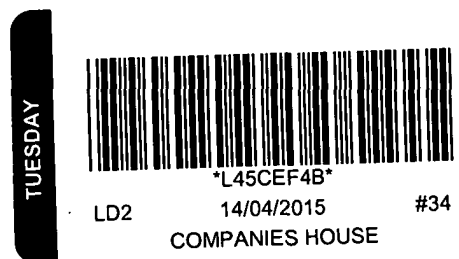


Company Registration No. 0863502 (England and Wales)

ROBERT W. BAIRD GROUP LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014



ROBERT W. BAIRD GROUP LIMITED

DIRECTORS AND ADVISERS

Directors at signing date

P Purcell
J Fordham
G Hackmann
P Spencer
S G Booth
W Mahler

Secretary

TMF Corporate Administration Services Limited

Company number

0863502

Registered office

Finsbury Circus House
15 Finsbury Circus
London
England
EC2M
7EB

Registered auditor

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

ROBERT W. BAIRD GROUP LIMITED

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ROBERT W. BAIRD GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Principal activity

The principal activity of Robert W. Baird Group Ltd is as a holding and service company to other companies within the Group. The Group of companies' activities during the year was the provision of financial and investment services to companies and financial institutions. This included three primary business streams: M&A Advisory, US Equity Sales and Private Equity.

Review of the business

The Group made a profit after taxation of £9,502,217 for the year ended 31 December 2014 (2013: £5,053,564).

During the year the Group's revenue increased by £1,943,013 to £37,805,393 (2013: £35,862,380). This increase was mainly driven by our M&A Advisory business unit.

The Group's operating profit margin increased to 23.1% from 19.5% indicating slower growth in the cost base in comparison to revenue.

At the end of the year the Group had net current assets of £27,007,696 and total net assets of £43,728,845 indicating a strong financial position.

Principal risks and uncertainties

Financial risk

The Group's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The Group monitors these risks and seeks to limit the adverse effects on the financial performance of the Group. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board, but policies are implemented by the Company's finance department.

Credit risk

The amount of exposure to any individual counterparty is monitored and continually assessed on a case by case basis.

Liquidity risk

The Group maintains cash reserves ensuring it has sufficient available long-term funds for its operations, these are monitored at a company and group level.

Currency risk

The Group has currency risk from its relationships with both its German business, and with its US parent. The main exposure arises from the Group holding a proportion of its cash in USD as part of the wider Group's hedging strategy. This is monitored by the Finance department, and also by the wider group.

By order of the board



TMF Corporate Administration Services Limited
Secretary
26 March 2015

ROBERT W. BAIRD GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

No dividend was proposed or paid in 2014 (2013: £6,500,000).

Future developments of the business

It is the intention of the Directors to continue to run the Group as a broadly based financial services firm, operating in the same segments as in prior years.

Going concern

The directors, having regard to the matters detailed below, have prepared the financial statements on a going concern basis.

The Group's profitability has improved compared to last year, and it is reporting total net assets of £43,728,845 at 31 December 2014 which includes substantial amounts in cash and cash equivalents, giving a very healthy liquidity position.

The Company is reporting total net assets of £29,804,488 at 31 December 2014 which includes substantial amounts in cash and cash equivalents, giving a very healthy liquidity position.

Directors

The following directors have held office since 1 January 2014:

P Purcell

J Fordham

G Hackmann

P Spencer

S G Booth

W Mahler

D Zarcone

(resigned 10th March 2015)

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ROBERT W. BAIRD GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

By order of the board



TMF Corporate Administration Services Limited

Secretary

26 March 2015

ROBERT W. BAIRD GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROBERT W. BAIRD GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Robert W. Baird Group Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, the group and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of group total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

ROBERT W. BAIRD GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROBERT W. BAIRD GROUP LIMITED

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.

Grant Thornton UK LLP

William Pointon (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP

31 March 2015

Chartered Accountants
Statutory Auditor

London

ROBERT W. BAIRD GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	37,805,393	35,862,380
Administrative expenses		(29,075,677)	(28,871,071)
Operating profit	3	8,729,716	6,991,309
Income from interests in associated undertakings	8	18,474	64,060
Gain on sale of fixed assets		7,330	-
Investment income	4	43,710	72,678
Interest receivable and similar income	4	6,404	16,018
Interest payable and similar charges	5	(3,005)	(195)
Other finance income/(cost)	7	1,585,566	(887,986)
Profit on ordinary activities before taxation	2	10,388,195	6,255,884
Tax charge related to interests in associated undertakings	12	(17,299)	(13,143)
Tax on profit on ordinary activities	12	(868,679)	(1,189,177)
Profit on ordinary activities after taxation	23	9,502,217	5,053,564

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ROBERT W. BAIRD GROUP LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Profit for the financial year		9,502,217	5,053,564
Currency translation (losses)/gains on foreign currency net investments		(74,630)	18,579
Revaluation reserve	17	1,701,162	-
Total recognised gains relating to the year	23	<u>11,128,749</u>	<u>5,072,143</u>

ROBERT W. BAIRD GROUP LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2014

	Notes	Group 2014 £	2013 £	Company 2014 £	2013 £
Fixed assets					
Intangible assets	16	649,744	779,754	-	-
Tangible assets	17	3,420,210	245,863	3,353,246	198,858
Investment in associated undertakings	8	476,604	475,429	476,604	475,429
Investments	18	13,158,727	11,228,075	28,476,162	19,076,102
		<u>17,705,285</u>	<u>12,729,121</u>	<u>32,306,012</u>	<u>19,750,389</u>
Current assets					
Debtors	19	9,787,571	7,446,138	2,084,665	7,990,954
Cash at bank and in hand		35,608,183	27,343,985	14,874,528	1,530,896
		<u>45,395,754</u>	<u>34,790,123</u>	<u>16,959,193</u>	<u>9,521,850</u>
Creditors: amounts falling due within one year	20	(18,388,058)	(13,678,267)	(11,954,723)	(10,753,516)
Net current assets/(liabilities)		<u>27,007,696</u>	<u>21,111,856</u>	<u>5,004,470</u>	<u>(1,231,666)</u>
Total assets less current liabilities		<u>44,712,981</u>	<u>33,840,977</u>	<u>37,310,482</u>	<u>18,518,723</u>
Creditors – amounts falling due after more than one year	14	(228,975)	-	(755,161)	-
Provisions for liabilities	13	(755,161)	(582,658)	(6,750,833)	(582,658)
Deferred tax liability	15	-	(658,223)	-	-
		<u>43,728,845</u>	<u>32,600,096</u>	<u>29,804,488</u>	<u>17,936,065</u>
Capital and reserves					
Called up share capital	21	9,691,045	9,691,045	9,691,045	9,691,045
Profit and loss account	24	32,336,638	22,909,051	18,412,281	8,245,020
Other reserves	25	1,701,162	-	1,701,162	-
Shareholder's funds	23	<u>43,728,845</u>	<u>32,600,096</u>	<u>29,804,488</u>	<u>17,936,065</u>

Approved by the Board and authorised for issue on 26 March 2015



P Spencer
Director

Company Registration No. 0863502

ROBERT W. BAIRD GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
Net cash inflow/(outflow) from operating activities	a		10,370,734		8,891,789
Returns on investments and servicing of finance					
Interest received		6,404		16,018	
Interest paid		(3,005)		(195)	
Investment income		43,710		72,648	
Dividends received from participating interests		-		216,690	
Net cash inflow from returns on investments and servicing of finance			47,109		305,161
Taxation			(216,936)		(1,135,335)
Payments to acquire investments		(230,202)		(11,010,096)	
Payments to acquire tangible assets		(3,299,404)		(154,795)	
Receipts from sales of tangible assets		7,330		14,259,244	
Net cash (outflow)/inflow from financial investment			(3,522,276)		3,094,353
Equity dividends paid			-		(6,500,000)
Net cash inflow before management of liquid resources and financing	b		6,678,631		4,655,968
Management of liquid resources					
Increase in bank deposits	c	(9,248,343)		(1,509,054)	
			(9,248,343)		(1,509,054)
(Decrease)/increase in cash in the year			(2,569,712)		3,146,914

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

a	Reconciliation of operating profit to net cash inflow from operating activities	2014	2013
		£	£
	Operating profit	8,729,716	6,991,309
	Depreciation of tangible assets	355,798	198,480
	Currency revaluation on fixed assets	(1,766)	(1,380)
	Other non-cash changes	(228,975)	-
	Cumulative translation adjustment	(74,629)	-
	Amortisation of intangible assets	130,010	130,006
	Increase in debtors	(2,992,465)	(2,382,380)
	Increase in creditors within one year	4,453,045	3,955,754
	Net cash inflow from operating activities	10,370,734	8,891,789
b	Reconciliation of net cash flow to movement in net funds	2014	2013
		£	£
	Increase in funds in the year	6,678,631	4,655,968
	Exchange losses on cash and cash equivalents	1,585,566	(869,410)
	Opening net funds	27,343,986	23,557,427
	Closing net funds	35,608,183	27,343,985

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

c Analysis of net funds

Group	2014 £	2013 £
Cash at bank and in hand	5,956,760	6,940,905
Amounts held in liquidity resources per FRS1	29,651,423	20,403,080
Amounts disclosed as cash on balance sheet	<u>35,608,183</u>	<u>27,343,985</u>
 Total cash at bank and overdrafts	<u>5,956,760</u>	<u>6,940,905</u>
 Company	2014 £	2012 £
Cash at bank and in hand	546,419	554,696
Amounts held in liquidity resources per FRS1	14,328,109	976,200
Amounts disclosed as cash on balance sheet	<u>14,874,528</u>	<u>1,530,896</u>
 Total cash at bank and overdrafts	<u>546,419</u>	<u>554,696</u>

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared on a going concern basis in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The Group financial statements consolidate the accounts of Robert W. Baird Group Limited and all its subsidiary undertakings made up to 31 December 2014. Details of the principal subsidiary undertakings are set out in note 17. No profit and loss account is presented for Robert W. Baird Group Limited, as provided by Section 408 of the Companies Act 2006.

Subsidiaries are considered to be held exclusively for resale where a loss of control is planned and the process leading to this loss of control is sufficiently advanced to indicate it is probable that control will be lost within 12 months. Where this is the case, and the subsidiary has not previously been consolidated into the Group financial statements, the subsidiary undertaking is recorded in the financial statements as a current asset at the lower of cost and net realisable value. Judgements in respect of loss of control are reassessed 12 months after recognition of the current asset investment, and where it is no longer probable that a loss of control will occur, the subsidiary is consolidated in line with FRS2 Accounting for Subsidiary Undertakings.

1.4 Associated undertakings

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method, including the Group's share of the pre-tax results and attributable taxation separately. Any goodwill or fair value adjustment attributable to the Group's share in the associated undertakings is not recognised separately and is included in the amount recognised as investment in associated undertakings.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (continued)

1.5 Turnover

Turnover comprises revenue generated from dealing income, corporate finance fees, priority profits share and investment advisory and other investment related fees from managing private equity funds.

Dealing income represents commissions earned on client transactions, which is recognised on a trade date basis.

Corporate finance fees relate to fees earned through financial intermediary work on behalf of clients. Corporate finance fees are recognised on completion of a contract or where the substance of a contract is that a right to consideration will arise at the occurrence of a critical event, at the point that the event occurs. This is in line with industry standards.

Priority profit share arises from the Company's role as a general partner for various private equity funds. It is earned as a first charge on the relevant proportion of net income and capital gains in the underlying funds being managed by the Group. If the relevant proportion of net income is less than the General Partner's share, any deficiency shall be paid as an interest free loan by the fund. This loan will either be satisfied by future income and gains, or will be written off by the fund. As there is no mechanism for the loan to be recoverable from the General Partner by the fund, this is treated as revenue at the point it is earned on an accruals basis.

Investment advisory and other investment related fees relate to fees earned through managing private equity firms on behalf of clients. These are recognised over the period during which the service is provided.

1.6 Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which is 20 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvement	10 years, or term of lease if shorter
Fixtures & fittings	10 years, or term of lease if shorter
Telephone and computer network	7 years
Computer equipment	3 years

1.8 Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.9 Investments

Unlisted investments are held at fair value using the International Private Equity and Venture Capital Associations guidelines. Fair value movements have been taken to equity in the revaluation reserve. Other investments are valued at cost less provision for diminution in value. Investments being treated under equity accounting are held at the Group's share of the net asset value of the investment.

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (continued)

1.10 Provisions

Where the unavoidable costs of a lease exceeds the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

1.11 Related party transactions

The Company has taken advantage of the exemptions available under Financial Reporting Standard 8, "Related Party Disclosures", not to disclose transactions with its parent and fellow subsidiary undertakings.

1.12 Pensions

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

1.13 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.14 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.15 Going concern

The financial statements have been prepared on a going concern basis. Having made appropriate enquiries the directors believe that the Company will continue as a going concern for the foreseeable future.

1.16 Cash at bank and in hand

"Cash at bank and in hand", which totals £35.6m at 31 December 2014 (2013; £27.3m), includes cash held in "liquidity funds" of £29.6m at 31 December 2014 (2013; £20.4m). A liquidity fund is a collective investment scheme whose aim is to replicate the characteristics of cash at bank and whose features include access on demand and low capital risk, as the fund invests exclusively in short-dated US and UK government backed treasury bills and other short-dated investment grade bonds. The Company has deposited cash in liquidity funds to reduce its counterparty exposure to individual commercial banks.

1.17 Translation from functional currency to presentation currency

In accordance with UK accounting standards, the value changes recognised by translating foreign operations at the balance sheet date are shown in the consolidated statement of total recognised gains and losses.

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

2 Turnover

The analysis by class of business of the Group's turnover and profit/(loss) before taxation is set out as below. The net assets of the Group are pooled and cannot practically be divided between the segments:

	2014 £	2013 £
Institutional Equity Sales	14,061,819	14,427,427
Corporate Finance UK	16,059,583	12,608,404
Corporate Finance Germany	3,758,024	4,056,561
Private Equity	3,892,532	4,517,086
Central overheads	33,435	252,902
	<u>37,805,393</u>	<u>35,862,380</u>

Profit before tax

	2014 £	2013 £
Institutional Equity Sales	5,337,215	5,897,951
Corporate Finance UK	2,951,095	1,016,433
Corporate Finance Germany	680,775	802,001
Private Equity	538,628	765,039
Central overheads	880,482	(2,225,540)
	<u>10,388,195</u>	<u>6,255,884</u>

3 Operating profit

	2014 £	2013 £
Operating profit is stated after charging:		
Amortisation of intangible assets	130,010	130,006
Depreciation of tangible assets	355,798	198,480
Operating lease rentals		
- Plant and machinery	67,822	66,005
- Land & buildings	785,599	1,406,761
Auditors' remuneration (Company £13,800; 2013 £13,200)	77,700	72,500
- Other assurance services	5,200	7,900
	<u></u>	<u></u>

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

4	Investment income, interest receivable and similar income	2014	2013
		£	£
	Investment income		
	Income from unlisted investments	33,669	12,525
	Income from participating interests	10,041	60,153
		<u>43,710</u>	<u>72,678</u>
	Interest receivable and similar income		
	Bank interest	5,326	5,516
	Other interest	1,078	10,502
		<u>6,404</u>	<u>16,018</u>
5	Interest payable	2014	2013
		£	£
	Other interest	3,005	195
		<u>3,005</u>	<u>195</u>
6	Profit/(loss) for the financial year		
	As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is:		
		2014	2013
		£	£
	Holding company's profit/(loss) for the financial year	10,167,261	(1,356,188)
		<u></u>	<u></u>
7	Other finance (cost)/income		

Other finance (cost)/income relate to a foreign exchange gain (2013: loss) made as part of a commercial currency hedging strategy for the group headed by the ultimate parent, Baird Financial Group.

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

8 Income from interests in associated undertakings

This relates to a 25% holding in the ordinary share capital Granville Capital Management Limited, whose principal activity is the provision of portfolio investment management services.

The income for this associated undertaking is recognised using the equity accounting method. The Group's share of the turnover, assets and liabilities is as follows:

Turnover: £280,915
Fixed assets: £208
Investments: £474
Current assets: £557,594
Short term liabilities: £83,124
Long term liabilities: £nil

As at 31 December 2014, the subordinated loan due to the Group had been settled (2013: £7,235).

9 Employees

Number of employees

The average number of persons employed by the Group during the year was 87 (31 December 2013: 90).

Employment costs	2014 £	2013 £
Wages and salaries	16,029,984	16,148,560
Social security costs	1,918,424	1,822,589
Other pension costs	423,139	394,467
	<u>18,371,547</u>	<u>18,365,616</u>

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Promissory notes

Certain employees are given promissory notes for the purpose of enabling them to buy shares in the US parent at market value. Market value is determined as 1.1 times book value. These notes are then amortised over a period of time (generally either 3 or 5 years) dependent on the continuing employment of the recipient. The number of UK participants in this scheme is 4 (2013: 3). The promissory notes are written by Robert W. Baird Group Limited, and any associated expense is expensed in the subsidiary in which the employee performs their duties.

	Promissory notes £
Outstanding December 31, 2013	141,461
Issued	8,336
Amortised	(53,610)
Outstanding December 31, 2014	96,187

11 Directors' remuneration

The employee costs shown in note 9 include the following remuneration in respect of directors of the Company.

	2014 £	2013 £
Remuneration	2,298,932	1,288,111
Pension contributions	11,250	23,706
	2,310,182	1,311,817

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	1,103,415	743,813
Company pension contributions to defined contribution schemes	11,250	9,375

The number of directors who were members of the Group money purchase pension scheme was 1 (2013: 3).

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

12 Taxation

	2014 £	2013 £
Domestic current year tax		
U.K. corporation tax	2,038,434	419,885
U.K. corporation tax - adjustment in respect of prior periods	(113,700)	(201,530)
Foreign corporation tax		
Foreign corporation tax	247,872	220,074
Other current tax		
Share of associate's tax charge	17,299	13,143
Total current tax	<u>2,189,905</u>	<u>451,572</u>
Deferred tax		
Current year	(1,303,927)	750,748
Total P&L charge for the year	<u>885,978</u>	<u>1,202,320</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>10,388,195</u>	<u>6,255,884</u>
The tax for the year is higher than the standard effective rate of corporation tax in the UK for the year ended 31 December 2014 of 21.5% (2013: 23.25%). The differences are explained below:		
Tax rates		
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.5% (2013 - 23.25%)	<u>2,233,462</u>	<u>1,454,493</u>
Effects of:		
Non deductible expenses	136,889	192,926
Capital allowances	(110,259)	(14,646)
Excess foreign tax on overseas income	39,845	47,273
Adjustments in respect of prior years	(113,700)	(201,530)
Non taxable income	-	(188,371)
Other timing differences	1,441,207	(848,660)
Brought forward tax losses utilised	(1,451,119)	-
Share of associate's tax charge	13,580	10,087
Current tax charge for the year	<u>2,189,905</u>	<u>451,572</u>

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

13 Provisions for liabilities

Group

	Onerous lease	Dilapidations	Rent	Intercompany loan	Total
	£	£	£	£	£
Balance at 31 December 2013	315,411	267,247	-	-	582,658
Profit and loss account	-	228,975	755,161	-	984,136
(Utilised)/created during the year	(315,411)	(267,247)	-	-	(582,658)
Balance at 31 December 2014	-	228,975	755,161	-	984,136

Company

	Onerous lease	Dilapidations	Rent	Intercompany loan	Total
	£	£	£	£	£
Balance at 31 December 2013	315,411	267,247	-	-	582,658
Profit and loss account	-	228,975	755,161	-	984,136
(Utilised)/created during the year	(315,411)	(267,247)	-	6,521,858	5,939,200
Balance at 31 December 2014	-	228,975	755,161	6,521,858	7,505,994

Onerous lease

This related to the following;

- Sub leasing a section of our former premises to a tenant at a loss. The lease expired on 24th of June 2014 when this provision was fully utilised.
- A period of three months where our former premises were vacant when we moved to new premises. The lease expired on 24th of June 2014 when this provision was fully utilised.

Dilapidations

The dilapidations brought forward related to the cost of returning old premises back to its original condition upon expiry of the lease. The lease expired on 24th of June 2014 when this provision was fully utilised.

The current balance relates to the estimated cost of returning current premises back to its original condition upon expiry of the lease. The lease has a break clause dated 31st October 2023 when this provision is expected to be fully utilised.

Intercompany loan

This relates to a seven year loan made to Robert W. Baird Group Limited by one of its subsidiaries. The loan has an interest rate of 5%.

14 Creditors – amounts falling due after more than one year

This relates to the lease on the current building which has a rent free period for 25 months starting on 1st November 2015. The rent free period is accounted for on a straight line basis up to the break clause dated 31st October 2023.

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

15 Deferred taxation

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Net deferred tax liability	-	(658,223)
Net deferred tax asset (included in debtors)	645,704	-
	<hr/>	<hr/>
Net deferred tax asset/(liability)	645,704	(658,223)
	<hr/> <hr/>	<hr/> <hr/>

	Losses	Other income	Provisions	Accelerated capital allowances	Priority profit share	Total
At 31 December 2013	1,461,285	-	(1,407,836)	143,320	(854,992)	(658,223)
Credit/(charge) to P&L	101,586	(193,944)	1,350,354	(82,479)	128,410	1,303,927
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	1,562,871	(193,944)	(57,482)	60,841	(726,582)	645,704
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16 Goodwill

	Balance 31 December 2013 £	Charge £	Balance 31 December 2014 £
Goodwill	2,599,779	-	2,599,779
Amortisation	(1,820,025)	(130,010)	(1,950,035)
	<hr/>	<hr/>	<hr/>
Net book value	779,754	(130,010)	649,744
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

17 Tangible fixed assets

Group	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost or valuation			
At 1 January 2014	2,095,939	799,722	2,895,661
Additions	2,539,269	994,237	3,533,506
Currency translation	-	(5,127)	(5,127)
Disposals	(1,988,755)	(568,800)	(2,557,555)
At 31 December 2014	2,646,453	1,220,032	3,866,485
Depreciation			
At 1 January 2014	(1,971,130)	(678,668)	(2,649,798)
Currency translation	-	1,766	1,766
On disposals	1,988,755	568,800	2,557,555
Charge for the year	(185,349)	(170,449)	(355,798)
At 31 December 2014	(167,724)	(278,551)	(446,275)
Net book value			
At 31 December 2014	2,478,729	941,481	3,420,210
At 31 December 2013	124,809	121,054	245,863

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

Tangible fixed assets (continued)

Company

	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost or valuation			
At 1 January 2014	2,095,939	642,248	2,738,187
Additions	2,539,269	959,062	3,498,331
Disposals	(1,988,755)	(568,800)	(2,557,555)
At 31 December 2014	2,646,453	1,032,510	3,678,963
Depreciation			
At 1 January 2014	(1,971,130)	(568,199)	(2,539,329)
On disposals	1,988,755	568,800	2,557,555
Charge for the year	(185,798)	(158,145)	(373,943)
At 31 December 2014	(168,173)	(157,544)	(325,717)
Net book value			
At 31 December 2014	2,478,280	874,966	3,353,246
At 31 December 2013	124,809	74,049	198,858

18 Fixed asset investments

Group

	Unlisted investments £	Other investments £	Total £
Cost or valuation			
At 1 January 2014	11,176,274	51,801	11,228,075
Additions	230,202	-	230,202
Fair value adjustments/(impairment)	1,701,162	(712)	1,700,450
At 31 December 2014	13,107,638	51,089	13,158,727

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Fixed asset investments (continued)

Company	Unlisted investments £	Other investments £	Group undertakings £	Total £
Cost or valuation				
At 1 January 2014	11,010,095	51,801	8,014,206	19,076,102
Additions	230,202	-	7,469,408	7,699,610
Fair value adjustments/(impairment)	1,701,162	(712)	-	1,700,450
At 31 December 2014	12,941,459	51,089	15,483,614	28,476,162

In the opinion of the Directors the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Principal Company investments

As at 31 December 2014, the Company holds, directly or indirectly, more than 10% of the equity capital of the undertakings below, all of which significantly impacted the results of or assets of the Group.

	Percentage held by the Group	Country of incorporation	Principle activity
Robert W. Baird Limited	100%	UK	Corporate Finance
Robert W. Baird GmbH	100%	Germany	Corporate Finance
Baird Capital Partners Europe Limited	100%	UK	Private Equity
Granville Baird Capital Partners Advisers Limited	100%	UK	Private Equity
Baird Private Equity Investments Limited	100%	UK	Investments
Baird Group Investments Limited	100%	UK	Property
Granville Capital Management Limited	25%	Germany	Private Equity

Other investments include a portfolio of 16 (31 December 2013: 16) investments in warrants and shares in companies. 2 investments (31 December 2013: 2) costing £200 (31 December 2013: £200) are listed investments and valued at £162,631 (31 December 2013: £118,616). The Directors consider that the net realisable value of other investments is not less than cost.

Unlisted investments are made up of the following;

- Investment in BCPE II LP to which, Robert W. Baird Group Limited currently has a total commitment of £20m of which £11.2m is drawn down (company).
- Investment in GPEM VI Deutschland. This has no outstanding commitment (group).

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

19 Debtors

	Group 2014 £	2013 £	Company 2014 £	2013 £
Trade debtors	2,423,593	665,889	55,024	1
Amounts owed by other affiliated undertakings	581,734	1,126,942	1,486,828	4,109,158
Corporation tax	944,230	1,483,848	-	-
Other debtors	226,623	3,473,365	208,544	3,376,434
Prepayments and accrued income	4,965,687	696,094	334,269	505,362
Deferred tax asset - see note 14	645,704	-	-	-
	<u>9,787,571</u>	<u>7,446,138</u>	<u>2,084,665</u>	<u>7,990,954</u>

Amounts owed by other affiliated undertakings represents amounts due from US companies owned by the same ultimate parent.

20 Creditors: Due within one year

	Group 2014 £	2013 £	Company 2014 £	2013 £
Amounts owed to other affiliated undertakings	4,710,291	1,353,000	1,512,735	514,913
Corporation tax	2,030,224	707,072	-	-
Taxes and social security costs	1,380,825	1,275,726	1,355,052	1,275,726
Other creditors	20,309	275,602	20,310	263,102
Accruals and deferred income	10,246,409	10,066,867	9,066,626	8,699,775
	<u>18,388,058</u>	<u>13,678,267</u>	<u>11,954,723</u>	<u>10,753,516</u>

Amounts owed to other affiliated undertakings represents amounts due to US companies owned by the same ultimate parent.

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

21	Share capital	2014	2013
		£	£
	Allotted, called up and fully paid		
	96,910,450 Ordinary shares of 10p each	9,691,045	9,691,045
		<u> </u>	<u> </u>

22 Financial commitments

At 31 December 2014 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within one year	-	535,073	-	18,639
Within two to five years	223,851	184,874	15,639	9,346
In over five years	1,004,444	1,004,444	-	-
	<u>1,228,295</u>	<u>1,724,391</u>	<u>15,639</u>	<u>27,985</u>

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within one year	-	-	-	18,639
Within two to five years	-	-	15,639	9,346
In over five years	1,004,444	1,004,444	-	-
	<u>1,004,444</u>	<u>1,004,444</u>	<u>15,639</u>	<u>27,985</u>

Leases of land and buildings are typically subject to rent reviews at specific intervals and provide for the lessee to pay all insurance, maintenance and repair costs. Other than those mentioned above, there are no other leases, capital or other commitments, except for those disclosed in note 17.

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

23	Reconciliation of movements in shareholder's funds Group	2014	2013
		£	£
	Profit for the financial year	9,502,217	5,053,564
	Dividends	-	(6,500,000)
		<u>9,502,217</u>	<u>(1,446,436)</u>
	Other recognised gains and losses	1,626,532	18,579
		<u>11,128,749</u>	<u>(1,427,857)</u>
	Net addition to/(depletion in) shareholder's funds	32,600,096	34,027,953
		<u>43,728,845</u>	<u>32,600,096</u>
	Closing shareholder's funds		
		<u>43,728,845</u>	<u>32,600,096</u>
	Company	2014	2013
		£	£
	Profit/(loss) for the financial year	10,167,261	(1,356,188)
	Dividends	-	(6,500,000)
		<u>10,167,261</u>	<u>7,856,188</u>
	Other recognised gains and losses	1,701,162	-
		<u>11,868,423</u>	<u>(7,856,188)</u>
	Net addition to/(depletion in) shareholder's funds	17,936,065	25,792,253
		<u>29,804,488</u>	<u>17,936,065</u>
	Closing shareholder's funds		
		<u>29,804,488</u>	<u>17,936,065</u>

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

24	Statement of movements on profit and loss account Group	Profit and loss account
		£
	Balance at 1 January 2014	22,909,051
	Profit for the year	9,502,217
	Currency translation losses included in Statement of Group Total Recognised Gains and Losses	(74,630)
		<u>32,336,638</u>
	Company	£
	Balance at 1 January 2014	8,245,020
	Profit for the year	10,167,261
		<u>18,412,281</u>
25	Statement of movements on other reserves Group	Other reserves
		£
	Balance at 1 January 2014	-
	Revaluation reserve included in Statement of Group Total Recognised Gains and Losses	1,701,162
		<u>1,701,162</u>
	Company	£
	Balance at 1 January 2014	-
	Revaluation reserve included in Statement of Group Total Recognised Gains and Losses	1,701,162
		<u>1,701,162</u>

ROBERT W. BAIRD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2014**

26 Financial instruments

The Group's financial instruments comprise, strategic investments in shares, liquid resources and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to provide liquidity for the Group's operations.

Liquidity risk

The Group maintains cash reserves ensuring it has sufficient available long-term funds for its operations, these are monitored at a company and group level.

Currency risk

Although the Group is based in the UK, it has an overseas investment in Germany, together with a branch operation in Germany. The Group's sterling balance sheet is therefore affected by movements between sterling and the respective base currency of the overseas operation. However, none of these investments is considered by the Directors to be significant to Group operations and consequently there are no hedging arrangements to eliminate currency risk.

As part of the larger Baird Financial Group currency hedging strategy, the Group maintains a proportion of its cash in USD. At 31 December 2014 this amounted to a sterling equivalent of £33,721,578 (2013: £18,125,134).

Occasionally, sales are made to overseas countries. When this occurs, the invoice is normally billed in the currency of the overseas country concerned. Again, there are no hedging arrangements to eliminate the currency risk.

27 Ultimate parent undertaking

Group

The Company's immediate parent company is Baird UK Limited, incorporated in the United Kingdom, the financial statements of which may be obtained from Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB.

The Company's ultimate parent company is Baird Financial Group, incorporated in the United States of America.

The largest group in which the results of the Company are consolidated is that headed by Baird Financial Group, the consolidated financial statements of which may be obtained from 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202-4797, USA.