasury policies*

Activities are financed with a combination of cash and short term deposits. Other financial assets and liabilities such as trade receivables and trade payables arise directly from the Group's operating activities.

Financial instruments owned may give rise to interest and exchange rate, credit, liquidity and market risk. Information on how these risks arise is set out as follows:

#### *Interest rate risk*

The Group is not exposed to interest rate risk on bank loans. The Group's cash balances earn interest at a floating rate.

## **Group strategic report**

### *Exchange rate risk*

The Group converts foreign currency receivables, mainly advisory fees, to sterling as soon as management believe that the relevant transaction will complete.

### *Credit risk*

Individual exposures are monitored by the Directors and historical exposure to bad debts is not significant. Group policies restrict the counterparties with which funds may be invested to those approved by the Board, comprising institutions with a high credit rating.

### *Liquidity risk*

The Group mitigates liquidity risk by conserving cash in its operations and minimising trade receivables. Investment is controlled and requires Board authorisation.

### *Regulatory compliance risk*

Quayle Munro Limited, a wholly-owned subsidiary of Quayle Munro Holdings Limited, is authorised and regulated by the Financial Conduct Authority ("FCA"). The regulated business is monitored by the Chief Financial Officer/Compliance Director.

### *Pension scheme funding liability*

In 2013, the Company completed a three year deficit funding plan for its legacy defined benefit pension scheme. The scheme (QMRBS) represented an ongoing risk to the Company through periodic changes to pension legislation and is sub-optimal in size to be able to administer cost effectively. Following a lengthy consultation process, we are pleased to report that all members of the scheme have now been transferred out to other providers and the Trustees have therefore begun a process to wind up the scheme which will relieve Quayle Munro, as the sponsoring employer, of any further liabilities under the scheme. Due to the lengthy process involved in winding up pension schemes, a small provision has been made in the event that further professional fees are incurred and it is intended that this process will be completed during the course of the financial year to 30 September 2017. The accounting treatment of the transfer out of the scheme assets to individual scheme members results in a loss on the Company's statement of comprehensive income for the financial year.

### *Brexit*

We have undertaken a limited review of the potential impact on the Company of the UK leaving the European Union (EU) and while it is still too early to draw any firm conclusions, we see our business as well spread geographically. We operate within the EU under the existing passporting rules and it remains to be seen whether these will be retained or we will need to identify new business relationships in the EU in the future.

### **Premises**

As indicated in the interim report, we began the search for new offices in Central London following a negotiation with our existing landlord to vacate the current office in Berners Street. We are pleased to report that we have recently signed a new lease for offices on Shaftesbury Avenue, and following a fit out, we will be moving into them in the New Year.

### **Board changes**

Christopher Kemball resigned as Chairman of the Company in June 2016 and ceased to be an employee in August 2016. We would like to record our appreciation for his contribution over the past four years, in particular for his leadership of the Board in completing the delisting from AIM in 2013 and defining the new strategy put in place at that time. Glen Lewy, a non-executive Director, has assumed the role of Chairman of the Company.

### **AGM**

As in previous years, shareholders are invited to attend a presentation on our results at 11am prior to the Company's AGM to be held at noon on 16 November 2016 at our offices in London.

All shareholders have been sent an AGM notice document and proxy card. In addition to the standard resolutions to be proposed at the AGM, including the re-election of certain members of the Board, we are proposing a number of resolutions to make amendments to the Company's Articles of Association. The background to, and reasons for, these resolutions are explained in more detail in the AGM notice document.

## **Group strategic report**

The Board believes that these resolutions are in the best interests of the Company and asks shareholders to support them.

### **Outlook**

After a positive financial year, our advisory pipeline for the year to 30 September 2017 is strong and we have again set a demanding budget. Subject to any change in macro-economic conditions, we are optimistic about the full year outcome.


Our principal investment portfolio is cautiously valued and we are confident that our major investment in Morris is benefitting from the increased demand for new houses. We continue to receive new investment opportunities as identified by our advisory teams but will only invest if these meet our internal investment policy.

The staff have, as always, worked extremely hard during the year and are very committed to growing the business. We would like to take this opportunity to thank them on behalf of the Board and shareholders.



Glen Lewy  
**Chairman**

28 October 2016



Andrew Adams  
**Chief Executive**

**Quayle Munro Holdings Limited**  
**Year ended 30 September 2016**

## **Directors' report**

The Directors present their report and submit the audited consolidated financial statements of the Group for the year ended 30 September 2016.

**Company registration number**  
SC 072014

**Registered office**  
Quartermile One  
15 Lauriston Place  
Edinburgh EH3 9EP

### **Directors**

The Directors who held office during the period and up to the date of signing the financial statements were:

G S Lewy (Non-Executive Chairman)  
A D Adams (Chief Executive Officer)  
S F Woolton (Chief Financial Officer)  
D Fitzsimons (Non-Executive Director)  
P M R Norris (Non-Executive Director)  
P G Read (Non-Executive Director)  
C R M Kemball (until 30 August 2016)

### **Principal activities**

The principal activities of the Group and its subsidiaries are the provision of professional advisory services including corporate finance, and the making of investments as principal in companies in the UK and elsewhere.

### **Net assets and liquidity**

Group net assets as at 30 September 2016 were £36.9m (2015: £33.6m) which is equivalent to 438p per share on the combined A and C ordinary shares in issue of 5.7m, and 314p per share on the 4.6m B ordinary shares in issue which reflects the Group's pro rata investment in Morris only. In aggregate, net assets per A/B and C share were 752p which compares with 699p as at 30 September 2015 on 10p nominal ordinary share capital of 5.2m.

### **Dividend**

As previously stated, your Board is committed to a progressive dividend policy which means that the dividend will only be reduced from its current level in exceptional circumstances and that dividends will rise in line with the growth in advisory profits.

Given the satisfactory outcome of the advisory business in the period ended 30 September 2016, your Board is proposing to increase the final dividend per A and C ordinary share to 41p per share and the final dividend on the B ordinary shares will remain at 3p per share (being the income received from our investment in Morris during the period). The total dividend for the twelve month period to 30 September 2016 per A and C ordinary share will be 50p and, per B share, will be 5p. In aggregate dividends will amount to £2.7m for the twelve month period (2015:£1.8m).

Subject to shareholder approval at the Annual General Meeting to be held on 16 November 2016, the final dividend will be paid on 25 November 2016 to shareholders on the register on 11 November 2016.

### **Annual share valuation and share shop**

The Valuation Committee, which comprises a majority of non-executive Directors, has met with Moore Stephens, the independent valuers. Moore Stephens have replaced PricewaterhouseCoopers as independent valuers. The Directors will announce the new Valuation Price at the Annual General Meeting. At 16 November 2015, the Valuation Price (approved by the Valuation Committee and advised by PricewaterhouseCoopers) of the A and C shares was 291p (2015: 269p); of the B shares was 314p (2015: 285p) and of the stapled A/B combined shares was 605p (2015: 554p)

## **Directors' report** (continued)

The Directors will also write to all shareholders in November to notify them of the Valuation Price and to set out the timetable and arrangements for selling or buying shares.

In January this year, a total of 70,597 (2015: 20,693) stapled A/B shares were tendered by shareholders in the Share Shop at the Valuation Price of 554p (2014: 521p) and were all purchased by existing shareholders (including Group companies) at the same price.

### **Corporate governance**

Your Board is committed to maintaining the same corporate governance standards as if Quayle Munro were a listed company. Accordingly, as stipulated in the Articles, the Company intends to maintain a minimum of four Non-Executive Directors on the Board, and shall also maintain Nomination, Remuneration, Valuation and Audit Committees.

### **Major interests in shares**

As at 30 September 2016 the principal shareholders and connected parties holding three per cent or more of the issued share capital were as follows:

	%
Andrew Adams & connected parties	10.2
Ian Jones & connected parties	8.7
Jo Elliot & connected parties	8.6
Craig Muir & connected parties	6.1
FE Special Investments Limited	5.9
Lawrence Guthrie	5.7
Peter Norris & connected parties	5.0
The Waterloo Corporation	4.0
York Capital Limited	4.0
Quayle Munro Holdings Limited – Treasury	3.8
Kit van Tulleken & connected parties	3.4
Kleinwort Benson International Trustees Limited for Christopher Kemball	3.3
Simon Gluckstein	3.1

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

### **Statement of Directors' responsibilities in relation to the Group and Company financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;



**Directors' report** (continued)

- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

**Directors' statement as to disclosure of information to auditors**

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 7.

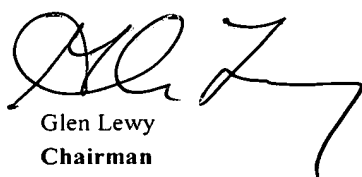
Having made enquiries of fellow Directors, each of these Directors confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all steps that they ought to have taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

**Going concern**

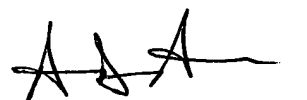
After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Group has considerable financial resources and no external debt. For this reason they adopt the going concern basis in preparing the annual report and financial statements.

Signed on behalf of the Directors by:



Glen Lewy  
Chairman

28 October 2016



Andrew Adams  
Chief Executive

## **Directors' remuneration report**

Quayle Munro Holdings Limited is a private limited company and does not have a statutory requirement to provide a Directors' Remuneration Report ("DRR") as described in Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. However, the Board has decided, where applicable, to adopt and apply certain core aspects of the DRR contained in Schedule 8.

### **Remuneration Committee**

The Remuneration Committee is chaired by Glen Lewy, and its other members are David Fitzsimons, Peter Norris and Peter Read.

The Committee meets at least twice a year. It is responsible for reviewing and endorsing the senior management and organisational structure, and being satisfied with the arrangements for succession planning and management development, determining the remuneration of the Executive Directors and other employees and reporting where appropriate to the Board.

### **Remuneration policy**

The Group's policy is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives and therefore enhancing shareholder value. As outlined in the 2013 Shareholder Circular, the Company introduced a more transparent cash bonus and share scheme via a new incentive plan through which senior management may purchase C shares in the business.

The Directors are implementing the strategy to grow the advisory business by hiring established corporate finance professionals with strong franchises: first, in media and technology and, secondly, in other sectors such as financial services which display similar characteristics. Additionally the investment strategy was aligned with the advisory focus. In this way, the Directors believe the business will grow and broaden substantially over the coming years.

### **Summary of the terms of the cash bonus scheme**

Alongside the employee incentive share scheme, a discretionary cash bonus scheme was implemented at the beginning of the financial period starting 1 July 2013. This scheme operates within two parameters: first, total employee cash bonuses for advisory employees should not exceed 60% of the advisory business operating profits (before bonus and tax) and, secondly, total employee costs (salary and bonus) should not exceed 60% of revenue in any one year. As explained at the date of the delisting from AIM in August 2013 and in the previous annual report for the period ended 30 September 2015, in order to enable us to invest in the business in the first three years after the adoption of the new strategy to 30 September 2016, the Remuneration Committee has discretion to increase these percentages, should it consider this necessary. The Board is very pleased that the results of the Advisory Business were sufficient for the year so that the Board did not see the need to exceed either of the 60% parameters for cash bonuses for the period ended 30 September 2016

### **Bonuses**

Total cash bonuses for the period, as approved by the Remuneration Committee, amounted to £7.9m (2015: £3.1m).

**Quayle Munro Holdings Limited**  
**Year ended 30 September 2016**

**Directors' remuneration report** (continued)

**Directors' remuneration**

The remuneration of the Directors for the period to 30 September 2016 was as follows:

**Short term employee benefits**

	12 months total 2016 £'000	12 months total 2015 £'000
<b>Executive Directors:</b>		
A.D. Adams	1,525	734
S. F. Woolton	300	185
<b>Non-Executive Directors:</b>		
C.R.M. Kemball <sup>1</sup>	69	75
D. Fitzsimons	30	30
G.S. Lewy <sup>2</sup>	60	60
P.M.R. Norris	30	30
P.G. Read	40	40

<sup>1</sup> Christopher Kemball left on 30 August 2016

<sup>2</sup> Salary and fees includes a payment of £15,000 in respect of travel expenses.

**C share incentive plan**

The incentive plan gives the Remuneration Committee the authority to issue up to 1,955,000 new C ordinary shares to senior management, being 30% of the enlarged, issued share capital of the Company. The allocation of C ordinary shares is determined by the Remuneration Committee. The C ordinary shares are subject to restrictions in the first five years after subscription. These include good leaver/bad leaver, transfer and compulsory acquisition provisions. C ordinary shares are entitled to participate in all of the activities of the business, exclusive of the Company's investment in Morris Homes, and (other than the restrictions described above) are equivalent to the A ordinary shares.

The C ordinary shares are issued at the Valuation Price approved annually by the Valuation Committee, which consists of a majority of non-executive Directors, as advised by Moore Stephens (2015- PricewaterhouseCoopers) who have been appointed independent valuers. The shares may be subscribed in partly-paid form and up to 75 per cent of the subscription price may be funded by a loan from the Company. The loans are repayable in equal instalments over five years and bear interest at the HMRC official interest rate.

A total of 223,054 (2015: 594,420) C ordinary shares were subscribed by senior management at the prevailing Valuation Price of 269p (2015: 263p) per share during the year as part of the share incentive scheme approved at the Extraordinary General Meeting in August 2013. Of this total 171,282 (2015: 206,120) C ordinary shares were issued as to 30 per cent partly paid and the Company has loaned a total of £785,000 (2015: £557,000) to senior management on an arm's length basis to subscribe for these shares.

The total percentage of fully diluted equity now directly owned or beneficially owned by existing executive management and staff amounts to 27.96% of which 18.36% comprises C Ordinary Shares.

During October 2016 the Remuneration Committee approved the subscription of up to a further 610,736 (2015: 657,461) C ordinary shares at a Valuation Price to be determined by the Valuation Committee in October this year.

**Approved and unapproved option schemes and Jointly Owned Equity ("JOE") scheme**

The approved scheme has now lost its favourable tax status and, while both schemes continue in existence along with the JOE scheme, the Board does not intend to issue any more share options or participate in the JOE scheme. The Directors' interests at 30 September 2016, in options over A/B Ordinary 10p shares of the Company, were as follows:

## Directors' remuneration report (continued)

### Director share options

	Scheme	Options at 30.09.16	Options at 30.09.15	Date of grant	Option price (p)	Nominal exercise date	
						From	To
P.M.R. Norris	Approved	1,963	1,963	20.09.07	1,528.0	20.09.10	19.09.17
	Total	1,963	1,963				

Under all share option schemes and the JOE scheme, at 30 September 2016, Director, employee and former employee interests are as follows:

### Commitments under all option and share award schemes

		Options	Shares	
	Approved option granted No.	At 30.09.16 Unapproved option granted No.	At 30.09.16 JOE <sup>1</sup> share award granted No.	Total Options & Share awards No.
Directors	1,963	48,109	53,591	103,663
Employees	10,000	33,000	73,078	116,078
As At September 2016	11,963	81,109	126,669	219,741
As At September 2015	12,963	131,109	126,669	282,921

<sup>1</sup>2010 performance related bonus awarded in shares utilising the JOE structure. At 30 September 2016 all options fully vested.

Quayle Munro Holdings Limited held 217,691 A/B ordinary shares in treasury and the Quayle Munro Holdings Limited Employee Benefit Trust 2008 held 79,363 A/B ordinary shares at 30 September 2016 (2015: 208,814 ordinary shares).

The Quayle Munro Holdings Limited Employees' Share Trust held 150,002 A/B ordinary shares at 30 September 2016 (2015: 150,002 ordinary shares). These shares were utilised to satisfy the 2010 JOE award.

Signed on behalf of the Directors by:



Glen Lewy  
Chairman of the Remuneration Committee

28 October 2016

## Independent Auditor's Report

We have audited the financial statements of Quayle Munro Holdings Limited for the year ended 30 September 2016 which are set out on pages 14 to 37. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 pages 8 and 9, 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 (APB'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 web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2016 and of the group's profit for the year then ended;
- the group and parent's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

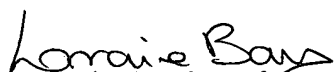
### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and its environment obtained in the course of our audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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



Lorraine Bay, Senior Statutory Auditor  
For and on behalf of Moore Stephens LLP, Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB

Date: 31 October 2016

**Group statement of comprehensive income**  
**For the year ended 30 September 2016**

	Notes	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
<b>Revenue</b>	3	<b>21,069</b>	<b>10,361</b>
Administrative expenses		(15,756)	(10,886)
Gain on sale of available-for-sale investments		-	443
Impairment of available-for-sale investments		(1,019)	-
Legacy pension scheme expense		(472)	-
Other operating expenses		(227)	(167)
		<b>(17,474)</b>	<b>(10,610)</b>
<b>Group operating profit/(loss)</b>		<b>3,595</b>	<b>(249)</b>
Finance income	6	251	267
Other finance income – pensions	7	-	18
Other income	3	500	-
		<b>751</b>	<b>285</b>
<b>Profit on ordinary activities before tax</b>		<b>4,346</b>	<b>36</b>
Tax (expense)/credit	7	(1,127)	129
<b>Profit on ordinary activities after tax</b>		<b>3,219</b>	<b>165</b>
<b>Profit for the year attributable to equity holders of the Company</b>		<b>3,219</b>	<b>165</b>

**Group statement of other comprehensive income**  
**For the year ended 30 September 2016**

Profit for the year attributable to equity holders of the Group		<b>3,219</b>	<b>165</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Gain on valuation of available-for-sale financial assets	11	<b>1,965</b>	<b>2,275</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gain on defined benefit pension scheme	21	-	12
<b>Total comprehensive income for the year</b>		<b>5,184</b>	<b>2,452</b>

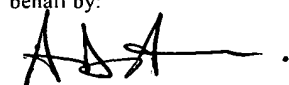
**Company statement of other comprehensive income**  
**For the year ended 30 September 2016**

(Loss)/Profit for the year attributable to equity holders of the Company		<b>(1,733)</b>	<b>295</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Gain on valuation of available-for-sale financial assets	11	<b>1,965</b>	<b>2,275</b>
<b>Total comprehensive income for the year</b>		<b>232</b>	<b>2,570</b>

## Group statement of financial position At 30 September 2016

		30 September 2016 £'000	30 September 2015 £'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	9	246	436
Intangible assets	10	5,815	5,815
Financial assets	11	16,308	15,362
Other receivables	13	2,357	2,187
Defined benefit pension scheme surplus	21	-	494
Deferred tax asset	7	95	231
		<b>24,821</b>	<b>24,525</b>
<b>Current assets</b>			
Trade and other receivables	14	7,323	3,192
Cash and cash equivalents		15,092	10,070
Defined benefit pension scheme surplus	21	22	-
		<b>22,437</b>	<b>13,262</b>
<b>Total assets</b>		<b>47,258</b>	<b>37,787</b>
<b>Current liabilities</b>			
Trade and other payables	15	10,123	3,859
		<b>10,123</b>	<b>3,859</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	16	247	280
		<b>247</b>	<b>280</b>
<b>Total liabilities</b>		<b>10,370</b>	<b>4,139</b>
<b>Net assets</b>		<b>36,888</b>	<b>33,648</b>
<b>Capital and reserves</b>			
Equity share capital	19	14,232	13,632
Fair value reserve		14,169	12,204
Other reserves		1,573	2,079
Retained earnings		6,914	5,733
<b>Total equity</b>		<b>36,888</b>	<b>33,648</b>

The financial statements on pages 14 to 37 were approved by the Board of Directors on 26 October 2016 and signed on its behalf by:



Andrew Adams  
Chief Executive  
28 October 2016

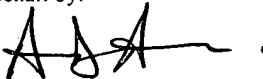


Simon Woolton  
Chief Financial Officer

**Company statement of financial position  
At 30 September 2016**

		30 September 2016 £'000	30 September 2015 £'000
	Notes		
<b>Non-current assets</b>			
Financial assets – unlisted	11	16,308	15,299
Investments – subsidiary undertakings	12	2,309	2,309
Intangible Assets	10	5,815	5,815
Other receivables	13	2,256	1,913
		<b>26,688</b>	<b>25,336</b>
<b>Current assets</b>			
Trade and other receivables	14	1,954	168
Amounts due from subsidiary undertakings	23	330	1,745
Cash and cash equivalents		4,875	7,235
		<b>7,159</b>	<b>9,148</b>
<b>Total assets</b>		<b>33,847</b>	<b>34,484</b>
<b>Current liabilities</b>			
Trade and other payables	15	719	133
Current tax liabilities		-	-
Amounts due to subsidiary undertakings	23	890	969
		<b>1,609</b>	<b>1,102</b>
<b>Non-current liabilities</b>			
Long-term liabilities		62	-
		<b>62</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,671</b>	<b>1,102</b>
<b>Net assets</b>		<b>32,176</b>	<b>33,382</b>
<b>Capital and reserves</b>			
Equity share capital	19	14,232	13,632
Fair value reserve		12,485	10,520
Other reserves		2,769	2,769
Retained earnings		2,690	6,461
<b>Total equity</b>		<b>32,176</b>	<b>33,382</b>

The financial statements on pages 14 to 37 were approved by the Board of Directors on 26 October 2016 and signed on its behalf by:

  
Andrew Adams  
Chief Executive  
28 October 2016

  
Simon Woolton  
Chief Financial Officer



**Group statement of changes in equity**  
**For the year ended 30 September 2016**

	Share capital £'000	Fair value reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Share option expense reserve £'000	Own shares reserve £'000	Total other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 30 September 2014	12,104	9,928	155	1,229	3,647	(2,918)	2,113	7,400	31,545
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	165	165
Gain on revaluation of investments	-	2,276	-	-	-	-	-	-	2,276
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	12	12
<b>Total comprehensive income</b>	-	2,276	-	-	-	-	-	177	2,453
<b>Transactions with owners</b>									
Issue of C shares	1,528	-	-	-	-	-	-	-	1,528
Movement of shares in Employee Benefit Trust	-	-	-	-	-	(34)	(34)	-	(34)
Equity dividends paid	-	-	-	-	-	-	-	(1,844)	(1,844)
<b>Balance at 30 September 2015</b>	<b>13,632</b>	<b>12,204</b>	<b>155</b>	<b>1,229</b>	<b>3,647</b>	<b>(2,952)</b>	<b>2,079</b>	<b>5,733</b>	<b>33,648</b>
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	3,219	3,219
Gain on revaluation of investments	-	1,965	-	-	-	-	-	-	1,965
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	1,965	-	-	-	-	-	3,219	5,184
<b>Transactions with owners</b>									
Issue of C shares	600	-	-	-	-	-	-	-	600
Movement of shares in Employee Benefit Trust	-	-	-	-	-	(506)	(506)	-	(506)
Equity dividends	-	-	-	-	-	-	-	(2,038)	(2,038)
<b>Balance at 30 September 2016</b>	<b>14,232</b>	<b>14,169</b>	<b>155</b>	<b>1,229</b>	<b>3,647</b>	<b>(3,458)</b>	<b>1,573</b>	<b>6,914</b>	<b>36,888</b>

**Company statement of changes in equity**  
**For the year ended 30 September 2016**

	Share	Revaluation	Capital		Own	Total		
	capital	reserve	Redemption	Merger	shares	other	Retained	Total
	£'000	£'000	reserve	reserve	reserve	reserves	earnings	equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2014	12,104	8,245	155	3,804	(1,236)	2,723	8,010	31,082
<b>Comprehensive income/(expense)</b>								
Profit for the year	-	-	-	-	-	-	295	295
Gain on revaluation of investments	-	2,275	-	-	-	-	-	2,275
<b>Total comprehensive income</b>	-	2,275	-	-	-	-	295	2,570
Transactions with owners								
Issue of C shares	1,528	-	-	-	-	-	-	1,528
Movement of shares in Employee Benefit Trust	-	-	-	-	46	46	-	46
Equity dividends paid	-	-	-	-	-	-	(1,844)	(1,844)
Balance at 30 September 2015	13,632	10,520	155	3,804	(1,190)	2,769	6,461	33,382
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	-	-	(1,733)	(1,733)
Gain on revaluation of investments	-	1,965	-	-	-	-	-	1,965
<b>Total comprehensive income</b>		1,965	-	-	-	-	(1,733)	232
Transactions with owners								
Issue of C shares	600	-	-	-	-	-	-	600
Equity dividends	-	-	-	-	-	-	(2,038)	(2,038)
Balance at 30 September 2016	14,232	12,485	155	3,804	(1,190)	2,769	2,690	32,176

## Group statement of cash flows

### For the year ended 30 September 2016

		Year 30 September 2016 £'000	Year 30 September 2015 £'000
	Notes		
<b>Operating activities</b>			
Profit before tax		4,346	36
<b>Adjustments to reconcile profit before tax to net cash flow from operating activities</b>			
Finance income	6	(251)	(267)
Depreciation	4	227	170
Gain on disposal of financial assets		-	(443)
Impairment of financial assets		1,019	-
Movement in pensions		-	(30)
Decrease/(Increase) in other long term receivables	13	173	(274)
Increase in trade receivables	14	(4,386)	(1,589)
Increase in trade and other payables	15	5,134	1,132
(Decrease)/Increase in other non-current liabilities	16	(33)	95
Cash generated from/(used in) operations		6,229	(1,169)
Income taxes received/(paid)		42	348
<b>Net cash flow generated from/(used in) operating activities</b>		<b>6,271</b>	<b>(821)</b>
<b>Investing activities</b>			
Finance income received		217	267
Proceeds from sales of available-for-sale financial assets		7	2,231
Payments to acquire plant and equipment	9	(38)	(89)
Payments to acquire available-for-sale financial assets	11	-	(228)
<b>Net cash flow from investing activities</b>		<b>186</b>	<b>2,181</b>
<b>Financing activities</b>			
Dividends paid to equity shareholders of the parent	8	(1,840)	(1,755)
Proceeds on issue of shares		52	463
Proceeds from sale of Treasury shares		353	-
JOE Loan repayment		-	(63)
Own shares purchased		-	(79)
<b>Net cash flow from financing activities</b>		<b>(1,435)</b>	<b>(1,434)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>5,022</b>	<b>(74)</b>
Cash and cash equivalents at the beginning of the year		10,070	10,144
<b>Cash and cash equivalents at the end of the year</b>		<b>15,092</b>	<b>10,070</b>

## Company statement of cash flows

### For the year ended 30 September 2016

		Year 30 September 2016 £'000	Year 30 September 2015 Year
<b>Operating activities</b>			
(Loss)/Profit before tax		(1,733)	287
<b>Adjustments to reconcile profit before tax to net cash flow from operating activities</b>			
Finance income		(244)	(230)
Gains on disposal of financial assets		-	(443)
Impairment of financial assets		1,019	-
Increase in trade and other receivables	14	(2,128)	(102)
Decrease/(Increase) in amounts due from subsidiary undertakings	23	1,415	(63)
Increase in trade and other payables	15	584	56
Decrease in amounts due to subsidiary undertakings	23	(79)	(2,839)
Cash used in generated from operations		(1,166)	(3,334)
Income taxes received/(paid)		42	(289)
<b>Net cash flow used in operating activities</b>		<b>(1,124)</b>	<b>(3,623)</b>
<b>Investing activities</b>			
Finance income received		244	230
Proceeds from sales of available-for-sale assets		7	2,231
Payments to acquire available-for-sale financial assets		-	(228)
<b>Net cash flow from investing activities</b>		<b>251</b>	<b>2,233</b>
<b>Financing activities</b>			
Proceeds on issue of shares		-	463
Dividends paid to equity shareholders of the parent	8	(1,840)	(1,755)
Proceeds on sale of treasury shares		353	-
<b>Net cash flow from financing activities</b>		<b>(1,487)</b>	<b>(1,292)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(2,360)</b>	<b>(2,682)</b>
Cash and cash equivalents at the beginning of the year		7,235	9,917
<b>Cash and cash equivalents at the end of the year</b>		<b>4,875</b>	<b>7,235</b>

## **Notes to the Group and Company financial statements**

### **1. Authorisation of financial statements and statement of compliance with IFRSs**

The financial statements of Quayle Munro Holdings Limited and its subsidiaries (the "Group and Company financial statements") for the year ended 30 September 2016 were authorised for issue by the Board of Directors on 26 October 2016 and the statement of financial position was signed on the Board's behalf by Andrew Adams and Simon Woolton. Quayle Munro Holdings Limited is incorporated and domiciled in Scotland.

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union, and IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets. The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

### **2. Accounting policies**

Amounts are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Sterling is the Company's functional currency.

#### **Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenue, assets and liabilities as at reporting date.

#### *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

#### *Revenue recognition*

Revenue comprises fee income from the provision of professional advisory services. Where fees are earned on the execution of a significant act, such as fees arising from negotiating or arranging a transaction for a third party, they are recognised as revenue when that act has been completed. Fees and corresponding expenses in respect of other services are recognised in the statement of comprehensive income as the right to consideration or payment accrues through performance of services. Revenue comprises the fair value of the consideration received or receivable for the sale of services. Where Quayle Munro earns a fee in relation to negotiating and arranging a transaction and the transaction completes close to the year end, judgement is exercised to determine the point at which the transaction is 'substantially complete' and hence when it is appropriate to recognise the revenue in the income statement. Where a transaction completes shortly after the year end, income is recognised only if all key terms of the transaction were finalised by the reporting date. Foreign currency receivables which mainly comprise advisory fees or investment realisations are converted to sterling as soon as management believe that the relevant transaction will close.

#### *Impairment of non-financial assets*

The Directors assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Further details are given in note 10. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### *Impairment of available-for-sale financial assets*

Certain financial assets are classified as available-for-sale and recognise movements in their fair value in other comprehensive income. When the fair value declines, Directors makes assessments about the decline in value to determine whether it is an impairment that should be recognised in the statement of comprehensive income.

## **Notes to the Group and Company financial statements (continued)**

### *Pensions*

The cost of defined benefit pension plans is ascertained using actuarial valuations. The actuarial valuation involved making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to uncertainty. Further details are given in note 21.

### *Share-based payments*

The Directors measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Directors also require the use of judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and models used are disclosed in note 20.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company (Quayle Munro Holdings Limited) and entities controlled by the Company (its subsidiaries), collectively "The Group". Control exists where the Group and Company have the power to govern the financial and operating policies of the entity.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of Quayle Munro Ltd used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company and are based on consistent accounting policies. The audited amounts for ESIL included in these Group accounts represent the 15 month period to 30 September 2016. All intragroup balances and transactions, including unrealised profits arising from them, are eliminated. Investment subsidiaries are accounted for at cost less impairment in the parent company.

Unless otherwise stated, the purchase method of accounting has been adopted.

### **Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. The benefits of any rent-free periods on office leases are spread over the life of the leases. During the year the company terminated the existing lease for 22 Berners Street with effect from March 2017.

### **Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Land and buildings	10 years
Office equipment	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial period end. Property disposals are recognised by reference to the date of sale which is taken as the date of exchanging legally binding contracts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

### **Trade and other payables**

Trade and other payables are generally not interest bearing and are stated at amortised cost, which approximates to nominal value due to payables days being relatively low. Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

### **Trade and other receivables**

Trade and other receivables are generally not interest bearing and are stated at amortised cost, less any impairment. Trade and other receivables are initially recognised at fair value and subsequently held at amortised cost.

### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

## **Notes to the Group and Company financial statements (continued)**

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the on-going activities of the entity.

### **Share capital and dividends**

Ordinary shares are classified as equity.

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

Where the Company, its subsidiaries or employee share ownership trusts sponsored by the Company purchase ordinary shares in the Company, the consideration paid, including any attributable incremental external costs net of income taxes, is deducted from equity. Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Final dividends on ordinary shares are recorded in the Group's financial statements in the period in which they relate, once approved by the Group's shareholders or, in the case of interim dividends, in the period in which they are paid.

### **Impairment of assets**

The Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company make an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses on continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### **Finance income**

Dividend income is recognised when the right to receive payment is established. Bank interest is recognised on an accruals basis.

### **Income taxes**

#### *Current taxation*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the statement of financial position date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

#### *Deferred taxation*

Deferred taxation is provided in full on temporary differences (at the rates of taxation based on tax rates and laws enacted at the statement of financial position date) between the tax bases of the assets and liabilities and their carrying amounts in the financial statements.

Deferred taxation assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which temporary differences can be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is

## **Notes to the Group and Company financial statements (continued)**

not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes asset and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **Goodwill**

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the Group and Company's share in the net fair value of the acquires identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by Management, usually at business segment level or statutory company level as the case may be. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the statement of comprehensive income. Impairments are not subsequently reversed.

### **Pensions**

The Group operated one defined benefit scheme, which was closed to new entrants in 2009. On 1 July 2009, all members became deferred and from this time membership to a defined contribution scheme was available.

We are pleased to report that all members of the scheme have now been transferred out to other providers and the Trustees have therefore begun a process to wind up the scheme.

The cost of providing benefits under the defined benefit scheme plan was determined on an actuarial basis using the projected unit credit method, which attributes entitlement to benefits in the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation). The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The interest element of the defined benefit cost represents the change in present value of the scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the period. The expected return on plan assets is based on an assessment made at the beginning of the period of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the period. The differences between the expected return on plan assets and the interest cost is recognised in the statement of comprehensive income as other finance income or cost.

The Group has applied the option under IAS 19 to recognise actuarial gains and losses in full in other comprehensive income in the period in which they occur.

The defined benefit asset comprises the fair value of the plan assets less the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) after deducting past service costs. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Contributions to the defined contribution scheme are recognised in the statement of comprehensive income in the period in which they become payable.

### **Share-based payments**

The Group has operated a number of long term incentive arrangements. These comprise the Unapproved Share Option Scheme; the Inland Revenue approved Executive Share Option Scheme, the jointly owned equity ("JOE") scheme and the C share scheme, together "Incentive Schemes". The expense for these incentive schemes is measured by reference to the fair value of the shares or share options granted on the date of grant. Such fair values are determined using option pricing models which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the Company's share price over the life of the option/award and other relevant factors. Vesting conditions not based on the share price of the Company are not taken into account when measuring fair value, but are reflected by adjusting the number of equity instruments included in the measurement of the transaction such that the amount recognised reflects the number that actually vest. The fair value is expensed in the statement of comprehensive income on a straight line basis over the vesting period.



## **Notes to the Group and Company financial statements (continued)**

### **Cash and cash equivalents**

Cash and short term deposits in the statement of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less.

### **Foreign currencies**

In preparing the financial statements, transactions in currencies other than the functional currency (*foreign currencies*) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

### **Financial assets**

Financial assets are recognised when the Group and Company become party to the contracts that give rise to them and are classified as financial assets at fair value through profit and loss; loans and receivables; held-to-maturity investments; or as available-for-sale financial assets, as appropriate. The Group and Company determine the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluate this designation at each financial period-end. When financial assets are recognised initially they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset (or, where applicable a part of a financial asset or part of a Group and Company of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the Group and Company have transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The subsequent measurement of financial assets depends on their classification, as follows:

#### *Available-for-sale*

Available-for-sale financial assets are equity shares and debt securities that are designated as such. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of other comprehensive income until the investment is derecognised or until the investment is determined to be permanently impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income. Investments are fair valued at bid market values if listed and at Directors' valuation if unlisted.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### *Impairment of financial assets*

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the receivable) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

#### *Available-for-sale financial assets*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to the statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed through the statement of comprehensive income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss it is recognised in profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the statement of comprehensive income.

### **New standards and interpretations**

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The Standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Standard is effective for annual periods beginning on or after 1st January 2018 and earlier application is permitted subject to EU endorsement. The Group is currently assessing the impact of IFRS 15 on its financial statements.

## Notes to the Group and Company financial statements (continued)

IFRS 9 has yet to be endorsed by the EU and replaces the classification and measurement models for financial instruments in IAS 39 with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The Group's business model and the contractual cash flows arising from its investments in financial instruments determine the classification. Equity instruments will be recorded at fair value, with gains or losses reported either in the Income statement or through other comprehensive income.

IFRS 9 also introduces an expected loss model for the assessment of impairment. The current incurred loss model (under IAS 39) requires the Group to recognise impairment losses when there is objective evidence that an asset is impaired; under the expected loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. The Group does not anticipate that this will have a material impact on results.

IFRS 16 requires a lessee to recognise assets and liabilities, currently account for as operating leases, on the statement of financial position and recognise amortisation of the lease assets and interest on the lease liabilities over the term of the lease. The Standard is currently expensed to become effective in 2019.

No other Standards or Interpretations issued and not yet effective are expected to have a material impact on the Group's financial statements.

### 3. Revenue

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

	Year 2016 £'000	Year 2015 £'000
Rendering of professional advisory services	21,069	10,361
Other Income	500	-

\*Other Income relates to a one off net gain of £0.5m realised from the early termination of the lease on the office in London

### 4. Operating profit

	Year 2016 £'000	Year 2015 £'000
Depreciation	227	170
Operating lease rentals	37	318
Audit of the Group financial statements	20	25
Other fees to auditors – auditing the accounts of the Company	20	18
– tax services	21	11

### 5. Staff costs and Directors' remuneration

#### (a) Staff and Directors' cost

	Year 2016 £'000	Year 2015 £'000
Wages and salaries	11,778	6,840
Social security costs	1,546	898
Other pension costs	45	19
	13,369	7,757

The average number of employees during the period was as follows:

	Year 2016 £'000	Year 2015 £'000
Advisory services	40	35
Administration and support	9	7
	49	42

## Notes to the Group and Company financial statements (continued)

	2016 £'000	2015 £'000
Short-term employee benefits	1,825	1,144

The amounts in respect of the highest paid Director are as follows:

	Year 2016 £'000	Year 2015 £'000
Emoluments	1,525	734

### 6. Finance income

	Year 2016 £'000	Year 2015 £'000
Bank interest receivable	27	24
Investment income received from available-for-sale investments	212	212
Other interest receivable	12	31
Total finance income	251	267

### 7. Taxation

#### a) Tax on profit on ordinary activities

	Year 2016 £'000	Year 2015 £'000
<b>Tax expense/(credit) in the statement of comprehensive income</b>		
UK corporation tax	991	(4)
Adjustment in respect of prior years	-	(8)
Total current income tax expense/(credit)	991	(12)
Deferred tax:		
Origination and reversal of temporary differences	136	(117)
<b>Tax expense/(credit) in the statement of comprehensive income</b>	<b>1,127</b>	<b>(129)</b>

#### (b) Reconciliation of the total tax

The tax charge in the statement of comprehensive income for the period is lower than the effective rate of corporation tax in the UK of 20% (2015: 20.5%). The differences are explained below:

	Year 2016 £'000	Year 2015 £'000
Accounting profit before tax	4,346	36
Accounting profit multiplied by the UK effective rate of corporation tax	869	7
Depreciation less than/(in excess of) capital allowances	38	13
Expenses not deductible for tax purposes	40	5
Gain on disposal of lease	(99)	-
Impairment losses not deductible	204	-
Trading losses carried forward	(61)	126
Excess management expenses carried forward	-	27
Capital losses carried forward	-	103
Share-based payments	-	11
Share scheme deduction	-	(11)
Adjustment in respect of prior years	-	(8)
Short term timing differences	-	(91)
Deferred taxation	136	(117)
Loss on non-current asset disposal	-	(194)
<b>Total tax expense/(credit) reported in the statement of comprehensive income</b>	<b>1,127</b>	<b>(129)</b>

The standard rate of Corporation Tax in the UK remained 20% during the fiscal year beginning 1 April 2016. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 20%.

## Notes to the Group and Company financial statements (continued)

### (c) Deferred tax

	Year 2016 £'000	Year 2015 £'000
Deferred tax asset at 1 October	231	114
(Released)/Arising during the period	(136)	117
Deferred tax asset at 30 September	95	231

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

Group	Year 2016 £'000	Year 2015 £'000
<b>Deferred tax asset:</b>		
Share-based payments	151	154
Accelerated capital allowances	(2)	(14)
Short term timing difference - advance bonus payment	(54)	(89)
Losses carried forward	-	180
	95	231

\* Deferred tax has been calculated using the rate effective from 1 April 2016 (20%).

### 8. Dividends paid and proposed

	2016 £'000	2015 £'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend paid November 2015/November 2014	1,348	1,264
Interim dividend paid May 2016/May 2015	492	491
Dividends paid	1,840	1,755
Dividends held in escrow	198	89
Total Dividends	2,038	1,844

Proposed for approval by Board:

Final dividend	1,666	1,326
Total dividend paid per share	55p	40p
A and C ordinary shares	50p	35p
B ordinary shares	5p	5p

## Notes to the Group and Company financial statements (continued)

### 9. Property, plant and equipment

Group	Land and buildings £'000	Office equipment £'000	Total £'000
Cost or valuation:			
At 30 September 2014	28	849	877
Additions	-	89	89
At 30 September 2015	28	938	966
Additions	-	38	38
At 30 September 2016	28	976	1,004
Accumulated depreciation and impairment:			
At 1 October 2014	15	345	360
Provided during the year	3	167	170
At 30 September 2015	18	512	530
Provided during the year	3	225	227
At 30 September 2016	21	737	758
<b>Net book value at 30 September 2016</b>	<b>7</b>	<b>239</b>	<b>246</b>
Net book value at 30 September 2015	10	426	436
Net book value at 30 September 2014	13	504	517

### 10. Intangible Assets

	Goodwill £'000
<b>Group and Company</b>	
Cost:	
At 30 September 2015	11,630
Movements in the period	-
At 30 September 2016	11,630
Accumulated impairment:	
At 30 September 2015	5,815
Provided during the period	-
At 30 September 2016	5,815
<b>Net book value at 30 September 2016</b>	<b>5,815</b>
Net book value at 30 September 2015	5,815

The goodwill recognised relates to the acquisition of New Boathouse Capital Limited and The van Tulleken Company Limited. All statement of financial position goodwill is allocated to the advisory business cash generating unit ("CGU"), which represents the lowest level in the Group at which goodwill is monitored for internal management purposes. Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as above.

Both New Boathouse Capital Limited and The van Tulleken Company Limited have since been dissolved with all trade and assets transferred to Quayle Munro Limited.

#### Impairment of goodwill

All goodwill impairment reviews are carried out at least annually at the operating business segment level. The discounted cash flow recoverable amount of the advisory business unit as calculated in accordance with IFRS and depending on the base case assumption is £5.8m in excess of the net book value of intangible assets. The base case recoverable amount of the advisory business unit has been determined on a value-in-use calculation using cash flows based on the financial budget approved by the Board covering the financial year 2015/16 and a four year financial outlook thereafter (also including a terminal value calculation) and have taken account of past experience, adjusted to remove future investment and associated revenues.

## **Notes to the Group and Company financial statements (continued)**

In summary, the discount rate applied to the cash flow projections is 13.6% per annum and cash flows beyond the year 1 budget are extrapolated. A key assumption is revenue growth, which is inherently difficult to predict for an advisory business. On both base and worst case models, revenue cash flows after year 5 are extrapolated using a 5% growth rate, which is a conservative growth rate for the advisory business. However, assuming no growth to the base case revenue, the discounted cash flow of the recoverable amount of the advisory business is £1.6m in excess of the net book value of intangible assets.

### **Key assumptions used in value-in-use calculations**

The calculation of value-in-use for the advisory business unit is most sensitive to the following assumptions:

- revenue growth;
- discount rates; and
- growth rate estimates used to extrapolate cash flows beyond the budget period.

Discount rates reflect management's estimate of the time value of money required in each business. This is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals.

Growth rate estimates are based on management's experience of the industry.

When considering the possibility of impairment, the Group has considered a number of factors including: client base, employee base and the current and future likely trading performance of these businesses and do not consider that at the statement of financial position date there is any impairment of goodwill.

### **Sensitivity to changes in assumptions**

Management does not believe that a change in assumptions would cause an impairment of goodwill, without the change being accompanied by a significant loss of revenue as compared to the Strategic Plan figures.

## **11. Financial assets**

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<b>Financial assets – non-current</b>				
Available-for-sale financial assets	16,308	15,362	16,308	15,299
	16,308	15,362	16,308	15,299
	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<b>Additional information in respect of movements during the year/period in available-for-sale financial assets is as follows:</b>				
Balance at 1 October	15,362	14,572	15,362	14,572
Additions	-	228	-	228
Impairment of investments	(1,019)	-	(1,019)	-
Change in revaluation	1,965	2,275	1,965	2,275
Realisations	-	(1,713)	-	(1,776)
Balance at 30 September	16,308	15,362	16,308	15,299

Available-for-sale financial assets consist of investments in ordinary shares and loan stock.

In the opinion of the Directors the valuation of unquoted investments is fair and reasonable having regard to all the information available. The Directors have given due consideration to the factors which they consider appropriate for the unlisted investments in each case including:

- (a) historic growth rate and potential for future growth in earnings;
- (b) the conditions and risks involved in the sector of the industry in which each company operates; and
- (c) all financial and management information available to them.

**Quayle Munro Holdings Limited**  
**Year ended 30 September 2016**

**Notes to the Group and Company financial statements (continued)**

Morris Group Limited ("Morris") has been valued on a discounted net assets basis.

At 30 September 2016, the holdings of share capital, the percentage of each class of share held, the distributable profit and any reserves of companies in which more than 15% of the nominal value of any class of allotted share capital is held (excluding investments in associates and Group undertakings, see note 13), either directly or indirectly were as follows:

The carrying value of the Group's investment held in Morris is split between loan stock of £4.2m and shares £10.1m (2015: £3.7m loan stock and £8.7m shares).

Name of company	Class of capital	Aggregate proportion of voting rights and shares held %	Share capital and reserves £'000	Deemed cost of investment £'000
AMG Systems Limited (accounts to 31.12.15)	'A' Ordinary Shares of 1p each	22%	907	723
Morris Group Limited (accounts to 31.3.16)	'A' Ordinary Shares of 10p each	27%	80,235	501

The Directors have considered whether the Company exercises significant influence over the direction of Morris and AMG Systems Ltd and therefore whether these entities should be treated as associate companies. It is the opinion of the Directors (giving consideration to percentage share ownership of the remaining shares lying with controlling interests, voting power, any rights and entitlement to assets on winding up) that neither of these two companies should be treated as associates.

**12. Investments**

	Company	
	2016	2015
	£'000	£'000
<b>Financial assets – non-current</b>		
Investment in subsidiaries	2,309	2,309
	<b>2,309</b>	<b>2,309</b>

**Details of Group undertakings**

Details of the subsidiary undertakings are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
<b>Subsidiary undertakings</b>			
Quayle Munro Limited	Ordinary shares	100%	Corporate advisory services
East of Scotland Investments Limited	Ordinary shares	100%	Corporate Trustee

**13. Non-current other receivables**

During the period certain loans were advanced to employees for part paid share capital issued under the C share incentive plan (see Directors' Remuneration Report for further detail). These loans are repayable in equal instalments over five years and bear interest at the HMRC official interest rate.

	2016	2015
Group	£'000	£'000
C share loans to senior management	2,256	1,913
Other long term receivables	101	274
As at 30 September	<b>2,357</b>	<b>2,187</b>

**Notes to the Group and Company financial statements** (continued)

Company	2016	2015
	£'000	£'000
C share loans to senior management	2,256	1,913
As at 30 September	2,256	1,913

**14. Trade and other receivables**

	2016	2015
Group	£'000	£'000
Trade receivables	2,754	1,391
Other receivables	240	277
Prepayments and accrued income	4,329	1,524
	7,323	3,192

Trade receivables are denominated in the following currencies:

	2016	2015
	£'000	£'000
Sterling	2,735	1,381
US Dollar	69	10
	2,804	1,391

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

As at 30 September the analysis of trade receivables that were past due is as follows:

	2016	2015
	£'000	£'000
91-120 days	158	123
	158	123

All amounts fall due within one year. Trading is largely with major corporates and other financial services providers. In general these are long term trading relationships with no prior history of default.

Company	2016	2015
	£'000	£'000
Prepayments and accrued income	1,954	168
	1,954	168

**15. Trade and other payables**

Group	2016	2015
	£'000	£'000
Trade payables	179	197
Other payables, including bonus accrual	8,346	3,307
Accruals	216	98
Other taxes and social security costs	1,382	257
	10,123	3,859

Company	2016	2015
	£'000	£'000
Trade payables	6	-
Other payables	696	108
Accruals	17	19
Other taxes and social security costs	-	5
	719	133



## Notes to the Group and Company financial statements (continued)

### 16. Other non-current liabilities

	2016 £'000	2015 £'000
<b>Group</b>		
Social security contributions on share-based payments and deferred cash bonus scheme	247	280

The company had no non-current liabilities.

### 17. Obligations under leases

Future minimum rentals payable under non-cancellable operating leases are as follows:	2016 £'000	2015 £'000
Not later than one year	37	318
After one year but not more than five years	-	1,136
	37	1,454

The Group has entered into commercial leases on one property and items of office equipment. The equipment leases have an average duration of between 3 and 5 years. There are no restrictions placed on the lessee by entering into these leases.

During the year the Group terminated the existing lease for its offices at 22 Berners Street, London.

### 18. Financial instruments

#### Group and Company

##### Interest rate risk

The Group and Company's cash balances are held in accounts that bear interest directly related to bank base rate. The sensitivity of the balance of cash at the period end to a 1% movement upwards in bank base rate would equate to an annual effect of £0.1m (2015: £0.1m) on profit before tax and equity (Company – £0.1m (2015: £0.1m)). 1% is considered to be the highest expected movement in the short-term.

##### Liquidity risk

Liquidity risk reflects the risk that the Group and Company will have insufficient resources to meet its financial obligations as they fall due. The Group and Company's strategy to managing liquidity risk is to ensure that the Group and Company has sufficient liquid funds to meet all its potential liabilities as they fall due, including anticipated shareholder distributions. The Group and Company cash reserves at 30 September 2016 are considered sufficient to support the Group and Company within the current trading environment and to provide a strong base for future growth. The Group and Company did not carry any borrowings at 30 September 2016.

The table below summarises the maturity profile of the Group's financial liabilities at 30 September 2015 and 2016 based on contractual undiscounted payments.

Group	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	Total £'000
Year ended 30 September 2016				
Trade and other payables	82	16	81	179
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	Total £'000
Year ended 30 September 2015				
Trade and other payables	134	21	159	314
<b>Company</b>	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	Total £'000
Year ended 30 September 2016				
Trade and other payables	6	696	-	702
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	Total £'000
Year ended 30 September 2015				
Trade and other payables	-	114	-	114

**Notes to the Group and Company financial statements (continued)**

The Group and Company's policy on managing their liquidity risk is set out in the Directors' report.

*Credit risk*

There are no significant concentrations of credit risk within the Group and Company unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the statement of financial position date.

The Group and Company have established procedures to minimise the risk of default by trade receivables including detailed acceptance checks undertaken before a client is accepted. Historically, these checks have proved effective in minimising the level of impaired and past due receivables.

*Capital management*

Group and Company policy is to be appropriately capitalised and soundly financed whilst nonetheless maximising the return on capital. Capital management is driven by strategy and organisational requirements, while also taking into account the regulatory and commercial environments in which the Group and Company operate. The strong capital position is a core strength in the current market environment leaving the Group well placed for growth opportunities.

Quayle Munro Limited, the regulated subsidiary, is expected to maintain capital adequacy ratios well in excess of minimum regulatory requirements. Capital adequacy is monitored on a regular basis by the Group Compliance Director and any significant compliance matters are reported to the Parent Company Board. Excess capital is transferred to Group periodically by way of dividend.

*Fair values of financial assets and financial liabilities*

The Directors consider the carrying value of financial assets and liabilities to be a good approximation for fair value. For the valuation of unlisted available-for-sale assets see note 12. The Directors also consider that due to their short term nature, the carrying value of other financial assets and liabilities is a good approximation of fair value.

Set out below is a comparison by category of carrying amounts and fair values of all the Group and Parent Company financial instruments that are held in the financial statements.

**Group**

<b>At 30 September 2016</b>	<b>Loans and receivables</b>	<b>Available-for- sale financial assets</b>	<b>Amortised cost</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	15,092	-	-	<b>15,092</b>
Available-for-sale investments	-	16,308	-	<b>16,308</b>
Trade and other receivables	7,323	-	-	<b>7,323</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	10,123	<b>10,123</b>
<b>At 30 September 2015</b>				
<b>Financial assets</b>				
Cash and cash equivalents	10,070	-	-	<b>10,070</b>
Available-for-sale investments	-	15,362	-	<b>15,362</b>
Trade and other receivables	3,468	-	-	<b>3,468</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	3,859	<b>3,859</b>

**Notes to the Group and Company financial statements** (continued)

**Company**

At 30 September 2016	Loans and receivables £'000	Available- for-sale financial assets £'000	Amortised cost £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	4,875	-	-	4,875
Available-for-sale investments	-	16,308	-	16,308
Trade and other receivables	2,284	-	-	2,284
<b>Financial liabilities</b>				
Trade and other payables	-	-	1,609	1,609
<b>At 30 September 2015</b>				
<b>Financial assets</b>				
Cash and cash equivalents	7,235	-	-	7,235
Available-for-sale investments	-	15,299	-	15,299
Trade and other receivables	1,913	-	-	1,913
<b>Financial liabilities</b>				
Trade and other payables	-	-	1,102	1,102

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value. The different levels have been identified as follows:

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

Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>At 30 September 2016</b>				
<b>Financial assets</b>				
Available-for-sale investments	-	-	16,308	16,308
<b>At 30 September 2015</b>				
<b>Financial assets</b>				
Available-for-sale investments	-	-	15,362	15,362
<b>Company</b>				
<b>At 30 September 2016</b>				
<b>Financial assets</b>				
Available-for-sale investments	-	-	16,308	16,308
<b>At 30 September 2015</b>				
<b>Financial assets</b>				
Available-for-sale investments	-	-	15,362	15,362

A description of the valuation techniques is included in note 11 and in the Strategic Report.

**Quayle Munro Holdings Limited**  
**Year ended 30 September 2016**

**Notes to the Group and Company financial statements (continued)**

**19. Share capital**

Allotted, called up and fully and part paid share capital	2016 shares 000s	2015 shares 000s	2016 £'000	2015 £'000
<b>Group and Company</b>				
At 1 October				
Ordinary shares of 10 pence each	10,093	9,499	505	475
On de-listing converted and re-issued as:				
A Ordinary shares of 5 pence each	-	-	-	-
B Ordinary shares of 5 pence each	-	-	-	-
Issued during the year/period				
C Ordinary shares of 5 pence each	223	594	11	30
At 30 September	10,316	10,093	516	505
<b>Share premium – Group and Company</b>			2016 £'000	2015 £'000
At 1 October			13,127	11,629
Premium arising on issue of shares			589	1,498
At 30 September			13,716	13,127
<b>Equity Share Capital at 30 September</b>			<b>14,232</b>	<b>13,632</b>

At 30 September 2016, the Company held 297,054 shares (2015: 208,814) in the Quayle Munro Holdings Limited Employee Benefit Trust 2008 and the Quayle Munro Holdings Limited Employees' Share Trust.

In August 2013 the ordinary share capital of the Company was split into 4.6m ordinary A shares, nominal value 5p per share and 4.6m ordinary B shares, nominal value 5p per share. These are treated as stapled together for transfer purposes.

During the period 223,054 (2015: 594,420) C ordinary shares were allotted, of these 51,872 (2015: 138,238) were fully paid and 171,182 (2015: 456,182) were partly paid. These shares were issued at a price of 269p (2015: 263p).

**20. Share-based payments**

The share option and jointly owned equity schemes are now dormant, and there are no further charges in relation to these.

The expense recognised for share-based and deferred cash payments in respect of employee services received during the year to 30 September 2016 is £nil (2015: £nil).

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the period:

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding as at 1 October	93,072	£5.25	144,072	£5.66
Forfeited during the year/period	-	-	(51,000)	£6.41
Exercised*	-	-	-	-
Outstanding at 30 September	93,072	£5.25	93,072	£5.14
Exercisable at 30 September	93,072	£5.25	93,072	£5.14

\* The weighted average share price at the date of exercise for the options exercised is £nil (2015: £nil).

For the share options outstanding as at 30 September 2016, the weighted average remaining contractual life is 4.5 years (2015: 2.8 years).

No un-approved options were granted during the period (2015: nil). The weighted average exercise price of options granted during the year was £nil (2015: nil). The range of exercise prices for options outstanding at the end of the period was £4.10 to £15.28 (2015: £3.78 to £15.28).

**Notes to the Group and Company financial statements (continued)**

**21. Pensions**

The Group operated a defined benefits pension scheme which was funded by the payment of contributions to a separately administered trust fund. This scheme is now closed to new employees and in respect of future service. We are pleased to report that all members of the scheme have now been transferred out to other providers and the Trustees have therefore begun a process to wind up the scheme. There are no liabilities remaining in the scheme. There are cash assets of £22,000 remaining in the scheme.

**22. Net asset value per share**

The Group balance sheet as at 30 September 2016 showed net assets of £36.9m (2015: £33.6m) which is equivalent to 752p (2015: 714p) per share on the combined A/B and C 5p nominal share capital of 5.7m (2015: 5.0m) A and C shares and 4.6m redeemable B shares and this compares with 714p as at 30 September 2015 on 10p nominal ordinary share capital of 7.5m A and C shares and 4.6m B shares.

**23. Related party transactions**

**Company**

All transactions between the Parent Company and its subsidiary undertakings are classified as related party transactions.

The following amounts were owed to/(from) the Company:

	30 September 2015 £'000	Movements in the year £'000	30 September 2016 £'000
East of Scotland Investments Limited	(21)	351	330
Quayle Munro Limited	(948)	58	(890)
	(969)	409	(560)

The following loan was owed by the Quayle Munro Holdings Limited Employee's Share Trust:

	30 September 2015 £'000	Loans advanced in the year £'000	30 September 2016 £'000
Quayle Munro Holdings Limited Employees' Share Trust	1,745	(63)	1,682

The following loans were due by Directors of the Company to Quayle Munro Holdings Limited:

	30 September 2015 £'000	Loans advanced in the year £'000	Loan repayments made in the year £'000	30 September 2016 £'000
A.D.Adams	466	169	(23)	612
S.F.Woolton	127	-	(6)	121
	593	169	(29)	733

Interest on the loan amounts is charged at the HMRC approved rate (currently 3%). Interest payments are made on a bi-annual basis.