

Company Registration No. 06758825 (England and Wales)

Curtis Banks Limited

**Annual report and financial statements
for the year ended 31 December 2015**

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Curtis Banks Limited

Company information

Directors	Christopher Banks Rupert Curtis Paul Tarran Steven Hart Kristian Morgans Paul Keepin Nikki Presley Ian Stone Anthony Jacobs James Scott Richard Valentine
Company Secretary	Gemma Millard
Registered Office	3 Temple Quay Temple Back East Bristol BS1 6DZ
Registered Number	06758825
Auditor	Saffery Champness 71 Queen Victoria Street London EC4V 4BE
Solicitors	Roxburgh Milkins Merchants House North Wapping Road Bristol BS1 4RW

The directors present their strategic report for the year ended 31 December 2015.

Fair review of the business

At the date of this report, Curtis Banks Limited ("the Company") administers over 39,000 Self Invested Personal Pension schemes ("SIPPs") and over 300 Small Self-Administered Pension Schemes ("SSASs").

During the year, the Company acquired a book of SIPPs from Friends Life PLC (now Aviva PLC) and was awarded a 10 year contract by Zurich to provide third party administration services over another book of SIPPs. The full benefit of these transactions will not be felt until the year ending 31 December 2016.

The Company continued to grow organically, with new full SIPP numbers from organic growth totalling 2,386. Compared to the previous year this shows an impressive growth of 17% and growth of 19% over the forecast for the year. The number of SIPPs administered as at 31 December 2015 totalled 21,423 Full SIPPs, 6,529 eSIPPs and 11,284 SIPPs administered under third party administration contracts. The increased staff numbers, as well as working on books of SIPPs acquired, have been used to support this strong organic growth in Full SIPPs during the year.

The most recent and substantial development for Curtis Banks has been exchange of contracts with Legal & General Group for us to acquire Suffolk Life Group Limited. Suffolk Life is one of the oldest and most respected brands in the SIPP industry, with an excellent reputation for service and professionalism. We are delighted that Legal & General has chosen us to take ownership of this business and believe this reflects our strong standing and market reputation. Suffolk Life is based in Ipswich with 239 employees. Suffolk Life manages approximately 26,500 SIPPs, with £8.7 billion of assets under administration. Suffolk Life has a strong reputation for SIPP property expertise.

On 7 May 2015 the shares of Curtis Banks Group plc. (the ultimate parent company) were admitted and listed on the London Alternative Investment Market ("AIM") and additional funds of £7.5m (gross) raised to fund the future development of the Group. Further information about this event, and other business of the Group, is contained within the financial statements of Curtis Banks Group plc, copies of which can be obtained from 3 Temple Quay, Temple Back East, Bristol, BS1 6DZ.

Principal risks and uncertainties

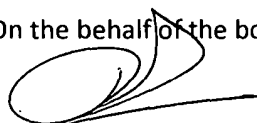
The risks to the Company have been fully assessed and mitigated to every extent possible and a full risk register is maintained. The principal risks are any legislative or regulatory changes to the SIPP industry that would adversely affect the activities of the Company. There is no dependence on any one client or introducer and any losses would not have a significant detrimental effect on the business. The Company operates highly developed systems and technology and any risk here is minimised by continual review and development of these systems with the full provision of back up services.

Key performance indicators

The directors consider that the key performance indicators of the business are the number of active pension schemes under administration, the annual turnover/fee income and profitability of the Company. As at the year end these indicators, as compared to the previous two periods were as follows:

	Year ended 31-Dec-15 £'000	Year ended 31-Dec-14 £'000	Year ended 31-Dec-13 £'000
Revenue	16,832	9,896	8,802
Operating Profit before Non-recurring costs & Amortisation	6,275	4,147	3,405
Number of Active Schemes	39,562	22,379	11,743

On the behalf of the board



.....
Rupert Curtis
Director

14/3/16
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Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the Company continued to be that of the provision of pension administration services principally for Self Invested Personal Pension schemes ("SIPPs") and Small Self-Administered Pension Schemes ("SSASs"). The Company is staffed by experienced professionals who all have proven track records in this sector.

The Company was incorporated in England & Wales (registered no. 06758825).

Results and dividends

The statement of comprehensive income for the year is set out on page 8.

During the year ordinary dividends of £3,500,000 and preference dividends of £104,389 were declared and paid.

The Directors' Report does not include a fair review of the business, details of the risks and uncertainties and future developments, as this information is documented within the Strategic Report as required under s414C(11) of The Companies Act 2006.

Directors

The following directors have held office since 1 January 2015:

Christopher Banks	
Rupert Curtis	
Paul Tarran	
Steven Hart	
Kristian Morgans	
Paul Keepin	
Nikki Presley	
Ian Stone	(Appointed 18 January 2016)
Anthony Jacobs	(Appointed 18 January 2016)
James Scott	(Appointed 18 January 2016)
Richard Valentine	(Appointed 18 January 2016)

Directors' indemnity

The directors had indemnity cover totalling £5,000,000 during the year ended 31 December 2015.

Related party transactions

Details of related transactions are given in note 26.

Auditors

Saffery Champness have confirmed their willingness to continue in office as auditor in accordance with section 489 of the Companies Act 2006. The Company is satisfied that Saffery Champness are independent and there are adequate safeguards in place to ensure their objectivity.

Going concern

The directors have prepared the financial statements on a going concern basis, as in their opinion the Company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels.

Events after the statement of financial position date

Subsequent to the 31 December 2015 Curtis Banks Group plc, the ultimate parent company, exchanged conditional contracts to acquire Suffolk life Group Limited. As part of this event £27m of new share capital was raised through a placing of new ordinary shares in Curtis Banks Group plc. These events are further described in note 27.

Statement of directors' responsibilities

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

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

In preparing the financial statements the directors are required to:

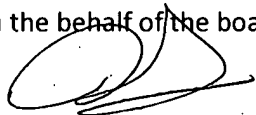
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

On the behalf of the board



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Rupert Curtis
Director

14/3/16
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Independent auditors' report to the members

We have audited the financial statements of Curtis Banks Limited for the year ended 31 December 2015 set out on pages 8 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 auditors

As explained more fully in the 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 financial statements 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.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2015 and of its profit for the year then ended; and
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report to the members

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Donna Caira (Senior Statutory Auditor)
for and on behalf of Saffery Champness

Chartered Accountants
Statutory Auditors

Saffery Champness
71 Queen Victoria Street
London
EC4V 4BE

Statement of comprehensive income

	Notes	Year ended 31 December	
		2015 £	2014 £
Revenue			
Continuing operations		15,197,203	9,359,200
Acquisitions		1,634,749	536,449
		<u>16,831,952</u>	<u>9,895,649</u>
Administrative expenses		<u>(10,557,284)</u>	<u>(5,748,255)</u>
Operating profit before non-recurring costs and amortisation		6,274,668	4,147,394
Non-recurring costs	5	(443,908)	(105,750)
Amortisation		<u>(733,452)</u>	<u>(872,230)</u>
Operating profit		5,097,308	3,169,414
Finance income	9	11,723	14,411
Finance costs	8	<u>(7,043)</u>	<u>(6,718)</u>
Profit before tax		5,101,988	3,177,107
Tax	10	<u>(973,974)</u>	<u>(647,635)</u>
Profit for the year	6	4,128,014	2,529,472
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>4,128,014</u>	<u>2,529,472</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 42 form part of these financial statements.

Curtis Banks Limited

Statement of changes in equity

	Issued capital	Equity share based payments	Retained earnings	Total
	£	£	£	£
At 1 January 2014	4,835,000	-	1,205,551	6,040,551
Comprehensive income for the year	-	-	2,529,472	2,529,472
Preference shares issued	2,450,000	-	-	2,450,000
Share based payments	-	31,979	-	31,979
Preference share dividends paid	-	-	(224,700)	(224,700)
At 31 December 2014	7,285,000	31,979	3,510,323	10,827,302
Comprehensive income for the year	-	-	4,128,014	4,128,014
Share based payments	-	65,065	-	65,065
Preference share dividends paid	-	-	(104,389)	(104,389)
Ordinary dividends declared	-	-	(3,500,000)	(3,500,000)
At 31 December 2015	7,285,000	97,044	4,033,948	11,415,992

Curtis Banks Limited

Statement of financial position

	Notes	As at 31 December	
		2015	2014
		£	£
ASSETS			
Non-current assets			
Intangible assets	11	13,376,337	10,953,126
Property, plant and equipment	12	1,519,191	694,471
Investments	13	91,159	381,256
		<u>14,986,687</u>	<u>12,028,853</u>
Current assets			
Trade and other receivables	15	3,973,856	3,119,521
Cash and cash equivalents	16	2,686,317	2,566,002
		<u>6,660,173</u>	<u>5,685,523</u>
Total assets		<u>21,646,860</u>	<u>17,714,376</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	2,483,669	1,082,610
Deferred income		4,649,409	3,587,012
Borrowings	18	-	22,555
Deferred consideration		1,241,776	1,760,000
Current tax liability		424,370	354,986
		<u>8,799,224</u>	<u>6,807,163</u>
Non-current liabilities			
Deferred consideration		1,219,004	-
Deferred tax liability	19	212,640	79,911
		<u>1,431,644</u>	<u>79,911</u>
Total liabilities		<u>10,230,868</u>	<u>6,887,074</u>
Net assets		<u>11,415,992</u>	<u>10,827,302</u>
Equity attributable to owners of the parent			
Issued capital	20	7,285,000	7,285,000
Equity share based payments	21	97,044	31,979
Retained earnings	21	4,033,948	3,510,323
Total equity		<u>11,415,992</u>	<u>10,827,302</u>

Curtis Banks Limited

Statement of financial position

Approved by the Board and authorised for issue
on.....14/3/16



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Rupert Curtis
Director

Company Registration No. 06758825

1 Corporate information

Curtis Banks Limited ("the Company") is a private limited company incorporated and domiciled in England and Wales. The financial statements have been prepared on a historical cost basis and are presented in pounds sterling, with all values rounded to the nearest pound except when otherwise indicated. The financial statements were authorised for issue in accordance with a resolution of the Directors on 14 March 2016.

The nature of the Company's operations and its principal activities are set out in the Strategic Report.

2 Significant accounting policies

The following principal accounting policies have been used consistently in the preparation of the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, in accordance with the IFRS Interpretations Committee ("IFRIC") interpretations, and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

The Company has transitioned this year to FRS 101 from previously extant UK Generally Accepted Accounting Practice ("UK GAAP") for all periods presented. There are no material transition adjustments arising and consequently no reconciliation of adjustments is presented.

The Company is a wholly owned subsidiary of Curtis Banks Limited, and its ultimate parent company is Curtis Banks Group PLC, whose consolidated financial statements include the results of the Company. Copies of the consolidated financial statements for Curtis Banks Group PLC are available from 3 Temple Quay, Bristol, BS1 6DZ.

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

- (a) the requirements of paragraphs 46-52 of IFRS 2 *Share-based payment*
- (b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*
- (c) the requirements of IFRS 7 *Financial Instruments: Disclosures*
- (d) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- (e) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 *Presentation of Financial Statements*
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*
- (f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*.

(g) the requirements of IAS 7 *Statement of Cash Flows*

2 Significant accounting policies (continued)

(h) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

(i) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*

(j) 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

(k) the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

Going concern

The Company is required to assess whether it has sufficient resources to continue its operations and to meet its commitments for the foreseeable future. The directors have prepared the financial statements on a going concern basis, as in their opinion the Company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange of control of the acquiree's business, plus any costs directly attributable to the business combination. Any deferred consideration is included as part of the initial fair value, with a corresponding liability being recognised. The acquiree's identifiable assets, liabilities and contingent liabilities that meet conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair value at the acquisition date.

Segment reporting

IFRS 8 *Operating Segments* requires segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ("CODM").

All results are viewed as one by the CODM for the purposes of management decisions. This is because all operations are conducted within the UK and all material operations are of the same nature and share the same economic characteristics including a similar customer base and nature of product and services (ie pensions administration). As a result, the Company only has one reportable segment being pensions administration, the results of which are included within the financial statements.

2 Significant accounting policies (continued)

Foreign currencies

The financial statements are presented in Pound Sterling which is the Company's functional and presentational currency. No foreign currency transactions occurred during the period.

Pensions

The Company contributes to defined contribution schemes for the benefit of its employees. Contributions payable are charged to the statement of comprehensive income in the year they are payable.

Research and development

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over a four year period during which the Company is expected to benefit.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activity. Revenue is shown net of value added tax ("VAT"), returns, rebates and discounts. The Company recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the Company's activity as described below.

- Set up, and initial transaction fees, as well as ad hoc transaction fees charged in relation to pension schemes are recognised as incurred, net of VAT.
- Annual renewal fees are spread, net of VAT, evenly over the year to which they relate, and held as deferred income at the year end where the annual fee period spans multiple accounting periods.
- Any interest received in excess of that payable to clients is retained by the Company and is included within revenue. Interest income receivable by the Company is recognised as it accrues, using the effective interest rate method.

2 Significant accounting policies (continued)

Intangible assets – Client Portfolios

Client portfolios are included in the statement of financial position at cost to the Company less accumulated amortisation and provisions for impairment.

The carrying value of client portfolios is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of client portfolios is also reviewed for impairment annually at each reporting date.

Client portfolios are amortised on a straight line basis over their estimated useful life of 20 years.

Intangible assets – Computer Software

Computer software is included in the statement of financial position at cost to the Company less accumulated amortisation and provisions for impairment.

The carrying value of computer software is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of computer software is also reviewed for impairment annually at each reporting date.

Computer software is amortised on a straight line basis over its estimated useful life of 4 years.

Property, plant and equipment

Property, plant and equipment are included in the statement of financial position at cost to the Company less accumulated depreciation and provisions for impairment.

The carrying value of property, plant and equipment is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount.

Property, plant and equipment is depreciated on a straight line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful lives. The depreciation rates for the principal categories of assets are as follows:

Leasehold improvements	25%	straight line
Computer equipment	25%	straight line
Plant and equipment	25%	straight line
Motor vehicles	25%	straight line

2 Significant accounting policies (continued)

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

Non-current asset investments are stated at cost less provision for diminution in value.

Financial assets

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the purposes for which these assets were acquired. Management takes decisions concerning the classification of its financial assets at initial recognition and reviews such classification for reliability at each reporting date. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Company's financial assets comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

Trade receivables

Trade receivables, defined as loans and receivables in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, are recorded initially at fair value and are subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the present value of future cash flows discounted at the effective interest rate. The movement in the provision is recognised in the statement of comprehensive income.

2 Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Financial liabilities – Trade and other payables

Trade and other payables are recognised and initially measured at cost, due to their short term nature. All of the Company's trade payables are non-interest bearing.

Financial liabilities - Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less attributable transaction costs. After initial recognition interest bearing loans and borrowings are subsequently measured at cost using the effective interest method.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Current and deferred income tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income, because it excludes items of income or expense that are taxable or tax deductible in other years and it further excludes items that are never taxable or tax deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled. Deferred tax is charged or credited in the profit or loss, except when it relates to items credited or charged in other comprehensive income directly to equity, in which case the deferred tax is also dealt with in other comprehensive income.

2 Significant accounting policies (continued)

Deferred tax assets

Management regularly assess the likelihood that deferred tax assets will be recovered from future taxable income. No deferred tax asset is recognised when Management believe that it is more likely than not that a deferred asset will not be realised.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Share capital/equity instruments

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Company are classified as finance leases. Finance leases are classified as a financial liability and measured at amortised cost. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments and depreciated over the term of the lease. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

All other leases are classified as operating leases. Rentals payable under operating leases, net of lease incentives, are charged to the statement of comprehensive income on a straight-line basis over the year of the lease. Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease.

2 Significant accounting policies (continued)

Share based payments

Curtis Banks Group PLC, the ultimate parent company, operates an EMI scheme, under which certain employees of Curtis Banks Limited receive part of their remuneration for the financial year in the form of options to purchase shares in Curtis Banks Group PLC. Curtis Banks Group PLC has also provided share based payments to third parties, in the form of options to purchase its own shares, in connection with historically acquired Client Portfolios by Curtis Banks Limited.

The share options granted become exercisable at varying future dates. If certain conditions are met, following the vesting period, employees and third parties will be eligible to exercise their option at an exercise price determined on the date the share options are granted. Assumptions regarding the fair value of Curtis Banks Group PLC's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for employees, which are required to be accounted for as equity-settled share-based payment transactions pursuant to IFRS 2 *Share-based payments*.

The resulting staff costs under the EMI scheme are recognised pro rata in the statement of comprehensive income to reflect the services rendered as consideration during the vesting period. The resulting increase to the cost of acquiring Client Portfolios is recognised in the statement of financial position on acquisition to reflect the goods and services rendered as consideration.

The fair value of share options granted is determined by applying the Black Scholes model. The model utilises inputs for the risk free rate, expected volatility in share price, dividend yield and the current share price at fair value, which are factors determined on the date the share options are granted.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards, interpretations and amendments to existing standards have been published by the IASB but are yet to be endorsed by the EU or are not effective for the period presented in the financial statements and the Company has decided not to early adopt them.

2 Significant accounting policies (continued)

Standard	Effective date, annual period beginning on or after
IFRS 5 <i>Non-current assets Held for Sale and Discontinued Operations</i>	1 January 2016
IFRS 7 <i>Financial Instruments: Disclosures - Annual Improvements 2012 -2014 cycle</i>	1 January 2016
IFRS 9 <i>Financial instruments: Classification and Measurement</i>	1 January 2018
IAS 27 <i>Consolidated and Separate Financial Statements</i>	1 January 2016
IFRS 11 (amendments) <i>Accounting for acquisitions of interests in joint operations</i>	1 January 2016
IAS 34 <i>Interim Financial Reporting - Annual Improvements 2012 -2014 cycle</i>	1 January 2016
IFRS 14 <i>Regulatory Deferral accounts</i>	1 January 2016
IFRS 15 <i>Revenue from contracts with Customers</i>	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019
IAS 1 <i>Presentation of Financial Statements – Disclosure initiative</i>	1 January 2016
IAS 16 <i>Property, Plant & Equipment</i> and IAS 38 – <i>Intangible assets</i> (amendments)	1 January 2016
IAS 16 <i>Property, Plant & Equipment</i> and IAS 41 – <i>Bearer Plants</i> (amendments)	1 January 2016
IAS 19 <i>Employee Benefits - Annual Improvements 2012 -2014 cycle</i>	1 January 2016
Annual Improvements to IFRSs 2011-2013 Cycle	1 January 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 February 2015
IAS 19 <i>Employee Benefits – Defined Benefit Plans: Employee Contributions - Amendments</i>	1 February 2015
Amendments to IFRS 10, IFRS 12 and IAS 28: <i>Investment Entities: Applying the consolidation exception</i>	1 January 2016

Except for IFRS 15 *Revenue from Contracts with Customers*, the directors anticipate that the adoption of these Standards and Interpretations and Amendments in future periods will have no material impact on the financial statements of the Company. The potential impact of IFRS 15 is currently being evaluated.

3 Critical accounting judgements and key sources of estimation uncertainty

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.

In preparing the financial statements the Company has selected and applied various accounting policies which are described in the notes to the financial statements. In order to apply these accounting policies the Company has made estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Key areas of judgement and estimation uncertainty are disclosed below:

Client portfolios

Client portfolios are amortised over their estimated useful economic life (UEL) of 20 years. This UEL is based upon Management's historical experience of similar portfolios.

Additionally, the Company reviews whether acquired client portfolios are impaired at least on an annual basis. This comprises an estimation of future cash flows expected to arise from each client portfolio, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, together with an estimated rate of attrition for each portfolio.

The carrying value of client portfolios at 31 December 2015 was £13,160,957 (31 December 2014: £10,929,076) as disclosed in note 11 to the financial statements.

Computer software

In capitalising the costs of computer software as intangible assets management judge these costs to have an economic value that will extend into the future and meet the recognition criteria under IAS 38 *Intangible Assets*. Computer software costs are then amortised over an estimated UEL on a project by project basis.

Additionally, the Company determines whether computer software is impaired at least on an annual basis. This requires an estimation of the value in use. In assessing value in use the estimated future cash flows expected to arise from the software are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

The carrying value of computer software capitalised as intangible fixed assets at 31 December 2015 was £63,978 (31 December 2014: £24,050) as disclosed in note 11 to the financial statements.

In capitalising the operating software as computer equipment under Property, plant and equipment management judge these costs to be necessary for the computer hardware to operate in the manner intended and consequently these costs have been recognised in accordance with the criteria in IAS 16 *Property, Plant and Equipment*. The amount included in computer equipment at 31 December 2015 is £847,218 (31 December 2014: £224,387) as disclosed in note 12 to the financial statements.

4 Financial risk management

Financial risk factors

The Company's activities are only exposed to one significant type of financial risk: interest rate risk ie the effect on interest rates on the amount of interest ("interest turn") the Company receives on client funds. The amount of interest received by clients on their funds is set out in the terms and conditions relevant to the SIPP product they hold. In most cases these rates are linked to base rate and will move in line with base rate. The rate of interest received by the Company should also move in line with base rates protecting the level on interest turn received by the Company, however there is the risk such equivalent movement of rates will not occur and there is a reduced interest rate turn.

This risk is managed by active treasury management to ensure maximum rates are being received for client deposits through use of more than one bank, where client funds are held on a pooled basis, and close relationship with the underlying banks where client funds are held in individual Trustee accounts.

Capital management

Capital requirements of the Company are governed by internal requirements and regulatory requirements.

Calculations are carried out at the end of each month to ensure there is sufficient regulatory capital within the Company. Current requirements for the Company are based on a percentage of the level of overheads of the regulated operating company and are approximately £2.5m. The regulatory rules on capital requirements for SIPP operators are to change from September 2016 from which date requirements will be based on the value of assets under administration within the SIPPs administered by the Company.

Internal working capital requirements are low and the only need to retain capital is for known IT projects and prospective acquisitions.

Curtis Banks Limited**Notes to the financial statements****5 Non-recurring costs**

Non-recurring costs include the following significant items:

	Year ended 31 December	
	2015	2014
	£	£
Set up costs associated with the take on of SIPPs under third party administration agreements	243,032	-
Bristol head office move	102,514	-
Exceptional compensation on failed investments	68,362	-
Redundancy & restructuring costs following acquisitions	30,000	105,750
	<u>443,908</u>	<u>105,750</u>

Non-recurring costs include £243,032 relating to set up costs associated with the take on of SIPPs under third party administration agreements, and £102,514 relating to the relocation of the Company's head office in Bristol in February 2015.

6 Profit for the year

Profit for the year is arrived at after:

	Year ended 31 December	
	2015	2014
	£	£
Charging:		
Amortisation of intangible assets	733,837	409,433
Depreciation of property, plant and equipment	266,593	177,606
Operating lease rentals for land and buildings	320,570	123,946
Other operating lease rentals	325,934	257,332
Auditors remuneration:		
- audit of the annual accounts of the Company	35,000	18,000
- regulatory and tax audits	18,000	18,450
- corporation tax services	6,500	5,500
	<u>6,500</u>	<u>5,500</u>

Curtis Banks Limited**Notes to the financial statements****7 Directors and employees**

	Year ended 31 December	
	2015	2014
	£	£
Wages and salaries	6,582,168	3,808,194
Social security costs	716,485	397,398
Other pension costs	228,097	142,678
	<u>7,526,750</u>	<u>4,348,270</u>

The charge to the statement of comprehensive income for wages and salaries for the year ended 31 December 2015 includes £18,913 (2014: £1,211) relating to an EMI scheme in place during the year. See note 22 for further details.

The average number of employees during the year was:

Directors	7	7
Administration	219	135
	<u>226</u>	<u>142</u>

Details of emoluments (including pension) paid to the key management personnel are as follows:

	Year ended 31 December	
	2015	2014
	£	£
Total emoluments paid to:		
Directors		
wages and salaries	808,576	620,292
pension costs	16,832	15,290
Key management personnel (excluding directors)		
wages and salaries	612,249	466,255
pension costs	22,882	3,072
	<u>1,460,539</u>	<u>1,104,909</u>
Emoluments of highest paid director	<u>201,700</u>	<u>154,500</u>

8 Finance costs

	Year ended 31 December	
	2015	2014
	£	£
Bank interest paid	3,480	2,698
Lease finance charges	3,563	4,020
	<u>7,043</u>	<u>6,718</u>

Curtis Banks Limited**Notes to the financial statements****9 Finance income**

	Year ended 31 December	
	2015	2014
	£	£
Interest income	11,654	14,136
Income from loans to group undertakings	69	275
	<u>11,723</u>	<u>14,411</u>

10 Taxation

	Year ended 31 December	
	2015	2014
	£	£
Domestic current period tax		
UK Corporation tax	<u>840,305</u>	<u>620,304</u>
Total current tax	840,305	620,304
Deferred tax		
Origination and reversal of temporary differences	<u>133,669</u>	<u>27,331</u>
	<u>973,974</u>	<u>647,635</u>
Factors affecting the tax charge for the period		
Profit before tax	<u>5,101,988</u>	<u>3,177,107</u>
Profit before tax multiplied by standard rate of UK Corporation tax of 20.25% (2014: 21.50%)	<u>1,033,153</u>	<u>683,078</u>
Effects of:		
Non-deductible expenses	12,873	14,201
Depreciation	200,934	38,185
Capital allowances	(311,499)	(89,261)
Other tax adjustments	(95,156)	(25,899)
	<u>(192,848)</u>	<u>(62,774)</u>
Current tax charge	<u>840,305</u>	<u>620,304</u>

11 Intangible assets

	Development Costs £	Client Portfolios £	Computer Software £	Total £
Cost				
At 1 January 2015	-	11,702,328	123,028	11,825,356
Arising on acquisitions	-	2,609,094	-	2,609,094
Additions	151,402	327,557	68,995	547,954
At 31 December 2015	<u>151,402</u>	<u>14,638,979</u>	<u>192,023</u>	<u>14,982,404</u>
Amortisation				
At 1 January 2015	-	773,252	98,978	872,230
Charge for the year	-	704,770	29,067	733,837
At 31 December 2015	<u>-</u>	<u>1,478,022</u>	<u>128,045</u>	<u>1,606,067</u>
Net book value				
At 31 December 2014	-	10,929,076	24,050	10,953,126
At 31 December 2015	<u>151,402</u>	<u>13,160,957</u>	<u>63,978</u>	<u>13,376,337</u>

11 Intangible assets (continued)

Development Costs

Development costs represent costs incurred for the development of new SIPP products, with a carrying value as at 31 December 2015 of £151,402. No amortisation has been provided in the year to 31 December 2015 as products have yet to be released to the market and are consequently not yet available for sale.

Computer Software

Computer software represents CashFac Banking, a banking system to improve the efficiency of treasurer facilities within the Company and generate higher levels of interest, with a carrying value as at 31 December 2014 and 2015 of £24,050 and £63,978 respectively. This is being amortised over its useful economic life of four years on a straight line basis.

Client Portfolio

Client portfolios represent individual client portfolios acquired through business combinations.

The brought forward balance relates to the purchase of the trade and assets of Montpelier Pension Administration Services Limited on 13 May 2011, the full SIPP business of Alliance Trust Savings Limited on 18 January 2013, the full SIPP business and certain assets of Pointon York SIPP Solutions Limited on 31 October 2014, and the full SIPP business of Rathbones Pension & Advisory Services Limited on 31 December 2014. These acquisitions have been accounted for under the acquisition method of accounting.

Additions in the year include £279,097 relating to the novation of a client portfolio from Bridgewater Pension Trustees Limited, a wholly owned subsidiary company, up to Curtis Banks Limited. A corresponding decrease in the cost of investment in Bridgewater Pension Trustees Limited is reflected within non-current asset investments note 13 to the financial statements.

The directors have considered the carrying value of the client portfolio and have concluded that no impairment is required. The client portfolio is being amortised over a period of 20 years and had an average remaining expected useful economic life as at 31 December 2015 of 18 years.

Curtis Banks Limited

Notes to the financial statements

12 Property, plant and equipment

	Leasehold Improvements £	Computer equipment £	Plant & equipment £	Total £
Cost				
At 1 January 2015	53,910	947,972	94,695	1,096,577
Additions	-	1,048,321	42,992	1,091,313
At 31 December 2015	<u>53,910</u>	<u>1,996,293</u>	<u>137,687</u>	<u>2,187,890</u>
Depreciation				
At 1 January 2015	1,123	348,884	52,099	402,106
Charge for the year	13,477	227,233	25,883	266,593
At 31 December 2015	<u>14,600</u>	<u>576,117</u>	<u>77,982</u>	<u>668,699</u>
Carrying value				
At 31 December 2014	<u>52,787</u>	<u>599,088</u>	<u>42,596</u>	<u>694,471</u>
At 31 December 2015	<u>39,310</u>	<u>1,420,176</u>	<u>59,705</u>	<u>1,519,191</u>

Included in the carrying values above are assets held under finance leases and hire purchase contracts for £29,645 (2014: £58,139). Depreciation has been charged in relation to these assets of £28,494 (2014: £28,494).

Computer equipment includes costs for a software package for SIPP administration, with a carrying value of £847,218 (2014: £224,387). As at 31 December 2015 this was still under construction and therefore is not yet being depreciated.

Curtis Banks Limited**Notes to the financial statements****13 Non-current asset investments**

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 January 2015	370,256	11,000	381,256
Disposals	(279,097)	(11,000)	(290,097)
At 31 December 2015	91,159	-	91,159
Net book value			
At 31 December 2014	370,256	11,000	381,256
At 31 December 2015	91,159	-	91,159

The directors are satisfied that no impairment has occurred in the carrying value of the non-current asset investments at 31 December 2015.

Shares in group undertakings include the cost of investment in Bridgewater Pension Trustees Limited, a wholly owned subsidiary company. During the year ended 31 December 2015, client portfolios with a fair value of £279,097 were novated from Bridgewater Pension Trustees Limited up to Curtis Banks Limited. This is reflected as a disposal in the year from shares in group undertakings and a corresponding increase to client portfolios is shown in Intangible assets note 11 to the financial statements.

Curtis Banks Limited**Notes to the financial statements****13 Non-current asset investments (continued)**

Name of entity	Principal activity	Country of Incorporation	% of Ordinary Shares held by Company
Curtis Banks Investment Management Limited	Provision of financial advice	England and Wales	90.00
Colston Trustees Limited	Dormant	England and Wales	100.00
Montpelier Pension Trustees Limited	Dormant	England and Wales	100.00
Tower Pension Trustees Limited	Dormant	England and Wales	100.00
SPS Trustees Limited	Dormant	England and Wales	100.00
Crescent Trustees Limited	Dormant	England and Wales	100.00
Final Pursuit Limited	Dormant	England and Wales	100.00
Tower Pension (S-B) Trustees Limited	Dormant	Scotland	100.00
Bridgewater Pension Trustees Limited	Non-trading	England and Wales	100.00
Temple Quay Pension Trustees Limited	Dormant	England and Wales	100.00

Curtis Banks Limited**Notes to the financial statements****13 Non-current asset investments (continued)**

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2015 £	Profit/(loss) for the year 2015 £
	Principal activity		
Curtis Banks Investment Management Limited	Provision of financial advice	89,897	38,361
Colston Trustees Limited	Dormant	100	-
Montpelier Pension Trustees Limited	Dormant	1	-
Tower Pension Trustees Limited	Dormant	400	-
SPS Trustees Limited	Dormant	2	-
Crescent Trustees Limited	Dormant	1	-
Final Pursuit Limited	Dormant	1	-
Tower Pension (S-B) Trustees Limited	Dormant	1	-
Bridgewater Pension Trustees Limited	Non-trading	108,628	-
Temple Quay Pension Trustees Limited	Dormant	1	-

In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the statement of financial position.

All subsidiaries are exempt from audit under the requirements of s479 of the Companies Act 2006.

Curtis Banks Limited

Notes to the financial statements

14 Business combinations

Acquisition of SIPPs from Friends Life Limited

On 13 March 2015, Curtis Banks Limited acquired a book of 2,300 SIPPs from Friends Life Limited, and certain associated assets and liabilities. Consideration was agreed in the form of payment to Friends Life Limited of a share of the fees received from the book of SIPPs for a five year period from 13 March 2015. The acquisition has been accounted for using the acquisition method.

The fair value of the book of SIPPs, and identifiable assets and liabilities of the business acquired as at the date of acquisition were as follows:

	Fair value recognised on acquisition £
Fair value of consideration	2,345,915
Debtors	(81,222)
Deferred income	862,879
Cash receivable in respect of deferred income	(518,478)
Fair value of net assets acquired	2,609,094
Goodwill arising on acquisition	-
Total acquisition costs	2,609,094

Acquisition costs are analysed as follows:

Fair value of deferred consideration payable	1,978,561
Deferred income liability acquired	862,879
Cash received in respect of deferred income	(518,478)
Debtors acquired	(81,222)
Client asset re-registration costs	367,354
Total acquisition costs	2,609,094

The deferred consideration has been accounted for at fair value, and is split between creditors due within one year and creditors due in more than one year. The amount of deferred consideration payable is linked to a share of the fees received on the book of SIPPs over a five year period from the date of acquisition. As the deferred consideration is intrinsically linked to revenue receivable, the deferred consideration has not been discounted to present value as any discount factor recognised would offset against future revenue receivable.

The directors have not determined the post-acquisition operating results of the acquisition for the period ended 31 December 2015, as many of the support and general overhead costs for the book of SIPPs are carried out by existing staff of the Company.

Revenue of £1,634,749 has been recognised in relation to the book of SIPPs acquired during the year ended 31 December 2015. The revenue as though the acquired business had been held for the full year ended 31 December 2015 is estimated to be £2,065,000.

15 Trade and other receivables

	As at 31 December	
	2015	2014
	£	£
Trade receivables	2,328,997	990,356
Other receivables	913,013	480,837
Amounts owed by group undertakings	-	1,278,874
Prepayments and accrued income	731,846	369,454
	<u>3,973,856</u>	<u>3,119,521</u>

All of the trade receivables were non-interest bearing and receivable under normal commercial terms. The directors consider that the carrying value of trade and other receivables approximates to their fair value. All trade receivables are fees due from the administration of SIPPs and SSASs. Fees are taken from the assets of the respective schemes of which the Company has control. If there are no assets in the scheme, payment of the fees is the responsibility of the member who set it up. As such, all debts should be recoverable over time. There are instances of Schemes not proceeded with and fees are credited when this is identified.

The nominal value of provisions relating to trade receivables was as follows:

	As at 31 December	
	2015	2014
	£	£
Brought forward	35,000	35,000
Charged in year	40,435	-
Released in year	-	-
Carried forward	<u>75,435</u>	<u>35,000</u>

The ageing profile of the non-related party trade receivables that were not impaired were as follows:

	Total	< 30 days	30 – 60 days	60 – 90 days	> 90 days
	£	£	£	£	£
As at 31 December 2014	<u>990,356</u>	<u>433,556</u>	<u>139,908</u>	<u>100,494</u>	<u>316,398</u>
As at 31 December 2015	<u>2,328,997</u>	<u>1,041,527</u>	<u>245,820</u>	<u>146,623</u>	<u>895,027</u>

Curtis Banks Limited**Notes to the financial statements**

16 Cash and cash equivalents

As at 31 December 2015 and 2014 cash and cash equivalents were as follows:

	As at 31 December	
	2015	2014
	£	£
Cash at bank and in hand	<u>2,686,317</u>	<u>2,566,002</u>

All cash at bank is held on overnight deposit.

17 Trade and other payables (current)

	As at 31 December	
	2015	2014
	£	£
Trade payables	345,041	268,382
Amounts owed to group undertakings	582,501	32,440
Taxes and social security costs	658,660	517,919
Other payables	428,504	65,645
Accruals	468,963	184,224
Declared dividends	-	14,000
	<u>2,483,669</u>	<u>1,082,610</u>

The fair value of trade and other payables approximates to book value at 31 December 2015.

Trade payables are non-interest bearing and are normally settled on 30 day terms.

Accruals are normally settled monthly throughout the financial year.

Curtis Banks Limited**Notes to the financial statements****18 Borrowings**

	As at 31 December	
	2015	2014
	£	£
Current		
Finance lease liabilities	-	22,555
	<u>-</u>	<u>22,555</u>
Total borrowings	<u>-</u>	<u>22,555</u>

The finance lease liabilities are for computer equipment and were fully repaid in 2015. As per note 12, these assets had a total net book value as at 31 December 2015 of £29,645 (2014: £58,139). The directors consider that the total minimum lease payments approximate to the present value at the statement of financial position dates.

19 Provisions for liabilities**Deferred taxation**

As a result of the taxation position set out in note 10, a deferred tax provision has arisen as follows:

	As at 31 December	
	2015	2014
	£	£
Deferred tax on temporary differences	219,490	86,761
Tax losses available	(6,850)	(6,850)
	<u>212,640</u>	<u>79,911</u>

The deferred tax provision with respect to temporary differences is analysed as follows:

	As at 31 December	
	2015	2014
	£	£
Temporary differences on plant and equipment	219,490	86,761
Other temporary differences	-	-
	<u>219,490</u>	<u>86,761</u>

Curtis Banks Limited

Notes to the financial statements

20 Share capital

	As at 31 December	
	2015	2014
	£	£
Allotted, called up and fully paid		
Ordinary shares of £1 each	7,285,000	200,000
4% non-cumulative, non-redeemable preference shares of £1 each	-	7,085,000
	<u>7,285,000</u>	<u>7,285,000</u>

The ordinary shares rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held. Each ordinary share ranks equally for any dividend declared and rank equally for any distribution made on a winding up.

All preference shares held in the Company were redeemed on 15 May 2015. Preference shares held by the ultimate parent company, Curtis Banks Group PLC, were redeemed and subsequently converted into ordinary shares. Preference shares held by external shareholders were redeemed and purchased by Curtis Banks Group PLC, and subsequently converted into ordinary shares.

The preference shares did not hold any voting rights in the Company.

21 Reserves

	Equity share based payments £	Retained earnings £	Total £
At 1 January 2014	-	1,205,551	1,205,551
Profit for the year	-	2,529,472	2,529,472
Preference share dividends paid	-	(224,700)	(224,700)
Share based payments	31,979	-	31,979
At 1 January 2015	31,979	3,510,323	3,542,302
Profit for the year	-	4,128,014	4,128,014
Ordinary share dividends declared	-	(3,500,000)	(3,500,000)
Preference share dividends declared	-	(104,389)	(104,389)
Share based payments	65,065	-	65,065
At 31 December 2015	<u>97,044</u>	<u>4,033,948</u>	<u>4,130,992</u>

22 Share options

All share options granted by the Company are for shares in the ultimate parent company, Curtis Banks Group PLC. The ordinary share capital of Curtis Banks Group PLC was subdivided by a factor of 200 on 28 April 2015. Consequently, all shares under option and associated exercise prices were also subdivided by a factor of 200. The opening numbers of shares under option as at 31 December 2014 have been restated as if the subdivision of share capital had always been in place.

EMI share option scheme

Curtis Banks Group PLC, the ultimate parent company, set up an EMI scheme during the year ended 31 December 2014 by which certain employees and key management personnel of Curtis Banks Limited are able to subscribe to ordinary shares in Curtis Banks Group PLC. As at the year-end, 26 employees (including key management personnel) held options as follows:

Date of grant	Number of shares under option at 31 December 2014	Granted / (Exercised) during the year	Number of shares under option at 31 December 2015	Exercise price	Expiry date
24 October 2014	622,200	(207,400)	414,800	10.11p	24 October 2024
8 April 2015	-	800,000	800,000	62.54p	8 April 2025
	<u>622,200</u>	<u>592,600</u>	<u>1,214,800</u>		

No share options were exercisable during the year ended 31 December 2014. Of the remaining 1,214,800 shares under option, 414,800 will vest in halves on both 24 October 2016 and 24 October 2017 at an exercise price of 10.11p, and 800,000 options will vest in thirds with 266,667 already becoming exercisable during the year, and the remaining two thirds becoming exercisable on 1 July 2016, and 1 July 2017 at an exercise price of 62.54p.

Third party share options

In addition, options were granted during 2014 to third parties as follows:

Date of grant	Number of shares under option at 31 December 2014	Exercised during the year	Number of shares under option at 31 December 2015	Exercise price	Expiry date
31 October 2014	80,000	(80,000)	-	0.5p	30 September 2024
31 October 2014	<u>720,000</u>	<u>(720,000)</u>	<u>-</u>	<u>0.5p</u>	<u>30 September 2024</u>
	<u>800,000</u>	<u>(800,000)</u>	<u>-</u>		

All third party share options were exercised on 30 April 2015.

22 Share options (continued)

As it was not possible to reliably measure the fair value of the goods received from third parties for these options, they have been measured indirectly at the fair value of the instruments granted.

The weighted average exercise price for all outstanding options at 31 December 2015 was 44.64p.

Share based payments expenses

The ordinary share capital of the Company was subdivided by a factor of 200 on 28 April 2015, and the exercise price and numbers of shares under all existing options granted were also subdivided by a factor of 200.

The fair values of the options at the date of grant were determined by using the Black Scholes model. The model inputs were a risk free rate of 0.5%, expected volatility of 24%, zero dividend yield, and a share price at 24 October and 31 October 2014 of 10.11p, and at 8 April 2015 of 62.54p. Expected volatility was based upon historical information from similar entities.

Date of grant	Exercise price	Latest exercise date	Number of shares under option at 31 December 2015	Estimated fair value per option
<i>Director and employee options</i>				
24 October 2014	10.11p	24 October 2024	414,800	2.13p
8 April 2015	62.54p	8 April 2025	800,000	5.64p
			<u>1,214,800</u>	

The total charge to the statement of comprehensive income arising from equity-settled share-based payment transactions for the year ended 31 December 2015 was £18,913 (2014: £1,211). The total increase in equity arising from equity-settled share-based payment transactions for the year ended 31 December 2014 was £65,065 (2014: £31,979) as reflected in note 21. The difference of £46,152 (2014: £30,768) is included within intangible assets as an addition to Client Portfolios.

23 Financial commitments

The operating lease expenditure charged to the statement of comprehensive income during the year is disclosed in note 6. The amount of other operating lease payments is subject to renegotiation on an annual basis.

At the end of each of the lease terms, the lessee has the option to renew the lease agreements. To exercise the renewal option, the lessee is required to give notice to the lessor of such renewal not later than 30 days before the end of the lease term.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2015	2014
	£	£
Land and buildings		
Within 1 year	123,120	128,195
Within 2 - 5 years	1,447,271	1,197,924
In more than 5 years	88,995	-
	<u>1,659,386</u>	<u>1,326,119</u>
Other		
Within 1 year	-	325,934
	<u>-</u>	<u>325,934</u>

24 Pension costs – defined contribution

	Year to 31 December	
	2015	2014
	£	£
Contributions payable by the Company for the year	<u>228,097</u>	<u>142,678</u>

Curtis Banks Limited

Notes to the financial statements

25 Dividends

	Year to 31 December	
	2015	2014
	£	£
Ordinary share dividends paid	3,500,000	-
Preference share dividends paid	104,389	224,700
	<u>3,604,389</u>	<u>224,700</u>

As at 31 December 2015, £nil (2014: £14,000) worth of preference share dividends were proposed and remained unpaid.

26 Related parties

At the year end, Curtis Banks Investment Management Limited was due £29,547 from the Company (2014: owed £6,834 to the Company) arising as a result of expenses recharged by either party. Of this, £nil (2014: £11,000) relates to a long term subordinated loan liability which was repaid during the year. The total amount of expenses recharged by Curtis Banks Limited in the year amounted to £91,053 (2014: £76,061). During the year Curtis Banks Investment Management Limited was charged £69 (2014: £275) interest in relation to the subordinated loan provided by Curtis Banks Limited. This amount was repaid during the year.

At the year end, Curtis Banks Limited owed £511,015 (2014: £1,278,598 owed by) to Curtis Banks Group PLC, the ultimate parent company. This relates to interest and loan repayments and other expenses paid by Curtis Banks on behalf of Curtis Banks Group PLC. The total amount of expenses recharged by Curtis Banks Limited in the year amounted to £1,517,255 (2014: £980,788). Preference share dividends totalling £83,484 (2014: £168,750) were paid or were due from Curtis Banks Limited to Curtis Banks Group PLC in the year ended 31 December 2015. During the year, all preference shares held were redeemed via conversion to ordinary share capital.

26 Related parties (continued)

Preference share dividends totalling £6,589 (2014: £16,480) were paid to Christopher Banks during the year ended 31 December 2015. Preference share dividends owed to Christopher Banks at the year-end totalled £nil (2014: £3,827). During the year the amount owed at 31 December 2014 was paid to Christopher Banks, and all preference shares held were redeemed.

Preference share dividends totalling £7,552 (2014: £20,230) were paid to Berkeley Charterhouse Limited, a company controlled by Christopher Banks during the year ended 31 December 2015. Preference share dividends owed to Berkeley Charterhouse Limited at the year-end totalled £nil (2014: £5,058). During the year, the amount owed at 31 December 2014 was paid to Berkeley Charterhouse Limited, and all preference shares held were redeemed.

Preference share dividends totalling £535 (2014: £1,433) were paid to Colston Trustees Limited - S Hart SIPP during the year ended 31 December 2015. Steven Hart is a director of Curtis Banks Limited. Preference share dividends owed to Colston Trustees Limited - S Hart SIPP account at the year-end totalled £nil (2014: £358). During the year the amount owed at 31 December 2014 was paid to Colston Trustees Limited - S Hart SIPP, and all preference shares held were redeemed.

Preference share dividends totalling £4,013 (2014: £11,920) were paid to Colston Trustees Limited - R Curtis SIPP and Rupert Curtis during the year ended 31 December 2015. Rupert Curtis is a director of Curtis Banks Group PLC. Preference share dividends owed to Colston Trustees Limited - R Curtis SIPP account and Rupert Curtis at the year-end totalled £nil (2014: £3,273). During the year the amount owed at 31 December 2014 was paid to Colston Trustees Limited - R Curtis SIPP and Rupert Curtis, and all preference shares held were redeemed.

Preference share dividends totalling £1,750 (2014: £4,687) were paid to Colston Trustees Limited - P Tarran SIPP during the year ended 31 December 2015. Paul Tarran is a director of Curtis Banks Group PLC. Preference share dividends owed to Colston Trustees Limited - P Tarran SIPP account at the year-end totalled £nil (2014: £1,172). During the year the amount owed at 31 December 2014 was paid to Colston Trustees Limited - P Tarran SIPP account, and all preference shares held were redeemed.

Preference share dividends totalling £299 (2014: £1,250) were paid to Colston Trustees Limited - K Morgans SIPP and Kristian Morgans during the year ended 31 December 2015. Kristian Morgans is a director of Curtis Banks Limited. Preference share dividends owed to Colston Trustees Limited - K Morgans SIPP account and Kristian Morgans at the year-end totalled £nil (2014: £400). During the year the amount owed at 31 December 2014 was paid to Colston Trustees Limited - K Morgans SIPP account and Kristian Morgans, and all preference shares held were redeemed.

27 Post statement of financial position events

On 14th January 2016 Curtis Banks Group PLC, the ultimate parent company, announced that it had entered into an agreement to acquire Suffolk Life Group Limited ("SLG"), and its subsidiaries from Legal & General (Digital Savings) Limited for consideration of £45 million (the "Acquisition").

The Acquisition is to be funded by the combination of an underwritten placing of new ordinary shares of 0.5p each in Curtis Banks Group PLC and a new debt and revolving credit facility.

The placing of the new shares completed on 20th January 2016 and £27m gross of new equity was raised at a price of £3.20 a share. The Company has entered into a debt and revolving credit facilities with its existing lenders for £20m. These facilities have full credit approval of the lender.

The Acquisition is subject to regulatory approval by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority (the "PRA").

28 Control

The Company is a wholly owned subsidiary of Curtis Banks Group PLC, a company incorporated in the United Kingdom. There is no singular ultimate controlling party.