



Premier Asset Management Limited

Annual Report and Financial Statements
30 September 2018



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Corporate information

Directors

Michael Patrick O'Shea, Chief Executive
Neil Macpherson, Finance Director

Secretary

Neil Macpherson

Registered office

Eastgate Court
High Street
Guildford
Surrey
GU1 3DE

Registered number

3104343

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

Lloyds Bank Plc
City Office
Corporate & Institutional
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

Strategic report

The Directors present their strategic report for the year ended 30th September 2018.

Business review

The Company operates as a holding company, with its two principal operating entities being Premier Fund Managers Ltd and Premier Portfolio Managers Ltd. The Company's ultimate parent undertaking is Premier Asset Management Group PLC. Premier Asset Management Group PLC and its subsidiaries are hereafter referred to as the 'Group'.

The profit for the year before taxation was £13,128,441. This compares with a profit before taxation for the previous financial year of £8,799,719. Equity shareholders' funds as at 30 September 2018 were £15,937,688 compared to £13,101,534 at the start of the financial year.

Long term strategy and business objectives

As the Company is a holding company, its long term strategy and business objectives are aligned with those of the Group. There are five main objectives, these are as follows:

- Deliver good investment outcomes for our clients in relevant investment solutions
- Win and retain assets to grow funds under management
- Effective management of our operating margin
- Find suitable acquisition targets that will deliver increased scale and profitability
- Creating shareholder value by growing EBITDA

Principal risks and uncertainties

As the Company is a holding company, its principle risks and uncertainties are aligned with those of the Group. The Group's principal financial assets are bank balances, trade and other receivables and investments. The key risks to which the Group is exposed are credit risk, liquidity risk, market price risk and operational risk, each of which is described in more detail below.

Credit risk

The Group credit risk is primarily focused on trade receivables in relation to its Open Ended Investment Company business. The risk is that a counterparty fails to settle on a trade thereby creating an illiquid asset. However, in such cases the Group has the ability to arrange with the trustees of the relevant fund to cancel the trade and to liquidate the units issued, thereby settling the trade. A possible exposure will arise in such an instance whereby the price achieved on a cancellation of a trade is less than the original price at which the units were issued.

The credit risk on liquid assets is limited because the counterparties are banks with relatively high credit ratings.

The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

Market price risk

Market price risk arises where there is uncertainty or significant volatility in the world's stock markets. The Group's revenue consists primarily of management fees generated on funds that are managed within the Group; these funds are predominantly invested in quoted equities and as such volatility and/or uncertainty can materially affect the value of the funds on which management fees are generated.

The funds under management are managed such that the asset allocation minimises the risk associated with particular countries or industry sectors whilst continuing to follow the relevant funds investment objectives.

Risk is managed by:

1. Having a spread of products
2. Limiting fixed costs / managing operations and financial gearing

Strategic report (continued)

Operational risk

The Group relies on a number of third party relationships and services to carry out business functions. The risk arises from the inability to effectively carry out robust evaluations of third parties by the Group or the inability to meet the service requirements by third party service providers.

Operational risks are monitored by the Board which has delegated the risk monitoring function to a team of senior management that reports directly to the Executive. As part of the Pillar II requirements of the Capital Requirements Directive, the Group maintains an 'Internal Capital Adequacy Assessment Process' ('ICAAP') in order to assess and manage the various risks inherent within the Group. The ICAAP is updated annually based on the latest available information and is used in conjunction with the compliance monitoring program, compliance manual and a fully documented system of controls and procedures.

Approved and signed on behalf of the Board



Neil Macpherson
Finance Director
10 January 2019

Directors' report

Registered number 3104343

The Directors present their report for the year ended 30th September 2018.

Directors of the company

The current Directors are shown on page 1.

Dividends

A total dividend of £9,700,000 (2017: £6,200,000) was paid during the year. The Directors do not recommend the payment of a further dividend.

Future developments

The Company intends to continue operating as a holding company. The subsidiary companies intend to continue operating as managers of investment funds and discretionary portfolio managers.

Financial instruments

The Company finances its activities with cash. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to credit, liquidity, market (including interest and foreign currency) and operational risk. Information on how these risks arise is set out in the Strategic report on page 2 to 3, as are the objectives, policies and processes for their management and the methods used to measure each risk.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to credit, liquidity, market and operational risk are described in the Strategic report on pages 2 to 3.

The Company has considerable financial resources. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Political donations

The Company made no political donation or incurred and political expenditure during the year.

Directors' statement as to the disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditor, each of these directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

Auditor

A resolution to reappoint KPMG LLP as auditor will be put to the members at the Annual General Meeting.

Approved and signed on behalf of the Board



Neil Macpherson
Finance Director
Premier Asset Management Limited
Eastgate Court
High Street
Guildford
Surrey
GU1 3DE
10 January 2019

Statement of Directors' responsibilities in respect of the strategic report, the Directors' Report, and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Independent auditor's report to the members of Premier Asset Management Limited

Opinion

We have audited the financial statements of Premier Asset Management Limited ("the Company") for the year ended 30 September 2018 which comprise the statement of profit and loss account and other comprehensive income, balance sheet, statement of changes in equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Premier Asset Management Limited (consolidated)

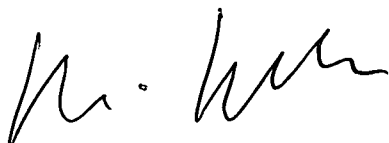
Auditor's responsibilities

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

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

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

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



Ravi Lamba (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
E14 5GL
10 January 2019

Statement of profit and loss account and other comprehensive income

For the year ended 30 September 2018

		Year to 30 September 2018 £000	Year to 30 September 2017 £000
	Note		
Revenue	3	18,726	14,150
Administrative costs		(5,123)	(4,127)
Amortisation of intangible assets		(365)	(1,215)
Exceptional items	4	(110)	(8)
Total operating costs		(5,598)	(5,350)
Operating profit	5	13,128	8,800
Profit on ordinary activities before taxation		13,128	8,800
Tax on profit on ordinary activities	7	(592)	(439)
Profit for the financial year		12,536	8,361
Other comprehensive income for the year		-	-
Total comprehensive income for the year		12,536	8,361

All the amounts relate to continuing operations.

The notes on pages 12 to 24 form an integral part of these financial statements.

Balance sheet

As at 30 September 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	9	280	646
Property, plant and equipment	10	999	911
Investments in subsidiaries	11	9,292	9,292
Total fixed assets		10,571	10,849
Current assets			
Debtors	12	24,049	18,740
Deferred tax	7	288	880
Financial assets at fair value through profit and loss	13	910	1,354
Cash and cash equivalents	14	261	54
Total current assets		25,508	21,028
Current liabilities			
Creditors: amounts falling due within one year	15	(20,141)	(18,775)
Total current liabilities		(20,141)	(18,775)
Net current assets		5,367	2,253
Total assets less current liabilities		15,938	13,102
Equity			
Capital and reserves attributable to equity holders			
Share capital	17	182	182
Capital redemption reserve	18	835	835
Profit and loss account		14,921	12,085
Total equity		15,938	13,102

Company number 3104343

The financial statements were approved on behalf of the Board of Directors on 10 January 2019.



Mike O'Shea
Chief Executive



Neil Macpherson
Finance Director

The notes on pages 12 to 24 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 30 September 2018

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 1 October 2016	182	-	835	9,924	10,941
Equity dividends paid (note 8)	-	-	-	(6,200)	(6,200)
Total comprehensive income for the year	-	-	-	8,361	8,361
At 30 September 2017	182	-	835	12,085	13,102
Equity dividends paid (note 8)	-	-	-	(9,700)	(9,700)
Total comprehensive income for the year	-	-	-	12,536	12,536
At 30 September 2018	182	-	835	14,921	15,938

The notes on pages 12 to 24 form an integral part of these financial statements.

Notes to the financial statements

At 30 September 2018

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Premier Asset Management Limited (the 'Company') for the year ended 30th September 2018 were authorised for issue by the Board of Directors on 10 January 2019 and the statement of financial position was signed on the Board's behalf by Mike O'Shea and Neil Macpherson. Premier Asset Management Limited is incorporated and domiciled in England and Wales, in the UK. The registered company number is 3104343, and the registered address is Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Premier Asset Management Group Plc.

The results of Premier Asset Management Limited are included in the consolidated financial statements of Premier Asset Management Group Plc which are available from Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

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

2. Accounting policies

2.1 Basis of preparation

The Company has prepared financial statements in accordance with FRS 101. The financial statements have been prepared on a going concern basis, which has been explained in greater detail in the Director's Report on page 4, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value through profit or loss and in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30th September 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (ii) paragraph 118(e) of IAS 38 Intangible Assets;
- (d) the requirements of paragraphs 10(d), 10(f), 79(a)(iv) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (i) (l) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2. Accounting policies (continued)

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for turnover and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Company has not had to make any judgements or estimates in preparing the financial statements, that require disclosure under the relevant accounting standard.

2.3 Significant accounting policies

(a) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, on a straight line basis over its expected useful life as follows:

- Short leasehold property – over the term of the lease
- Plant and equipment – over 5 years
- Computer equipment – over 3 years
- Motor vehicles – over 3 years
- Fixtures and fittings – 15%

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

(b) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest rate method less any impairment losses. A bad debt provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Other receivables mainly comprise of refundable rent deposits and amounts the Group is due to receive from third parties in the normal course of business.

(c) Provisions and other liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material provisions are discounted. The increase in the provision due to passage of time is recognised as a finance cost.

Where the Company, as lessee, is contractually required to restore a leased property to an agreed condition prior to the release by a lessor, provision is made for such costs as they are identified.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

(d) Income taxes

Current and deferred tax are recognised in income or expense, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

2. Accounting policies (continued)

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- (i) where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- (iii) deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(e) Foreign currencies

The Company's functional currency and presentation currency is pounds sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Company does not apply hedge accounting of foreign exchange risks in its company financial statements.

(f) Investments in subsidiaries

Investments in subsidiaries are initially measured at cost, and subsequently measured at cost less any provision for impairment. The carrying amounts of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable, and are written down immediately to their recoverable amount.

The recoverable amount is estimated, if impairment indicators exist, at each annual balance sheet date. The recoverable amount is the higher of fair value less costs of disposal and value in use. Impairment losses represent the amount by which the carrying amount exceeds the recoverable amount; they are recognised in profit and loss as an impairment expense.

(g) Financial instruments

(i) Financial assets

Initial recognition and measurement - Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables or available for sale financial assets, as appropriate. Management determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

2. Accounting policies (continued)

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

- Financial assets at fair value through profit or loss - Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. The Company has designated financial assets in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.
- Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. The losses arising from impairment are recognised in the income statement in other operating expenses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables comprise mainly cash and cash equivalents and trade and other receivables.
- Available for sale financial assets
Available for sale financial investments include equity securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, available for sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the unrealised gains and losses reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in other operating expenses and removed from the unrealised gains and losses reserve. The Company evaluates its available for sale financial assets and whether the ability and intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial instruments in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and when the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. The Company has not designated any financial assets upon initial recognition as available for sale.

Derecognition of financial assets - A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets - The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Generally an obligation to deliver cash or other financial asset to another party at a fixed date in the future would require presentation of a financial instrument as a liability.

2. Accounting policies (continued)

No significant restrictions exist to transfer cash or assets within the Company or pay out dividends, except for regulatory capital restrictions within the Premier Fund Managers Limited and Premier Portfolio Manager Limited.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense

(iii) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the EIR, with interest expense recognised on an effective yield basis.

The EIR used to recognise interest expense is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or expired.

(iv) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid short-term deposits that are readily convertible to known amounts of cash within three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities.

(i) Exceptional items

The Company presents as exceptional items those items of income and expense, which are not incurred in the normal course of the Company's operations, and because of the nature of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year. This aids to facilitate comparison with prior periods and assists in assessing trends in financial performance.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding value added tax.

The Company's primary source of income is for services provided as financial management consultants and is recognised as the service is provided.

Other income also included within revenue includes fees received in relation to providing company secretarial services to an investment trust.

Dividend income is recognised when the Company's right to receive payment is recognised.

(k) Pensions

The Company operates defined contribution plans. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Accounting policies (continued)

(l) Leases

All leases are classified as operating leases. Rents payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

(m) Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Investment management contracts purchased by the Company are capitalised as intangible fixed assets and are amortised over periods ranging from 7 to 20 years depending on the nature of the assets purchased. Seven to twenty years is generally the length of time than an investor holds their investment

(n) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Administrative costs

Administrative costs are expensed as incurred. The largest components of administrative costs include; Director and employee related costs; costs of income including commission and third party administration costs and non-employee related costs such as marketing & distribution and office costs.

3. Revenue

Revenue recognised in the statement of profit and loss account and other comprehensive income is analysed as follows.

	2018 £000	2017 £000
Dividends	9,900	6,400
Management recharge	8,802	7,707
Other income	24	43
Total revenue	18,726	14,150

All revenue is derived from the United Kingdom.

4. Exceptional items

Recognised in arriving at operating profit from continuing operations:

	2018 £000	2017 £000
Staff redundancy costs	-	6
PremierConnect development costs	110	-
Listing on AIM	-	2
Total exceptional items	110	8

Exceptional items are those items of income and expense, which are considered not to be incurred in the normal course of business of the Company's operations, and because of the nature of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

Staff redundancy costs are in relation to the rationalisation and restructuring of various departments and functions. Listing on AIM represents costs associated with the admission to trading on the Alternative Investment Market of Premier Asset Management Group PLC. PremierConnect development costs relate to external consultants who have been deployed in the testing of the new PremierConnect platform during the development stage prior to launch. These costs will not be incurred once the development stage is completed.

5. Operating profit

(a) Operating profit is stated after charging:

	Note	2018 £000	2017 £000
Auditor remuneration	5(b)	43	37
Staff costs	6(a)	2,296	1,713
Operating lease payments – rent	16	198	142
Amortisation of intangible assets	9	366	1,215
Exceptional items	4	110	8
Depreciation of property, plant and equipment	10	237	225

(b) Auditor remuneration

The remuneration of the auditor is analysed as follows:

	2018 £000	2017 £000
Audit of the financial statements	13	14
Other fees to auditor – tax compliance services	7	8
– other assurance services	23	15
Total auditor remuneration	43	37

6. Staff costs and Director's remuneration

(a) Staff costs during the year were as follows:

	2018 £000	2017 £000
Salaries, bonus and performance fee share	1,960	1,452
Social security costs	285	220
Other pension costs	51	41
Total staff costs	2,296	1,713

The gross salaries, bonus and performance fee share cost for the Group was £13,826,350 (2017: £12,188,575) and £11,866,810 (2017: £10,736,760) was allocated to other subsidiary companies within the Group based on the estimated proportion of time that each member of staff spends within each Group company.

6. Staff costs and Director's remuneration (continued)

The average monthly number of employees of the Group during the year was made up as follows:

	2018	2017
Directors	6	6
Investment management	29	28
Sales and marketing	29	28
Finance and systems	7	6
Legal and compliance	7	8
Administration	29	24
Total employees	107	100

(b) Directors' remuneration

	Salary and payment in lieu of pension £000	Bonus £000	Benefits £000	2018 £000	2017 £000
Total Director's remuneration	487	675	36	1,198	778

Directors' remuneration costs are incurred directly by the Company.

The number of Directors accruing benefits under money purchase pension schemes at the year end was nil (2017: nil).

In respect of the highest paid Director:

	Salary and payment in lieu of pension £000	Bonus £000	Benefits £000	2018 £000	2017 £000
Total highest paid Director's remuneration	302	500	8	810	520

7. Income taxes

(a) Tax charged in the statement of comprehensive income

	2018 £000	2017 £000
Current income tax:		
UK corporation tax	-	-
Current income tax charge	-	-
Total current income tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	587	439
Adjustments in respect of prior periods	5	-
Total deferred tax	592	439
Tax expense in the statement of comprehensive income	592	439

7. Income taxes (continued)

(b) Reconciliation of the total tax charge

The tax expense in the comprehensive statement of income for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.5%). The differences are reconciled below:

	2018 £000	2017 £000
Profit on ordinary activities before taxation	13,128	8,800
Tax calculated at UK standard rate of corporation tax of 19% (2017: 19.5%)	2,494	1,716
Expenses not deductible for tax purposes	13	30
Group relief surrendered	-	-
Group income	(1,881)	(1,248)
Change in tax rate	(69)	(65)
Non-taxable income	-	(1)
Fixed asset differences	30	7
Adjustments in respect of prior periods	5	-
Tax expense in the statement of comprehensive income	592	439

(c) Unrecognised tax losses

The Company has tax losses which arose in the UK of £1.900m (2016: £5.549m) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty over the recoverability.

(d) Change in Corporation Tax rate

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 30 September 2018 has been calculated based on these rates.

(e) Deferred tax

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

	2018 £000	2017 £000
Deferred tax asset:		
Fixed asset timing differences	(44)	(71)
Provisions	9	8
Losses and other deductions	323	943
Deferred tax disclosed on the statement of financial position	288	880
	2018 £000	2017 £000
Deferred tax in the statement of comprehensive income:		
Origination and reversal of temporary differences	587	439
Adjustments in respect of prior periods	5	-
Deferred tax expense	592	439

8. Dividends paid and proposed

	2018 £000	2017 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
First interim for 2018: 53.28 (2017: 34.06) pence per share	9,700	6,200
Dividends paid	9,700	6,200

9. Intangible assets

	2018	2017
	£000	£000
Cost:		
At 1 October	12,564	12,564
Additions	-	-
At 30 September	12,564	12,564
Amortisation and impairment:		
At 1 October	11,918	10,703
Amortisation during the year	366	1,215
At 30 September	12,284	11,918
Carrying amount:		
At 30 September	280	646

Investment management contracts purchased by the Company are capitalised as intangible fixed assets and are amortised over periods ranging from 7 to 20 years depending on the nature of the assets purchased. These finite life intangible assets were assessed for indicators of impairment, both internal and external factors, of which no indicators were noted. The largest of the intangible assets was in relation to a business combination in 2007 with a carrying value of £232,857 and a remaining amortisation period of 1.4 years.

10. Property, plant and equipment

	Land and buildings	Plant and equipment	Total
	£000	£000	£000
Cost or fair value:			
At 1 October 2017	1,057	547	1,604
Additions	243	82	325
At 30 September 2018	1,300	629	1,929
Depreciation and impairment:			
At 1 October 2017	398	295	693
Depreciation during the year	118	119	237
At 30 September 2018	516	414	930
Carrying amount:			
At 30 September 2018	784	215	999
At 30 September 2017	659	252	911

11. Investments in subsidiaries

	2018 £000	2017 £000
Cost:		
At 1 October	17,773	17,773
Additions	-	-
At 30 September	17,773	17,773
Amortisation and impairment:		
At 1 October	8,481	8,481
Amortisation during the year	-	-
At 30 September	8,481	8,481
Carrying amount:		
At 30 September	9,292	9,292

At 30th September 2018 the Company held (directly and indirectly) 100% of the allotted share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain with the exception of Premier Asset Management (Guernsey) Ltd which is incorporated in Guernsey. All subsidiary undertakings are consolidated within the Group accounts. The registered address for all subsidiaries, excluding Premier Asset Management (Guernsey) Ltd is Eastgate Court, High Street, Guildford, Surrey GU1 3DE. The registered address for Premier Asset Management (Guernsey) Ltd is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL.

	Class of share held	Proportion of voting rights and shares held	Nature of the business
(a) Directly held			
Premier Investment Group Limited	Ordinary	100%	Holding company
Premier Portfolio Managers Limited	Ordinary	100%	Investment manager/ACD
PAM Plc	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Investment manager
Eastgate Court Nominees Limited	Ordinary	100%	Nominee company
Eastgate Investment Services Limited	Ordinary	100%	Dormant
(b) Indirectly held			
Premier Fund Managers Limited	Ordinary	100%	Investment manager
Premier Investment Administration Limited	Ordinary	100%	Dormant
Premier Discretionary Asset Management Plc	Ordinary	100%	Dormant
Premier Fund Services Limited	Ordinary	100%	Dormant
Eastgate Capital Limited	Ordinary	100%	Dormant
PremierConnect Nominees Limited	Ordinary	100%	Dormant

12. Debtors

	2018 £000	2017 £000
Trade debtors	24	18
Amounts owed by Group undertakings	22,176	17,734
Prepayments and accrued income	1,847	952
Other debtors	2	36
Total debtors	24,049	18,740

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date.

13. Financial assets at fair value through profit and loss

(a) Financial assets at fair value through profit and loss

The financial instruments carried at fair value are analysed by valuation method. The different levels have been defined as follows:

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

The fair value of financial assets is as follows:

	2018 £000	2017 £000
Other investments		
Quoted – level 1	910	1,354
Total	910	1,354

Quoted investments – level 1

The Company holds units in a fund for which quoted prices in an active market are available. The fair value measurement is based on level 1 in the fair value hierarchy.

14. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	261	54
Total cash and cash equivalents	261	54

15. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	176	152
Amounts owed to Group undertakings	16,802	16,468
Accruals	2,403	1,596
Pension contributions	24	26
Social security and other taxes	666	469
Other creditors	70	64
Total creditors: amounts falling due within one year	20,141	18,775

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

16. Obligations under leases

Operating lease agreements where the Company is lessee.

The Company has entered into commercial leases on certain properties. These leases have an average duration of between 3 and 10 years. The costs associated with the development of PremierConnect will be treated as an operating lease with a duration of 5 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018	Restated*
	£000	2017 £000
Between zero and one year	857	306
Between one and two years	1,001	666
Between two and five years	2,694	1,653
Over five years	409	630
Total lease obligations	4,961	3,255

*The restatement of the 2017 disclosure is now in line with required disclosure of IAS 17; previously the amounts disclosed did not reflect all future payments but just the following year's payments.

17. Share capital

	2018 thousands	2018 £000
Authorised		
Ordinary shares of 1p each	18,000	180
Preference shares of £1 each	1,000	1,000
Total authorised share capital		1,180
Allotted, issued and fully paid		
Ordinary shares of 1p each	18,205	182
Total allotted, issued and fully paid share capital		182

There was no movement in the number of shares allotted, issued and fully paid during the year.

18. Capital redemption reserve

	2018 £000	2017 £000
Redemption of preference shares	835	835
Total capital redemption reserve	835	835

On the redemption of the Preference shares a transfer was made from retained earnings to the capital redemption reserve equivalent to the nominal value of the Preference shares redeemed.

19. Related party transactions and ultimate controlling party

The Company's ultimate parent undertaking and ultimate controlling party is Premier Asset Management Group Plc, a company which is registered in England and Wales. The Company's immediate parent undertaking is Premier Asset Management Holdings Ltd, a company which is registered in England and Wales.

The results of the Company are included in the consolidated financial statements of Premier Asset Management Group Plc which are available from Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

20. Post balance sheet events

The Directors are not aware of any conditions that existed at the reporting date or events since, that would affect the disclosures in these financial statements.