

JAMES HAY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2016

Registered in England & Wales No. 02506374

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JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their annual report together with the audited financial statements for the year ended 31 December 2016.

1. Principal activity

The principal activity of James Hay Holdings Limited, company number 02506374 (the "Company") is providing head office and related services to its operating subsidiaries. The Company is a private limited company registered in England, and is incorporated and domiciled in England and Wales.

2. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "GBP" (£), which is the Company's presentation currency. All transactions are in GBP and the Company does not transact in other denominations.

3. Dividend

The Company paid an interim dividend of £nil (£nil per share) (2015: £1.25m dividend (£0.01 per share)).

The Directors recommend the payment of a £1m final dividend (2015: £nil).

4. Directors

The Directors who served throughout the year and to the date of this report were:

R Beale
A Conway
I McCoo
D Page (resigned 13 July 2016)

5. Directors' Responsibilities Statement

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 elected to prepare the 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

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

JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

6. Director's 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.

7. Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above and in the Strategic Report on page 4. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 3 and 4 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives, details of its financial instruments and its exposures to credit risk, market risk, liquidity risk and other risks.

The Directors believe, after reviewing the Company's forecasts and projections and taking account of likely changes in trading performance, that the Company has sufficient current financial resources to continue to operate and to meet its financial obligations as they fall due, for the foreseeable future.

8. Research and Development

The Company's ultimate parent is IFG Group plc. The IFG Group of companies including the Company continues to research and develop new financial services products (and supporting computer systems) and to improve existing ones.

9. Financial Risk Management

Financial risk management objectives and policies which have been implemented by executive management are set out in note 3 to the financial statements.

10. Financial Instruments

The Company's risks are managed on a group level by the ultimate parent company, IFG Group plc.

The Company's financial instruments, other than derivatives, comprise loans to group undertakings, borrowings, cash and liquid resources, and various items, such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken on its own behalf.

All assets, liabilities and transactions are denominated in GBP.

Further disclosures regarding financial risk management objectives and policies and the Company's exposure to principal risks can be found in note 3.

11. Significant events after the balance sheet date

Subsequent to the year end the Directors declared a dividend of £1m. There are no other significant events after the balance sheet date.

JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS (continued)

11. Auditor

Each of the Directors as at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board



I McCoo
Director

20 April 2017

Registered Office Address: Trinity House, Anderson Road, Swavesey, Cambridge

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT

1. Business review

The profit for the year attributable to owners amounted to £0.6m (2015: £8.7m).

The results of the Company are included in the accounts on pages 7 to 22. The Company together with other fellow companies trades under the name of James Hay Partnership.

The IFG Group plc (the "Group") manages its operations on a segmental basis including the James Hay Partnership segment. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the segments of IFG Group plc, including James Hay Partnership, are discussed in the Group's Annual Report which does not form part of this Annual Report.

The purpose of this Report is to provide information to the members of the Company and as such it is only addressed to those members. The Report may contain certain forward-looking statements with respect to the operations, performance and financial condition of the Company. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and the Company undertakes no obligation to update any forward-looking statement during the year. Nothing in this Report should be construed as a profit forecast.

2. Principal risks and uncertainties


The Company's business is subject to the general risks to which all companies operating in the same market as the Company are subject. The markets in which the Company operates may be affected by numerous factors, many of which are beyond the Company's control and the exact effect of which cannot be accurately predicted. The principal risks and uncertainties facing the Company include adverse developments in the following areas:

- The regulatory, taxation or legislative environment applicable to the Company's activities;
- The intensity of competition in the markets in which the Company operates and changing demand for products;
- The economic, technological and other macro factors affecting demand for the Company's services;
- The Company's ability to successfully manage its costs and to maintain its profit margins during periods of declining income;
- The ability to attract and retain highly skilled employees and executives;
- The ability of the Company to avoid disruption to its key information technology systems;
- The maintenance of satisfactory relationships with key customers and intermediaries and the ability to attract and retain customers; and
- The ability to contain the level of loss arising from complaints from customers who have allegedly suffered losses as a result of administration errors.

The Directors monitor all of the above risks and take appropriate action to mitigate those risks or address their potential adverse consequences. Financial risk management objectives and policies which have been implemented by executive management are set out in note 3 to the financial statements.

The IFG Group plc Board is responsible for the Group's risk management systems, which are designed to identify, manage and mitigate potential material risks to the achievement of the Group's strategic and business objectives. Further details on the mitigation of the principal risks and uncertainties facing the Group are discussed in the Group's Annual Report.

By Order of the Board



I McCoo
Director

20 April 2017

Registered Office Address: Trinity House, Anderson Road, Swavesey, Cambridge

JAMES HAY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of James Hay Holdings Limited

We have audited the financial statements of James Hay Holdings Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 31. 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.

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 statement of Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

JAMES HAY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of James Hay Holdings Limited – continued

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- 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.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 2 to the financial statements, the company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act, 2006

In our opinion, based on the work undertaken in the course of the audit:

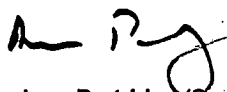
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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



Andrew Partridge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

20 April 2017

JAMES HAY HOLDINGS LIMITED

Income Statement

For the years ended 31 December 2016 and 31 December 2015

	NOTES	Year ended 2016 £'000	Year ended 2015 £'000
Revenue	6	37,115	32,703
Administrative expenses	9	(36,416)	(32,157)
Operating profit		699	546
Investment revenues	12	1	8,052
Profit before tax		700	8,598
Tax (charge) / credit	13	(54)	73
Profit after tax		646	8,671

All the activities of the Company are classed as continuing.

Statement of Comprehensive Income

For the years ended 31 December 2016 and 31 December 2015

The Company has no comprehensive income or expenses attributable to equity holders other than the profit of £0.6m (2015: £8.7m) for the current and previous year as set out in the Income Statement.

Statement of Changes in Equity

For the years ended 31 December 2016 and 31 December 2015

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 January 2015	18,375	3,360	-	3,420	25,155
Transactions with owners					
Dividends paid	-	-	-	(11,700)	(11,700)
Profit for the year	-	-	-	8,671	8,671
Other reserves movement	-	-	12	-	12
31 December 2015	18,375	3,360	12	391	22,138
1 January 2016	18,375	3,360	12	391	22,138
Profit for the year	-	-	-	646	646
Other reserves movement	-	-	35	-	35
31 December 2016	18,375	3,360	47	1,037	22,819

The accompanying notes 1 to 31 on pages 10 to 22 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Balance Sheet

As at 31 December 2016 and 31 December 2015

	NOTES	2016 £'000	2015 £'000
Non-current assets			
Intangible assets	14	6,775	5,220
Property, plant and equipment	15	1,446	757
Investments in subsidiaries	16	26,865	26,865
		35,086	32,842
Current assets			
Trade and other receivables	17	1,120	2,952
Cash and cash equivalents	19	134	31
		1,254	2,983
Total assets		36,340	35,825
Current liabilities			
Trade and other payables	20	13,180	12,852
Provisions	21	66	108
		13,246	12,960
Net current liabilities		(11,992)	(9,977)
Non-current liabilities			
Provisions	21	25	360
Deferred tax liability	18	250	367
		275	727
Total liabilities		13,521	13,687
Net assets		22,819	22,138
Equity			
Share capital	22	18,375	18,375
Share premium account	23	3,360	3,360
Other reserves	24	47	12
Retained earnings	25	1,037	391
Total equity		22,819	22,138

The accompanying notes 1 to 31 on pages 10 to 22 are part of the financial statements.

The Company is registered in England and Wales No. 02506374.

The financial statements were approved by the board of Directors and authorised for issue on 20 April 2017. They were signed on its behalf by:


I McCoo
Director

JAMES HAY HOLDINGS LIMITED

Cash Flow Statement

For the years ended 31 December 2016 and 31 December 2015

	NOTE	Year ended 2016 £'000	Year ended 2015 £'000
Cash flows generated from operating activities	26	4,173	3,187
Tax (paid) / received		(281)	600
Net cash generated from operating activities		3,892	3,787
Investing activities			
Interest received		1	2
Dividends received		-	1,250
Purchase of intangible assets		(908)	(1,782)
Purchase of tangible assets		(2,882)	(1,986)
Net cash used in investing activities		(3,789)	(2,516)
Financing activities			
Dividends paid		-	(1,250)
Net cash used in financing activities		-	(1,250)
Net increase in cash and cash equivalents		103	21
Cash and cash equivalents at beginning of year		31	10
Cash and cash equivalents at end of year	19	134	31

The accompanying notes 1 to 31 on pages 10 to 22 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2016 and 31 December 2015

1. General Information

The principal activity of James Hay Holdings Limited, company number 02506374 (the "Company") is providing head office and related services to its operating subsidiaries. The Company is a private limited company registered in England and Wales, limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Trinity House, Anderson Road, Swavesey, Cambridge, England.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The Financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective or available for early adoption at the Company's reporting date. The Company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention and on the going concern basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors. The financial statements have also been presented and rounded to the nearest thousand.

Recent developments

In 2016, the Company adopted the following new standards:

- Amendments to IAS 1 'Presentation of Financial Statements' – On 18 December 2014, the IASB issued amendments to IAS 1 'Presentation of Financial Statements' which made the following changes:
 - Materiality – The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
 - Statement of financial position and statement of profit or loss and other comprehensive income – The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
 - Notes - The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.
- Amendments to IAS 27 'Separate Financial Statements' – On 12 August 2014, the IASB issued amendments to IAS 27 'Separate Financial Statements' which made the following changes:

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost,
- in accordance with IFRS 9 'Financial Instruments' (or IAS 39 'Financial Instruments: Recognition and Measurement for entities' that have not yet adopted IFRS 9), or
- using the equity method as described in IAS 28 'Investments in Associates and Joint Ventures'. The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

Amendments to IAS 1 and IAS 27 are effective for annual periods beginning on or after 1 January 2016 and have had no significant impact on the Company.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

2. Summary of significant accounting policies (continued)

Future developments

The following new and revised standards, amendments and interpretations which have been issued, but are not yet effective for the year beginning 1 January 2016, have not yet been endorsed by the EU and have not been adopted early by the Company:

- IFRS 9 'Financial Instruments' - On 24 July 2014, the IASB issued its replacement of IAS 39 'Financial Instruments: Recognition and Measurement'. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase.

The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015. The Company is currently evaluating the requirements of IFRS 9.

- IFRS 15 'Revenue from Contracts with Customers' – On 28 May 2014, the IASB issued IFRS 15 'Revenue from Contracts with Customers'. At the same time, the US-based Financial Accounting Standards Board (FASB) has published its equivalent revenue standard, ASU 2015-09 'Revenue from Contracts with Customers' (Topic 606). The standards are the result of a convergence project between the two Boards. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It has been subsequently amended in September 2015 and April 2016. IFRS 15 is mandatorily effective for periods beginning on or after 1 January 2018. The Company is currently evaluating the requirements of IFRS 15.

The amendments are effective for periods beginning on or after 1 January 2017 and the Company is currently evaluating these requirements.

There are other standards and interpretations in issue not listed above. These are not considered applicable to the business.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for management recharges made to subsidiary companies and interest income.

Management recharges are recognised on an accruals basis. Interest income is accrued on a time basis.

Finance costs

Finance costs are recognised in the period in which they are incurred.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "GBP" (£), which is the Company's presentation currency. All transactions are in GBP and the Company does not transact in other denominations.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment on an annual basis, with any reduction in value being recognised in the income statement in the period in which an indication of impairment occurred. A previously recognised impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that would have been had the original impairment not been recognised. For conducting impairment reviews, cash generating units are the lowest level at which management monitors the return on investment on assets.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

2. Summary of significant accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss.

Software development costs are capitalised when they are associated with identifiable and unique software products that are expected to provide economic benefits and the cost of these products can be measured reliably. Internally developed software meeting these criteria and externally purchased software are classified in intangible assets on the balance sheet. Costs associated with maintaining software programmes are expensed as incurred. Amortisation is charged so as to write off the cost of the assets over their useful life, using the straight-line method on the following bases:

Software	20%
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Other intangible assets are stated at cost less provisions for amortisation and impairment. Customer relationships acquired as part of a business combination are amortised over their estimated useful lives from the time they are first available for use. The estimated useful lives are determined at acquisition date and are deemed to be 5 years. The residual value and useful lives of other intangible assets are reviewed and adjusted at the end of each reporting period, if appropriate.

Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of the assets over their useful life, using the straight-line method on the following bases:

Fixtures and equipment	20%
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Financial assets

The entity classifies its financial assets in the following categories: financial assets at fair value through income statement; loans and receivables. Management determines the classification of its investments at initial recognition.

Impairment of financial assets

At each balance sheet date, the Company assess whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as available for sale or loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments, which are not classified as available for sale. They arise when the entity provides money or services directly to a customer with no intention of trading the loan. Trade and receivables are carried at fair value on the balance sheet. They are derecognised when the rights to receive cash flows have expired or the entity has transferred substantially all of the risks and rewards of ownership.

Income taxes, including deferred income taxes

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short term investments in securities.

Financial liabilities, including borrowings and trade and other payables

Financial liabilities are recognised initially at fair value, being the proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liabilities are possible obligations whose existence will be confirmed only by certain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless the likelihood of a transfer of economic benefit is considered remote.

Share capital

Ordinary shares that have been issued are classified as equity and confer on the holder a residual interest in the assets of the Company after deducting all of its liabilities. Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes. Ordinary shares are classified as equity.

Other reserves

In line with the transitional arrangements set out in IFRS 2 'Share Based Payment', the recognition and measurement principles of this standard have been applied only in respect of share entitlements granted after 7 November 2002 and not vested by 1 January 2005. The Group operates a number of equity-settled, share based compensation plans. The Company's share of fair value of the employee services received in exchange for the equity instrument granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity under Other reserves. The fair value of share options is determined using the Black-Scholes model while the fair value of shares awarded is estimated as the market price of the shares at the grant date.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instrument granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. At each end of the reporting period, the entity revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity over the remainder of the vesting period. The proceeds received by the Company, when share options are exercised, are credited to share capital at nominal value and share premium. In instances where shares are issued under the long-term incentive plan, the difference between the proceeds received and the nominal value of the shares is credited to other reserves. The Group does not operate any cash-settled share based payment schemes or share based payment transactions with cash alternatives as defined in IFRS 2.

Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends are recognised in the period in which they are declared.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

3. Financial Risk Management

The Company's activities expose it to a number of financial risks: credit risk and liquidity risk. The IFG Group's Finance function seeks to reduce the Group's exposure to interest rate and other financial risks. It also ensures surplus funds are managed and controlled in a manner which will protect capital sums invested and ensure adequate short-term liquidity, whilst maximising returns. It operates policies and procedures which are periodically reviewed and approved by the Board of Directors. The board provides written policies for overall risk management. Formal standing committees are maintained for effective management of oversight.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It occurs in intercompany assets and cash held by the Company. Inter-company balances are settled monthly. Cash is held with Santander UK plc, which has a short-term credit rating risk of S&P A-1 (2015: S&P A-1), and with Barclays Bank PLC, which has a short-term credit rating risk of S&P A-2 (2015: S&P A-2).

Maximum exposure to credit risk is £1.2m (2015: £3.0m).

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due. The Company reviews its capital and liquid resources position on a monthly basis.

Maturities of financial liabilities

At 31 December 2016	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Intercompany liabilities and group relief	12,776	18	18	-	-	12,812
Other liabilities and provisions	434	-	-	25	-	459
Total financial liabilities	13,210	18	18	25	-	13,271

At 31 December 2015	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Intercompany liabilities and group relief	12,478	56	55	-	-	12,589
Other liabilities and provisions	371	-	-	360	-	731
Total financial liabilities	12,849	56	55	360	-	13,320

Operational risk

Operational risk is the potential for loss of income or decrease in the value of net assets caused by errors in the administration of pension schemes. These risks are managed on a daily basis through internal controls and formal standing committees are maintained for effective management of oversight.

4. Capital management and resources

The Company's ultimate parent is IFG Group plc. The IFG Group plc Board is responsible for capital management strategy and policy and ensuring that capital resources are appropriately monitored and controlled within regulatory and internal limits within the IFG Group of companies.

The Group's primary objective in respect of capital risk management is to safeguard its ability to continue as a going concern in order to provide returns for its members.

The Group may on occasion adjust the amount of dividends paid out to its members, return capital to members and issue new shares or buy back shares as the need arises.

Capital is monitored on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as the sum of total borrowings and contingent consideration on acquisitions less cash and cash equivalents. Total capital is calculated as the market value of ordinary shares in issue plus net debt.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The financial statements include provisions to cover certain legal and other claims brought against some subsidiaries of the Group. The provisions recorded represent management's best estimate of the exposures based on information available at the time of the approval of the financial statements. These estimates will, by definition, differ from the related actual outcome.

6. Revenue

An analysis of the Company's revenue is as follows:

	Year ended 2016 £'000	Year ended 2015 £'000
Management recharges	37,115	32,703
	37,115	32,703

Management recharges represents the value of services provided to the Company's subsidiaries for the administration of self-invested personal pensions and personal investments.

Segmental Analysis

The Company recognises its revenue as being earned from one UK segment, as a holding company providing head office and related services to its operating subsidiaries.

7. Operating profit

Operating profit has been arrived at after charging:

	Year ended 2016 £'000	Year ended 2015 £'000
Auditors' remuneration for statutory audit services	15	15
Depreciation and amortisation	1,651	997

8. Auditors' remuneration

	Year ended 2016 £'000	Year ended 2015 £'000
Audit services		
- Statutory	15	15
	15	15

Auditors' remuneration was paid by other companies in the IFG Group.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

9. Administrative expenses

	Year ended 2016 £'000	Year ended 2015 £'000
Staff costs (note 10)	19,748	16,556
Depreciation and amortisation	1,651	997
Other costs*	15,017	14,604
	36,416	32,157

*Other costs include recharges from James Hay Partnership Management Limited.

10. Staff costs

The average number of administrative persons employed by the Company during the year, including Directors, was nil (2015: nil).

All James Hay Partnership staff are employed by a number of fellow subsidiary companies. The average number of persons employed by other companies for which recharges were made to the Company for the year was 571 (2015: 490). James Hay Holdings Limited recharged all of these costs to its subsidiary companies.

11. Directors' emoluments

The aggregate emoluments of the directors comprised:

	Year ended 2016 £'000	Year ended 2015 £'000
Wages and salaries	798	578
Social security costs	107	73
Other pension costs	47	49
	952	700

The highest paid director is A Conway and his emoluments comprised:

	Year ended 2016 £'000	Year ended 2015 £'000
Wages and salaries	352	173
Social security costs	47	23
Other pension costs	20	17
	419	213

The emoluments of the Directors were paid by other companies in the IFG Group.

12. Investment revenues

	Year ended 2016 £'000	Year ended 2015 £'000
Interest on bank deposits	1	2
Dividends received	-	8,050
	1	8,052

In 2015 the Company received a cash dividend of £1.25m from James Hay Wrap Managers Limited and an in-specie dividend of £6.80m from James Hay Insurance Company Limited. In 2016 no dividends were received.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

13. Tax charge / (credit)

	Year ended 2016 £'000	Year ended 2015 £'000
Current tax:		
UK corporation tax		
Current year	132	128
Prior Year	-	(434)
	132	(306)
Deferred tax (note 18)		
Current year	(50)	1
Prior Year	(28)	232
	54	(73)

Corporation tax is calculated at 20% (2015: 20.25%) of the estimated assessable profit for the year.

The charge / (credit) for the year can be reconciled to the profit per the income statement as follows:

	Year ended 2016 £'000	Year ended 2015 £'000
Profit before tax:		
Continuing operations	700	8,598
Tax at the UK corporation tax rate of 20% (2015: 20.25%)	140	1,741
Tax effect of expenses that are non-deductible in determining taxable profit	62	18
Non-taxable income	(116)	(1,630)
Tax effect of change in rate on deferred tax position	(4)	13
Adjustments in respect of prior periods	(28)	(215)
Tax charge / (credit) for the year	54	(73)

14. Intangible assets

	Customer relationship £'000	Software £'000	Total £'000
Cost			
At 1 January 2015	-	3,798	3,798
Additions	1,264	1,782	3,046
At 31 December 2015	1,264	5,580	6,844
Additions	874	2,093	2,967
At 31 December 2016	2,138	7,673	9,811
Accumulated amortisation			
At 1 January 2015	-	(638)	(638)
Charge for the year	(108)	(878)	(986)
At 31 December 2015	(108)	(1,516)	(1,624)
Charge for the year	(314)	(1,098)	(1,412)
At 31 December 2016	(422)	(2,614)	(3,036)
Net book value 2015	1,156	4,064	5,220
Net book value 2016	1,716	5,059	6,775

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

15. Property, plant and equipment

	Office equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2015	-	46	46
Additions	24	698	722
At 31 December 2015	24	744	768
Additions	21	907	928
At 31 December 2016	45	1,651	1,696
Accumulated depreciation			
At 1 January 2015	-	-	-
Charge for the year	(1)	(10)	(11)
At 31 December 2015	(1)	(10)	(11)
Charge for the year	(7)	(232)	(239)
At 31 December 2016	(8)	(242)	(250)
Net book value 2015	23	734	757
Net book value 2016	37	1,409	1,446

16. Investments in subsidiaries

The following is a list of the principal subsidiary undertakings of the Company:

Name of subsidiaries	Place of incorporation ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
James Hay Wrap Managers Limited	England and Wales	100	100	Portfolio administration services for personal investments and small self-invested pension schemes
James Hay Administration Company Limited	England and Wales	100 (Indirect)	100 (Indirect)	Administration of self-invested personal pension schemes
James Hay Insurance Company Limited	Jersey	100	100	Provider of self-invested personal pension schemes
James Hay Pension Trustees Limited	England and Wales	100 (Indirect)	100 (Indirect)	Trustee of self-invested personal pension schemes
James Hay Wrap Nominee Company Limited	England and Wales	100 (indirect)	100 (indirect)	Dormant
Sarum Trustees Limited	England and Wales	100 (indirect)	100 (indirect)	Dormant
James Hay Partnership	England and Wales	100 (indirect)	100 (indirect)	Dormant

All subsidiaries (other than James Hay Insurance Company Limited registered at 3rd Floor, 37 Esplanade, St Helier, Jersey JE2 3QA) are registered at Trinity House, Anderson Road, Swavesey, Cambridgeshire, CB24 4UQ.

Investments in subsidiary companies are shown at cost less provision for impairment. The company has exercised the exemption under Section 400 of the Companies Act 2006, which dispenses with the requirement to prepare group accounts. This is also in line with the exemption in IAS 27 'Separate Financial Statements'.

	£'000
Cost	
At 1 January 2015, 31 December 2015 and at 31 December 2016	38,700
Provisions for impairment	
At 1 January 2015, 31 December 2015 and at 31 December 2016	11,835
Net book value 2015 and 2016	26,865

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

17. Trade and other receivables

	2016 £'000	2015 £'000
Amounts due by group companies	1,120	2,852
Other receivables	-	100
	1,120	2,952

18. Deferred tax

Deferred income taxes are calculated on temporary differences under the liability method using the tax rates that are expected to apply when the liability is settled or the asset is realised. The effective rate for 2016 is 17% (2015: 18%).

The following are the major deferred tax assets and liabilities recognised by the Company and the movements thereon during the current and prior reporting period.

	Accelerated capital allowances £'000	Other short term timing differences £'000	Total £'000
At 1 January 2015	(134)	-	(134)
Charge to income	(198)	(35)	(233)
At 1 January 2016	(332)	(35)	(367)
Transfer from James Hay Pensions Trustees Limited	39	-	39
Charge to income	63	15	78
At 31 December 2016	(230)	(20)	(250)

The above asset does not expire and will reverse as capital allowances are claimed or when the short term timing differences resolve.

19. Cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	134	31
	134	31

20. Trade and other payables

	2016 £'000	2015 £'000
Amounts due to group companies	12,739	12,367
Group relief	73	222
Other payables	368	263
	13,180	12,852

21. Provisions

	2016 Other provisions £'000	2015 Other provisions £'000
At 1 January	468	825
Provision movement in the year	(264)	(196)
Utilisation of provision	(113)	(161)
At 31 December	91	468
Included in liabilities due within one year	66	108
Included in liabilities due in more than one year	25	360
	91	468

Provisions mainly comprise other provisions and represent management's best estimate of potential future costs the Company may incur in relation to a combination of uncertain events. These provisions have been calculated based on past experience and industry expectations.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

22. Called up share capital

	2016 £'000	2015 £'000
Authorised:		
200,000,000 ordinary shares of £0.10 each	20,000	20,000
1,996,612 deferred shares of £0.10 each	200	200
	20,200	20,200
	2016 £'000	2015 £'000
Issued and fully paid:		
181,753,848 ordinary shares of £0.10 each	18,175	18,175
1,996,612 deferred shares of £0.10 each	200	200
	18,375	18,375

Deferred shareholders have no voting rights in the Company, no rights to receive any dividends and no rights to participate in a surplus on a winding up. Deferred shareholders have the right to receive a return of capital only after the sum of £10,000,000 has been paid in respect of each ordinary share.

23. Share premium account

	£'000
Balance at 1 January and 31 December 2016	3,360
Balance at 31 December 2016	3,360

24. Other reserves

	£'000
Balance at 1 January 2015	-
Movement for year	12
Balance at 31 December 2015	12
Movement for year	35
Balance at 31 December 2016	47

Other reserves relate to the Company's share of the fair value of the employee services received in exchange for the equity instrument granted by the Group.

25. Retained earnings

	£'000
Balance at 1 January 2015	3,420
Dividends paid	(11,700)
Net profit	8,671
Balance at 31 December 2015	391
Balance at 1 January 2016	391
Dividends paid	-
Net profit	646
Balance at 31 December 2016	1,037

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

26. Notes to the cash flow statement

	Year ended 2016 £'000	Year ended 2015 £'000
Profit before tax	700	8,598
Adjustments for:		
Depreciation on property, plant and equipment	239	11
Amortisation of software capitalisation and other intangibles	1,412	986
Decrease in provisions	(377)	(367)
Movement in other reserves	35	12
Investment revenues	(1)	(8,052)
Operating cash flows before movements in working capital	2,008	1,188
Decrease / (increase) in receivables	1,833	(56)
Increase in payables	332	2,055
Cash flow generated from operating activities	4,173	3,187

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

27. Related party transactions

Transactions with Directors, key management personnel and their connected persons

There were no related party transactions during the year, or existing at the balance sheet date other than those disclosed below with the Company or parent company's Key Management Personnel. Key Management Personnel are defined as the Directors of the Company, the Board and Executive Committee of IFG Group plc.

Trading transactions

The Company is party to the Provisions of Services contract dated 10 March 2010, between James Hay Partnership Management Limited, the Company and its subsidiaries, James Hay Pension Trustees Limited, James Hay Insurance Company Limited, James Hay Wrap Managers Limited, James Hay Administration Company Limited and James Hay Wrap Nominee Company Limited. Under this contract James Hay Holdings Limited, on a non-exclusive basis, provides all services in relation to the conduct of the business of its subsidiaries, James Hay Administration Company Limited and James Hay Wrap Managers Limited, and their dealings with customers. This includes the provision of all staff, computer and administrative systems and procedures and other support services, which under the agreement James Hay Holdings Limited procures from James Hay Partnership Management Limited UK Limited and recharges on to these two subsidiaries.

During the year, the Company entered into the following transactions with related parties:

	Income		Expenditure		Amounts owed by related parties		Amounts owed to related parties	
	Year Ended 2016 £'000	Year Ended 2015 £'000	Year Ended 2016 £'000	Year Ended 2015 £'000	Year Ended 2016 £'000	Year Ended 2015 £'000	Year Ended 2016 £'000	Year Ended 2015 £'000
Entities with significant influence over the Company – non cash	-	-	-	11,700	-	-	10,336	9,032
Subsidiaries	37,080	40,754	111	123	1,120	2,852	46	184
Fellow subsidiaries	-	-	34,995	31,507	-	-	2,357	3,151

During the year, the Company has recharged its subsidiaries, James Hay Administration Company Limited and James Hay Wrap Managers Limited £34.7m and £2.4m respectively (2015: £30.1m and £2.0m) for the provision of staff, computer and administrative systems and procedures and other support services.

James Hay Administration Company Limited and James Hay Wrap Managers Limited have recharged the Company £109k and £2k (2015: £83k and £40k) respectively in respect of compensation provisions.

The Company was recharged by its associated company James Hay Partnership UK Limited £32.0m (2015: £29.5m) for provision of staff, computer, administrative systems and procedures and other support services including exceptional costs.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements (continued)

For the years ended 31 December 2016 and 31 December 2015

27. Related party transactions (continued)

The Company was recharged by its associated company IFG Securities Limited £2,911k (2015: £1,997k) for provision management services of which £1,274k (2015: £527k) remains outstanding at the year end.

The Company received dividends from James Hay Insurance Company Limited and James Hay Wrap Managers Limited of £nil and £nil respectively (2015: £6,800k (in specie) and £1,250k).

During the year, the Company has paid dividends of £nil to IFG UK Holdings Limited (2015: £11,700k).

The Company has group relief payable of £73k as at 31 December 2016 (2015: £222k).

There were no transactions between the Company and its ultimate parent company IFG Group plc.

28. Remuneration of key management personnel

Key Management Personnel are defined as the Directors of the Company, the Board and Executive Committee of IFG Group plc and its ultimate parent company, IFG Group plc. Remuneration of key management personnel for the current and preceding years has been borne by other group companies.

29. Significant events after the balance sheet date

Subsequent to the year end the Directors declared a dividend of £1m. There are no other significant events after the balance sheet date.

30. Commitments and contingencies

The Company has no commitments and contingencies as at 31 December 2016. The Company together with other group companies has guaranteed borrowings from Barclays Bank Ireland Plc totalling £nil as at 31 December 2016 (2015: £7m).

The Company periodically receives customer complaints or requests from Revenue Authorities or Regulators arising out of its on-going business operations, a small number of these matters were under review at year end. The Company could face a loss arising from customer complaints, failure to comply with relevant legislation or failure to deliver good customer outcomes, including claims, sanctions or penalty charges from Revenue Authorities or Regulators relating to the advice given on, or the administration of, our client's assets. Any potential liability for such matters can only be determined once the full circumstances are examined and the status of the relevant regulatory compliance determined, matters which remain uncertain until conclusion of an internal review processes.

Any exposures, once known, are promptly settled where appropriate, or provided for where the outcome is known with some certainty. It is not always practical to reliably estimate the quantum of any further liability that may arise relating to such matters however, if such claims were to materialise, they are generally recoverable against the underlying client's assets or in some instances covered by insurance arrangements. The Company will continue to reassess these matters and make provision where the outcome is known with sufficient certainty.

31. Parent undertaking and controlling party

The Company's immediate parent company is IFG UK Holdings Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking and ultimate controlling party is IFG Group plc, a company incorporated in Ireland. IFG Group plc is the parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member.

Copies of all sets of group accounts, which include the results of the Company, are available from the Company Secretary, IFG Group plc, IFG House, The Oval, Shelbourne Road, Ballsbridge, Dublin 4, Ireland.