

Registered Number OC325132

KILLIK & Co LLP
REPORT AND FINANCIAL STATEMENTS
For the year ended
31 MARCH 2017

MONDAY



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COMPANIES HOUSE

KILLIK & Co LLP

Advisers

Registered Office

46 Grosvenor Street
London
W1K 3HN

Auditors

Nexia Smith & Williamson
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Bank of Scotland
The Mount
Edinburgh
EH1 1YZ

HSBC
12 Tavern Street
Ipswich
IP1 3AZ

Registered Number

OC325132

KILLIK & Co LLP

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Members' report

The Members present their report, together with the consolidated financial statements of Killik & Co LLP ('the LLP') and its subsidiary undertakings (together 'the Group') for the year ended 31 March 2017.

Principal activities

The principal activity of the Group is the provision of stockbroking and investment management services to the private client community. The Group also provides financial planning, trust administration, tax services and other related services.

Review of business and future developments

We are pleased to report that our client assets reached a new high during the year and at the 31 March 2017 stood at £5.403bn, an increase of £978m or 22.1% from the £4.425bn at which we opened the year. Over the comparable period the FTSE100 rose by 1148.02 or 18.6%.

A key measure of success for a business such as ours is the ability to generate strong inflows of net new assets (organic growth) and in this respect we delivered £267m over the year. We recorded £474m for the year ended March 2016, which included a small number of very large accounts, that we had not expected to be repeated.

Time weighting the receipt of new net assets, the underlying performance of our clients assets continued to grow faster than the market, as defined by the FTSE100 index. This is particularly satisfying as around £1bn of our closing assets of £5.4bn, or 18.5% was in a mixture of fixed income investments and cash deposits, which combined to act as a drag on performance in a rising equity market.

Our turnover of £42.1m compares to £36.8m during the previous year, an increase of 14.4%. On the mean absolute difference between our opening and our closing assets, our return on assets amounted to 0.86%.

We should remind the reader that our model is one of organic growth, largely by recommendation from existing clients. We do not acquire other companies, nor do we take on individual Investment Managers or teams with their own book of business. We train our own Investment Managers, and now our own Planners as well.

We continue to progress with our intention to combine the best of technology with the best of human advice and expertise. Along with online registration, and a relaunch of our existing Killik & Co App MyKillik, we anticipate launching the beta-testing phase of Silo, our intelligent save and invest app built on new technology, in the autumn.

Our growing client and asset base, combined with these and other exciting new projects and an outstanding team of people, gives us every confidence in the future.

Results for the year and allocation to Members

The profit for the year available for division among Members was £ 15,183,000 (2016: £10,878,000).

Members' report (continued)

Members

The following were Members during the year (unless otherwise stated):

| | |
|--|------------------------------------|
| PG Killik (Senior Partner) * | NA Crellin |
| MN Orr (Non Executive Partner) | MA Savage |
| FD Robinson | SM Petts (resigned 31 March 2017) |
| SJ Marsh * | JM O'Mahony |
| KE Overend | SJ Lord (resigned 31 March 2017) |
| GP Neale | MT Berry |
| MJ Gilligan | TC Scott |
| CH MacTaggart * | PM Rooney |
| AM Pate | JTJ Chester |
| PJ Day | FRD Argiolas |
| Templeco 658 Limited | TJ Bennett |
| PD Gordon | GR Harrison |
| CA Manning (appointed 1 April 2016) | JO Henry |
| GL Killik (appointed 1 April 2016) | PE Martin |
| ZA Zambakides (appointed 1 October 2016) | RJA O'Neill |
| JSB Dunn | NG Ziegelasch |
| GA Meredith | JG Kempson (resigned 10 June 2016) |
| JL Spencer | IJ King (appointed 1 April 2017) |
| JJ Sheldon | GA Smith (appointed 1 April 2017) |

* denotes Designated Members during the year

Policy on Members' drawings, subscription and repayment of Members' capital

During the year Members receive monthly drawings representing payments on account of profits which may be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP and may be reclaimed from Members until such time as profits have been allocated to them.

A level of profits is determined and allocated between Members during the year with any balance being approved and allocated after the finalisation of the financial statements.

Capital requirements are determined by the Executive Board and are reviewed at least annually. All Members are required to subscribe for a proportion of capital. Upon retirement or departure from the LLP capital is only repaid to outgoing members in accordance with the provisions in the Members' Deed where the firm has sufficient capital for FCA regulatory requirements. The timing of capital repayments depends on the type of Member and the LLP can repay capital over periods between one month and 5 years from departure.

Members' report (continued)

Financial risks and uncertainties

There are a number of potential risks and uncertainties in business which could impact the Group's long term performance. Therefore the Group has identified, documented and monitored those risks and it ensures that there are adequate controls in place that mitigate those risks. The Risks Committee meets weekly and closely monitors any financial exposures or other risks of the Group, and reports each week to the Executive Board.

The Group has a clearly defined operational strategy which recognises the necessity to retain strong cash reserves in case of downturns in the Group's markets. An Internal Capital Adequacy Assessment Process ('ICAAP') document has been prepared by the Group which reviews the Group's capital resources. This document considers the risks to which the business is exposed, and for the most significant risks, calculates the effect on capital if they were to materialise. The ICAAP also includes the results of various scenario analyses aimed at assessing the Group's position under turbulent market conditions.

We have identified the principal risks affecting the Group's business, and the controls in place to monitor and mitigate these risks, in the categories below:

Credit Risk

The Group undertakes client deals as agent for the client. In the event of a client default, the Group has a power of sale lien or right of set off against other investments or money in a client account, held by a third party. A daily report of any overdrawn client positions is closely monitored by the Group. Exposures to transaction counterparties are monitored closely by the Risks Committee. All institutional transactions are settled on a cash against delivery basis, and high value transactions are separately authorised. The Group does not undertake derivative business on its own account.

Market Risk

The Group holds certain fixed asset investments, as detailed in note 8, which are held as strategic investments. These investments are carried at fair value. The Group does not deal on its own account so is not exposed to market risk. Therefore, the Group is not subject to any significant position risk or foreign currency risk arising from market movements.

Liquidity Risk

The Group constantly monitors its capital resources to ensure it meets its financial obligations as they fall due. Detailed cash flow projections are produced and monitored against actual cash balances each week by the Executive Board, who also receive a daily report on cash movements. To maximise investment return, the Group places surplus funds on deposit with major UK financial institutions. Regular credit reviews are carried out on those financial institutions.

Interest rate risk

The Group has interest bearing assets. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate.

Members' report (continued)

Financial risks and uncertainties (continued)

Equity price risk

The Group is exposed to equity price risk because of investments held by the Group. To manage the price risk arising from these investments the Group actively manages its portfolio.

Foreign currency exchange rate risk

The Group is exposed to a small foreign currency exchange rate risk as a result of its business operations and fixed asset investments in Dubai.

Pillar 3 Disclosure

The qualitative and quantitative disclosures to comply with Pillar 3 of the FCA Capital Requirement Directive can be found publicly on our website at www.killik.com.

Members' Responsibilities Statement

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law as applied to limited liability partnerships the members 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 limited liability partnership and of the group and of the profit or loss of the group for that period.

In preparing these financial statements, the members are required to:

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

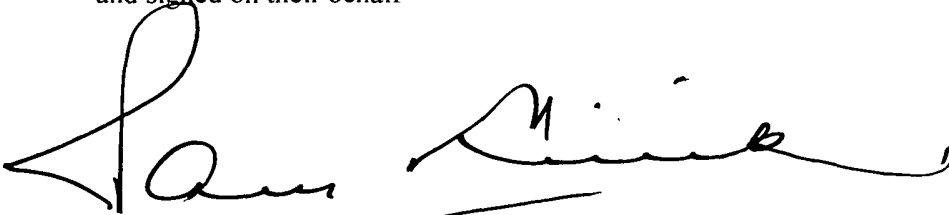
The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and the group and enable them to ensure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

Members' report (continued)

Auditors

Nexia Smith & Williamson are deemed to be re-appointed as auditors.

Approved by the Members
and signed on their behalf

A handwritten signature in black ink, appearing to read 'PG Killik', written over a horizontal line.

PG Killik
Senior Member

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILLIK & Co LLP

We have audited the financial statements of Killik & Co LLP for the year ended 31 March 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent limited liability partnership Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Parent limited liability partnership Reconciliation of Members' Interests including Statements of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 6, the members 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent limited liability partnership's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Nexia Smith & Williamson

Giles Murphy
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

25 July 2017

Date:

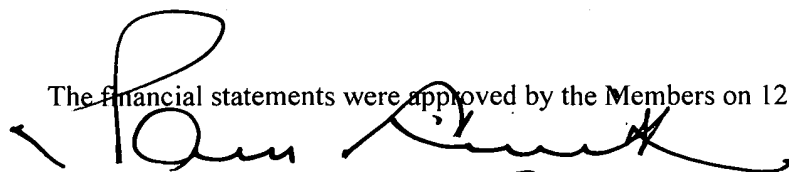
KILLIK & CO LLP**Consolidated Statement of Comprehensive Income for the year ended 31 March 2017**

| | Notes | 2017 £'000 | 2016 £'000 |
|---|-------|---------------|---------------|
| Turnover | 2 | 42,132 | 36,815 |
| Cost of sales | | (4,492) | (3,625) |
| Gross profit | | 37,640 | 33,190 |
| Administrative expenses | | (20,318) | (20,339) |
| Operating profit | | 17,322 | 12,851 |
| Other income | | 204 | 187 |
| Interest receivable and similar income | | 30 | 55 |
| Profit for the financial year before Members' remuneration and profit share | | 17,556 | 13,093 |
| Members' remuneration charged as an expense | | (2,337) | (2,085) |
| Profit before taxation | | 15,219 | 11,008 |
| Taxation | 6 | (36) | (130) |
| Profit for the financial year available for discretionary division among Members | | 15,183 | 10,878 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 15,183 | 10,878 |

Consolidated Statement of Financial Position as at 31 March 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 7 | 912 | 1,491 |
| Investments | 8 | 1,005 | 1,115 |
| | | <u>1,917</u> | <u>2,606</u> |
| Current assets | | | |
| Debtors | 9 | 12,489 | 9,928 |
| Cash at bank | | 16,985 | 8,956 |
| | | <u>29,474</u> | <u>18,884</u> |
| Creditors: amounts falling due within one year | 10 | (5,300) | (5,332) |
| Net current assets | | <u>24,174</u> | <u>13,552</u> |
| Total assets less current liabilities | | 26,091 | 16,158 |
| Provisions for liabilities | 11 | (532) | (583) |
| Net assets attributable to Members | | <u>25,559</u> | <u>15,575</u> |
| Represented by: | | | |
| Loans and other debts due to Members within one year | | | |
| Other amounts | | 2,897 | 1,824 |
| | | <u>2,897</u> | <u>1,824</u> |
| Equity | | | |
| Members' capital | | 15,905 | 10,025 |
| Other reserves | | 6,757 | 3,726 |
| | | <u>25,559</u> | <u>15,575</u> |
| Total Members' interests | | | |
| Members' capital | | 15,905 | 10,025 |
| Amounts due from Members | | (894) | (684) |
| Loans and other debts due to Members | | 2,897 | 1,824 |
| Other reserves | | 6,757 | 3,726 |
| | | <u>24,665</u> | <u>14,891</u> |

The financial statements were approved by the Members on 12 July 2017 and were signed on their behalf by:



PG Killik
Senior Member

KILLIK & CO LLP

Reconciliation of consolidated Members' interests including Statement of Changes in Equity – Group

| | Members' capital | Other reserves | Total | Loans and other debts due to Members | Total |
|--|---------------------|-------------------|----------|--|----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Amounts due from Members | - | - | - | (914) | - |
| Amounts due to Members | - | - | - | 1,297 | - |
| Members' interests at 1 April 2015 | 9,692 | 3,265 | 12,957 | 383 | 13,340 |
| Capital introduced | 391 | - | 391 | - | 391 |
| Capital repaid | (58) | - | (58) | - | (58) |
| Members' remuneration charged as an expense | - | - | - | 2,085 | 2,085 |
| Profit for the financial year available for division among the Members | - | 10,878 | 10,878 | - | 10,878 |
| Members' interests after profit for the year | 10,025 | 14,143 | 24,168 | 2,468 | 26,636 |
| Allocated profits | - | (10,417) | (10,417) | 10,417 | - |
| Drawings | - | - | - | (11,745) | (11,745) |
| Amounts due from Members | - | - | - | (684) | - |
| Amounts due to Members | - | - | - | 1,824 | - |
| Members' interests at 31 March 2016 | 10,025 | 3,726 | 13,751 | 1,140 | 14,891 |
| Capital introduced | 6,023 | - | 6,023 | - | 6,023 |
| Capital repaid | (143) | - | (143) | - | (143) |
| Members' remuneration charged as an expense | - | - | - | 2,337 | 2,337 |
| Profit for the financial year available for division among the Members | - | 15,183 | 15,183 | - | 15,183 |
| Members' interests after profit for the year | 15,905 | 18,909 | 34,814 | 3,477 | 38,291 |
| Allocated profits | - | (12,152) | (12,152) | 12,152 | - |
| Drawings | - | - | - | (13,626) | (13,626) |
| Amounts due from Members | - | - | - | (894) | - |
| Amounts due to Members | - | - | - | 2,897 | - |
| Members' interests at 31 March 2017 | 15,905 | 6,757 | 22,662 | 2,003 | 24,665 |

In the event of the Group winding up, members capital, loans and other debts to Members would rank equally with unsecured creditors.

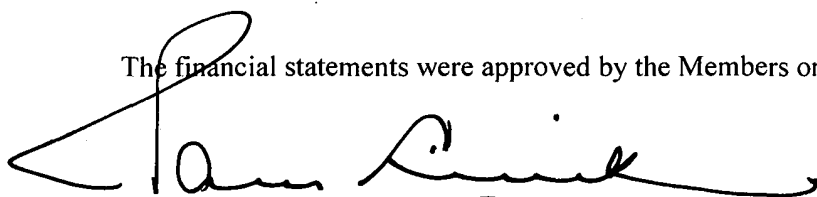
Consolidated Statement of Cash Flows for the year ended 31 March 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|-------|---------------|---------------|
| Cash flows from operating activities | | | |
| Operating Profit for the financial year | | 17,322 | 12,851 |
| Adjustments for: | | | |
| Depreciation of tangible assets | | 465 | 441 |
| (Gain)/loss on sale of tangible assets | | (14) | 14 |
| Fair value adjustments | | 127 | (95) |
| Gain on sale of investments | | - | (14) |
| Taxation | | (39) | 40 |
| Payments to members | | (13,626) | (11,745) |
| Increase in trade and other debtors | | (2,332) | (2,423) |
| (Decrease)/increase in trade and other creditors | | (99) | 61 |
| Net cash generated from operating activities | | 1,804 | (870) |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | | (241) | (589) |
| Proceeds on sale of investments | | - | 192 |
| Proceeds on sale of fixed assets | | 573 | |
| Purchases of investments | | (17) | - |
| Interest received | | 30 | 55 |
| Net cash generated in investing activities | | 345 | (342) |
| Cash flows from financing activities | | | |
| Capital contributions by members | | 6,023 | 391 |
| Capital repayments to members | | (143) | (58) |
| Net cash generated in financing activities | | 5,880 | 333 |
| Net increase/(decrease) in cash and cash equivalents | | 8,029 | (879) |
| Cash and cash equivalents at the beginning of the year | | 8,956 | 9,835 |
| Cash and cash equivalents at the end of the year | | 16,985 | 8,956 |
| Components of cash and cash equivalents | | | |
| Cash | | 16,985 | 8,956 |

LLP Statement of Financial Position as at 31 March 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 7 | 702 | 1,138 |
| Investments | 8 | 1,105 | 1,345 |
| | | <u>1,807</u> | <u>2,483</u> |
| Current assets | | | |
| Debtors | 9 | 12,882 | 10,472 |
| Cash at bank | | 16,209 | 8,031 |
| | | <u>29,091</u> | <u>18,503</u> |
| Creditors: amounts falling due within one year | 10 | (4,845) | (5,250) |
| Net current assets | | <u>24,246</u> | <u>13,253</u> |
| Total assets less current liabilities | | 26,053 | 15,736 |
| Provisions for liabilities | 11 | (532) | (559) |
| Net assets attributable to Members | | <u>25,521</u> | <u>15,177</u> |
| Represented by: | | | |
| Loans and other debts due to Members within one year | | | |
| Other amounts | | 2,897 | 1,824 |
| Equity | | | |
| Members' capital | | 15,905 | 10,025 |
| Other reserves | | 6,719 | 3,328 |
| | | <u>25,521</u> | <u>15,177</u> |
| Total Members' interests | | | |
| Members' capital | | 15,905 | 10,025 |
| Amounts due from members | | (894) | (684) |
| Loans and other debts due to Members | | 2,897 | 1,824 |
| Other reserves | | 6,719 | 3,328 |
| | | <u>24,627</u> | <u>14,493</u> |

The financial statements were approved by the Members on 12 July 2017 and were signed on their behalf by:



PG Killik
Senior Member

KILLIK & CO LLP

Reconciliation of Members' interests Including Statement of Changes in Equity – LLP

| | Members' capital | Other reserves | Total | Loan and other debts due to Members Other amounts | Total |
|--|------------------|----------------|----------|---|----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Amounts due from Members | - | - | - | (914) | - |
| Amounts due to Members | - | - | - | 1,297 | - |
| Members' interests at 1 April 2015 | 9,692 | 2,989 | 12,681 | 383 | 13,064 |
| Capital introduced | 391 | - | 391 | - | 391 |
| Capital repaid | (58) | - | (58) | - | (58) |
| Members' remuneration charged as an expense | - | - | - | 2,085 | 2,085 |
| Profit for the financial year available for division among the Members | - | 10,756 | 10,756 | - | 10,756 |
| Members' interests after profit for the year | 10,025 | 13,745 | 23,770 | 2,468 | 26,328 |
| Allocated profits | - | (10,417) | (10,417) | 10,417 | - |
| Drawings | - | - | - | (11,745) | (11,745) |
| Amounts due from Members | - | - | - | (684) | - |
| Amounts due to Members | - | - | - | 1,824 | - |
| Members' interests at 31 March 2016 | 10,025 | 3,328 | 13,353 | 1,140 | 14,493 |
| Capital introduced | 6,023 | - | 6,023 | - | 6,023 |
| Capital repaid | (143) | - | (143) | - | (143) |
| Members' remuneration charged as an expense | - | - | - | 2,337 | 2,337 |
| Profit for the financial year available for division among the Members | - | 15,543 | 15,543 | - | 15,543 |
| Members' interests after profit for the year | 15,905 | 18,871 | 34,776 | 3,477 | 38,253 |
| Allocated profits | - | (12,152) | (12,152) | 12,152 | - |
| Drawings | - | - | - | (13,626) | (13,626) |
| Amounts due from Members | - | - | - | (894) | - |
| Amounts due to Members | - | - | - | 2,897 | - |
| Members' interests at 31 March 2017 | 15,905 | 6,719 | 22,624 | 2,003 | 24,627 |

In the event of the LLP winding up, members capital, loans and other debts to Members would rank equally with unsecured creditors.

Notes to the financial statements for the year ended 31 March 2017

1 Statutory information

Killik & Co LLP is a Limited Liability Partnership domiciled in England and Wales, registration number OC325132. The registered office is 46 Grosvenor Street, London, W1K 3HN.

2 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’) and with the requirements of the statement of recommended practice Accounting for Limited Liability Partnerships and the Financial Conduct Authority. There were no material departures from those standards. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain investments and liabilities as specified in the accounting policies below.

Exemptions

The LLP has taken advantage of the exemption from preparing a statement of cash flows available under FRS 102.

The LLP has taken advantage of the exemption from the disclosure of key management personnel remuneration.

Going concern

The Members have reviewed the results of the business since the year ended 31 March 2017 and the forecasts for the 12 months subsequent to the approval of the financial statements. Based on these the Members believe that the Group has sufficient financial and capital resources to continue as a going concern and as such have prepared the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements comprise the results, assets and liabilities of the LLP and its subsidiary entities, defined as entities that the LLP controls and has beneficial interests in. All subsidiary entities have been consolidated under acquisition accounting principles. Where an investment in a subsidiary is held exclusively with a view for subsequent resale this subsidiary is not consolidated into the financial statements and is held at cost less provision for impairment.

Turnover

Turnover comprises gross stockbroking commission and related income from investment business and associated activities less commissions paid away to external introducers of business. Revenue from stockbroking is recognised at the point of trade execution.

Notes to the financial statements for the year ended 31 March 2017 (continued)**2 Accounting policies (continued)****Turnover (continued)**

Net interest earned on client free money balances is accrued by reference to the remaining portion of the financial period and the total of the free money balances at the close of business of the previous trading day.

Revenue from the provision of custody services is accrued by reference to the remaining proportion of the financial year, the expected number of physical holdings in the Group's nominee accounts and the number of client accounts at the next quarterly charging date.

Trail commission receivable from fund managers of collective investment schemes includes amounts received during the year plus amounts accrued by reference to the value of funds with each respective fund manager as at the last trading day of the year.

Fees receivable for investment management services are based on the value of client holdings. They include amounts invoiced during the year plus amounts accrued by reference to the remaining portion of the financial period and the expected mid-market value of such holdings at the next quarterly charging date.

Leases

Rental payments under non-cancellable leases are charged to the statement of comprehensive income in equal amounts over the lease term.

Pension costs

The Group operates a defined contribution pension scheme for all eligible staff. The amount contributed by the Group is linked to length of service. Pension contributions are charged to the statement of comprehensive income in the period to which they relate.

Profit of the LLP

In accordance with Section 408 of the Companies Act 2006 (as modified for application of LLPs), Killik & Co LLP have taken advantage of the legal dispensation not to present its own income statement. The amount of profit for the financial period before Members' remuneration and profit share is £15,543,000 (2016: £10,756,000).

Allocation of profits and drawings

The appropriation of the profit after the deduction of staff bonuses and Members' remuneration charged as an expense is allocated to Members according to their individual interest in the LLP and their performance during the year, with any balance being approved and allocated after the year end. Prior to allocation, profits are recorded in other reserves and subsequent to allocation the appropriate amount is transferred to loans and other debts due to members. During the year Members receive monthly drawings representing payments on account of profits which may be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP and may be reclaimed from Members until such time as profits have been allocated to them. Drawings in excess of allocated profits are included within debtors. Unallocated profits at year end are included within equity as 'other reserves'.

Notes to the financial statements for the year ended 31 March 2017 (continued)**2 Accounting policies (continued)****Capital**

Capital is only repaid to outgoing Members in accordance with the provision in the Members' Deed where the LLP has sufficient capital for FCA regulatory requirements. As such it is accounted for as equity.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at the cost of acquisition.

Design and content development costs are capitalised under computer software only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and the content are next updated, the costs of developing the design and content are charged to the statement of comprehensive income as incurred. All planning costs are charged to the statement of comprehensive income as incurred.

Depreciation on tangible fixed assets is calculated so as to write down the cost to their estimated residual values by equal instalments over the period of their useful economic lives, which are considered to be:

- Leasehold improvements – the remaining period of the lease or the next break clause;
- Fixtures and fittings – between 3 and 10 years; and
- Computer equipment and software – between 2 and 4 years.

The useful economic life of each tangible fixed asset is reviewed at the end of each reporting period and revised if expectations are significantly different from previous estimates. The carrying amount of the tangible fixed asset at the date of revision is depreciated over the revised remaining useful economic lifetime.

Freehold property

Freehold property used within the business is recorded at the cost of acquisition.

Fixed asset investments

Investments in subsidiaries are measured at cost less any impairment. Stakes in businesses held for the long term over which the Group does not exert significant influence, are measured at fair value. Changes in fair value are recognised in the statement of comprehensive income.

Provisions for claims

Provisions for claims by clients are considered on a notified basis. Each case is assessed to the extent that the claim is deemed valid, whether an appeal has been made to the Financial Ombudsman and whether any provision may be covered by Professional Indemnity Insurance.

Notes to the financial statements for the year ended 31 March 2017 (continued)**2 Accounting policies (continued)****Dilapidations provision**

At the end of each reporting period, an assessment is made of the expected cost of meeting the dilapidation repairs under property leases to the extent that such an amount can be reasonably determined. Where this can be determined, an equal amount is charged to the statement of comprehensive income for each remaining year of the lease so as to ensure there are sufficient amounts provided to cover the cost of dilapidation repairs at the end of the lease term.

Taxation

While there is no requirement to accrue for tax payable by Members, separate balances are retained by the LLP within loans and other debts due to members although not separately disclosed in the financial statements to ensure that an estimate of their future tax liabilities can be met. The amount accrued at the period end is an accounting estimate of future liabilities in relation to the profit share for the period and, where there is any shortfall in the estimate, it is the responsibility of the individual Member to ensure that their full tax liability is extinguished as necessary.

Corporation Tax

The subsidiaries included in these consolidated financial statements are subject to corporation tax. The tax expense for the year comprises current tax. Tax is recognised in the statement of comprehensive income. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Investments in listed shares are classified as basic financial instruments. They are measured at fair value with changes in fair value being recognised in the statement of comprehensive income.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash at bank.

Notes to the financial statements for the year ended 31 March 2017 (continued)

3 Key sources of estimation uncertainty and judgements (continued)

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Client claims provision

A full review of potential client claims is carried out at the fortnightly Risks Committee. Each claim is reviewed individually to determine the likelihood of compensation being paid. Individual client claims above £75,000 are covered through insurance. Whilst every attempt is made to ensure that the client claims provision is as accurate as possible there remains a risk that the provision does not match the level of compensation paid. The client claims provision at 31 March 2017 was £532,000 (2016: £583,000).

Investments

Shares held in unlisted investments are carried at fair value and therefore assumptions are used in the valuation of these investments. Although every attempt is made to ensure that the assumptions used are as accurate as possible there remains a risk that the fair value of these investments is ultimately different to the valuation within these financial statements.

Dilapidations provision

A review of the cost of meeting the dilapidation repairs for each property lease is conducted at the year end and the cost is charged to the statement of comprehensive income. Although every attempt is made to ensure that the dilapidations provision is as accurate as possible there remains a risk that the provision does not match the cost of repairs needed. The dilapidations provision at 31 March 2017 was £146,000 (2016: £130,000).

Notes to the financial statements for the year ended 31 March 2017 (continued)

| 4 Profit before tax | 2017 £'000 | 2016 £'000 |
|--|-----------------------|-----------------------|
| Is stated after charging the following: | | |
| Salaries and wages (including staff bonuses) | 9,253 | 8,314 |
| Social security costs | 796 | 779 |
| Pension contributions | 669 | 709 |
| Depreciation | 465 | 441 |
| Operating lease charges | 1,263 | 1,406 |
| Changes in fair value of investments | (127) | (95) |
| | | |
| Auditor's remuneration is as follows: | | |
| Fees payable for the audit of the LLP's financial statements | 55 | 53 |
| Fees payable for the audit of the subsidiaries | 15 | 15 |
| Fees payable for other services to the Group | 16 | 11 |
| | | |
| | 86 | 79 |
| | | |
| Tax services provided to the Group and its Members | 129 | 103 |
| | | |

The average number of employees in the Group during the year was 170 (2016: 174).

Included within operating profit is a £230,000 (2016: £558,000) charge for contributions to the FSCS Compensation Levy. This is in respect of this firm's allocated portion of the costs of compensating clients for failures of other financial services organisations.

5 Information in relation to Members

| | 2017 Number | 2016 Number |
|--|------------------------|------------------------|
| The average number of Members during the year was: | 34 | 31 |

The amount of profit attributable to the Member with the largest entitlement was £4,707,709 (2016: £3,279,055), which is determined by reference to the share of profit in the year to 31 March 2017.

Notes to the financial statements for the year ended 31 March 2017 (continued)

| 6 Tax on profit on ordinary activities | 2017 £'000 | 2016 £'000 |
|---|-----------------------|-----------------------|
| (a) UK corporation tax at 20% (2016: 20%) | 125 | 88 |
| Adjustments to tax charge in respect of prior years | (70) | 42 |
| | <u>55</u> | <u>130</u> |
| Deferred tax | (19) | - |
| | <u>36</u> | <u>130</u> |
| | | |
| (b) Factors affecting tax charge for year | | |
| Profit on ordinary activities before tax | 15,219 | 11,008 |
| Profits subject to personal tax | (14,736) | (10,556) |
| | | |
| Profit subject to corporation tax | <u>483</u> | <u>452</u> |
| | | |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%) | 97 | 90 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 3 | 11 |
| Other differences leading to a increase/(decrease) in the tax charge | 6 | (13) |
| Adjustments in respect of prior years | (70) | 42 |
| | <u>36</u> | <u>130</u> |
| Tax Charge for Period | <u>36</u> | <u>130</u> |

Notes to the financial statements for the year ended 31 March 2017 (continued)

| 7 Tangible fixed assets Group | Freehold property | Leasehold improvements | Fixtures and fittings | Computer equipment and software | Total |
|--------------------------------------|--------------------------|-------------------------------|------------------------------|--|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | |
| At 31 March 2016 | 344 | 2,305 | 567 | 2,762 | 5,978 |
| Additions | - | 188 | 7 | 46 | 241 |
| Disposals | (344) | (476) | (53) | (1,790) | (2,663) |
| At 31 March 2017 | - | 2,017 | 521 | 1,018 | 3,556 |
| Depreciation | | | | | |
| At 31 March 2016 | - | 1,636 | 446 | 2,405 | 4,487 |
| Charge for the year | - | 213 | 70 | 182 | 465 |
| Disposals | - | (476) | (53) | (1,779) | (2,308) |
| At 31 March 2017 | - | 1,373 | 463 | 808 | 2,644 |
| Net book value | | | | | |
| At 31 March 2017 | - | 644 | 58 | 210 | 912 |
| At 31 March 2016 | 344 | 669 | 121 | 357 | 1,491 |

KILLIK & CO LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

| 7 | Tangible fixed assets LLP | Freehold property | Leasehold improvements | Fixtures and fittings | Computer equipment and software | Total |
|---|------------------------------|----------------------|---------------------------|--------------------------|--|-------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| | Cost | | | | | |
| | At 31 March 2016 | 344 | 2,305 | 567 | 21 | 3,237 |
| | Additions | - | 188 | 7 | - | 195 |
| | Disposals | (344) | (476) | (53) | (21) | (894) |
| | At 31 March 2017 | - | 2,017 | 521 | - | 2,538 |
| | Depreciation | | | | | |
| | At 31 March 2016 | - | 1,636 | 446 | 17 | 2,099 |
| | Charge for the year | - | 213 | 70 | 4 | 287 |
| | Disposals | - | (476) | (53) | (21) | (550) |
| | At 31 March 2017 | - | 1,373 | 463 | - | 1,836 |
| | Net book value | | | | | |
| | At 31 March 2017 | - | 644 | 58 | - | 702 |
| | At 31 March 2016 | 344 | 669 | 121 | 4 | 1,138 |

KILLIK & CO LLP

Notes to the financial statements for year ended 31 March 2017 (continued)

| 8 | Fixed asset investments Group | As at 31 March 2016 £'000 | Additions £'000 | Disposals £'000 | Revaluation £'000 | As at 31 March 2017 £'000 |
|---|-------------------------------|------------------------------|--------------------|--------------------|----------------------|------------------------------|
| | Investment in Euroclear plc | 935 | - | - | (175) | 760 |
| | Other fixed asset investments | 180 | 17 | - | 48 | 245 |
| | | <u>1,115</u> | <u>17</u> | <u>-</u> | <u>(127)</u> | <u>1,005</u> |

Although the shares held in Euroclear plc are registered in the name of Killik & Co (Nominees) Limited, Killik & Co LLP is the beneficial owner and therefore the investment is held at fair value in the Statement of Financial Position of Killik & Co LLP.

| Fixed asset investments LLP | As at 31 March 2016 £'000 | Additions £'000 | Disposals £'000 | Revaluation £'000 | As at 31 March 2017 £'000 |
|-------------------------------|------------------------------|--------------------|--------------------|----------------------|------------------------------|
| Investment in Euroclear plc | 935 | - | - | (175) | 760 |
| Investment in subsidiaries | 230 | - | (130) | - | 100 |
| Other fixed asset investments | 180 | 17 | - | 48 | 245 |
| | <u>1,345</u> | <u>17</u> | <u>(130)</u> | <u>(127)</u> | <u>1,105</u> |

Notes to the financial statements for the year ended 31 March 2017 (continued)**8 Fixed Asset Investments (continued)
LLP**

The LLP has beneficial interests in the following subsidiary entities registered in Great Britain, unless otherwise stated.

| Company | Description of shares held | Proportion of nominal value of shares | Activity |
|--|---------------------------------------|--|---|
| Killik & Co Holdings Limited | £1 Ordinary | 100% | Holding company |
| Killik & Co (Nominees) Limited(*) | £1 Ordinary | 100% | Nominee company |
| Killik & Co Trustees Limited(*) | £1 Ordinary | 100% | Provision of trustee services |
| Killik Employee Share Services Limited(*) | £1 Ordinary | 100% | Administration of company share option plans |
| Killik & Co Spread Betting Limited | £1 Ordinary | 100% | Spreadbetting License Holder/Dormant |
| Killik & Co Middle East & Asia LLP | Not applicable | 100% | Dormant |
| Killik Financial Planning LLP | Not applicable | 100% | Provision of Financial Advice |
| Killik Services Limited | £1 Ordinary | 100% | Provision of Support Services |
| Killik Intelligent Savings Limited (**) | £1 Ordinary | 100% | Provision of Client Services |
| Killik Nominees Limited | £1 Ordinary | 100% | Nominee company |

* held via Killik & Co Holdings Limited

** held via Killik Services Limited

KILLIK & CO LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

| 9 | Debtors Group | 2017 £'000 | 2016 £'000 |
|---|--|-----------------------|-----------------------|
| | Falling due within one year: | | |
| | Trade debtors | 131 | 337 |
| | Other debtors | 2,769 | 2,784 |
| | Amounts due from Members | 894 | 684 |
| | Prepayments and accrued income | 8,490 | 5,918 |
| | Deferred tax | 26 | 7 |
| | | <hr/> | <hr/> |
| | | 12,310 | 9,730 |
| | Falling due after more than one year: | | |
| | Other debtors | 179 | 198 |
| | | <hr/> | <hr/> |
| | | 12,489 | 9,928 |
| | | <hr/> | <hr/> |
| | | | |
| | LLP | 2017 £'000 | 2016 £'000 |
| | Falling due within one year: | | |
| | Trade debtors | 78 | 173 |
| | Due from subsidiary undertakings | 735 | 944 |
| | Other debtors | 2,663 | 2,667 |
| | Amounts due from Members | 894 | 684 |
| | Prepayments and accrued income | 8,333 | 5,806 |
| | | <hr/> | <hr/> |
| | | 12,703 | 10,274 |
| | Falling due after more than one year: | | |
| | Other debtors | 179 | 198 |
| | | <hr/> | <hr/> |
| | | 12,882 | 10,472 |
| | | <hr/> | <hr/> |

KILLIK & CO LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

| 10 | Creditors Group | 2017 £'000 | 2016 £'000 |
|----|---|-----------------------|-----------------------|
| | Amounts falling due within one year: | | |
| | Trade creditors | 284 | 182 |
| | Corporation tax | 117 | 101 |
| | Other taxation and social security costs | 946 | 748 |
| | Other creditors | 2,383 | 1,664 |
| | Accruals | 1,570 | 2,637 |
| | | <hr/> | <hr/> |
| | | 5,300 | 5,332 |
| | | <hr/> | <hr/> |
| | Creditors LLP | 2017 £'000 | 2016 £'000 |
| | Amounts falling due within one year: | | |
| | Trade creditors | 281 | 158 |
| | Due to subsidiary undertakings | 100 | 486 |
| | Other taxation and social security costs | 692 | 503 |
| | Other creditors | 2,202 | 1,464 |
| | Accruals | 1,570 | 2,639 |
| | | <hr/> | <hr/> |
| | | 4,845 | 5,250 |
| | | <hr/> | <hr/> |

11 Provisions for liabilities and charges Group

Provisions are made for client claims. The movement is analysed as follows:

| | |
|---|------------------------------------|
| | Client claims £'000 |
| Balance as at 1 April 2016 | 583 |
| Credited to the statement of comprehensive income | (51) |
| | <hr/> |
| Balance as at 31 March 2017 | 532 |
| | <hr/> |

Notes to the financial statements for the year ended 31 March 2017 (continued)

11 Provisions for liabilities and charges (continued)
LLP

Provisions are made for client claims. The movement is analysed as follows:

| | Client claims £'000 |
|---|------------------------------------|
| Balance as at 1 April 2016 | 559 |
| Credited to the statement of comprehensive income | (27) |
| | <hr/> |
| Balance as at 31 March 2017 | 532 |
| | <hr/> |

12 Related parties and related party transactions

In accordance with FRS102, transactions between the LLP and its wholly owned subsidiaries, which are related parties, have been eliminated on consolidation.

Staff costs and other administrative expenses of £355,934 (2016: £330,273) were recharged to The Orr Mackintosh Foundation Limited, a charitable organisation of which a Member of Killik & Co LLP, is a trustee. At the year end the balance due from The Orr Mackintosh Foundation Limited was £27,310 (2016: £26,718).

Staff and members' costs of £nil (2016: £127,000) were recharged to Buzz Software Limited, an organisation which is under the ultimate control of Paul Killik. In addition Killik provided loans of £1,656,000 (2016: £2,521,000) during the year under a loan agreement which charges interest at 0.5%, is unsecured and repayable on demand. Buzz Software Limited recharged marketing costs of £1,320,000 (2016: £nil) to Killik & Co LLP. At the year end the balance due from Buzz Software Limited was £2,688,000 (2016: £2,648,000).

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the LLP. In the opinion of the members, the key management are the designated members, members and employees who are members of the Executive Board.

Information regarding their compensation is given below in aggregate for each of the categories specified in FRS 102.

| | 2017 £'000 | 2016 £'000 |
|--------------------------------|-----------------------|-----------------------|
| Short-term employee benefits | 4 | 34 |
| Share of allocation of profits | 5,611 | 4,820 |
| | <hr/> | <hr/> |
| | 5,615 | 4,854 |
| | <hr/> | <hr/> |

Notes to the financial statements for the year ended 31 March 2017 (continued)

13 Financial instruments

The Group's financial instruments comprise fixed asset investments, cash and cash equivalents and items such as trade and other debtors and trade and other creditors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency exchange rate risk. The members have delegated the responsibility of monitoring financial risk management to the Risks Committee which is a sub-committee of the Executive Board. The policies set by the Board are implemented by the Group's Finance and Operations departments.

Credit risk

The Group's credit risk is primarily attributable to its trade debtors and amounts due from its settlement custodian. In the event of a client default, the Group has a power of sale lien or right of set off against other investments or money in a client account, held by a third party. A daily report of any overdrawn client positions is closely monitored by the Group. Exposures to transaction counterparties are monitored closely by the Risks Committee.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The Group actively maintains a positive cash balance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its liabilities as they fall due.

The Group's financial liabilities (none of which are derivative financial liabilities) comprise trade creditors, other creditors and accruals which are measured at amortised cost. The trade creditors are all payable within each supplier's specified credit terms.

Interest rate risk

The Group has interest bearing assets. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate.

Equity price risk

The Group is exposed to equity price risk because of investments held by the Group. To manage the price risk arising from these investments the Group actively manages its portfolio.

Foreign currency exchange rate risk

The Group is exposed to a small foreign currency exchange rate risk as a result of its business operations and fixed asset investments in Dubai.

Market risk

The Group holds certain fixed asset investments, as detailed in note 8, which are held as strategic investments. These investments are carried at fair value. The Group does not deal on its own account so is not exposed to market risk. Therefore, the Group is not subject to any significant position risk or foreign currency risk arising from market movements.

Notes to the financial statements for the year ended 31 March 2017 (continued)
13 Financial instruments (continued)
Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The group defines capital as being Members' capital plus equity reserves. The Executive Board monitors the level of capital as compared to capital requirements and adjusts as necessary by increasing members' capital and paying distributions.

Financial instruments – LLP

The LLP's financial instruments comprise cash at bank, receivables and payables. The carrying amount of financial assets represents the maximum credit exposure.

The LLP's financial liabilities, which are all non-derivatives, comprise trade and other creditors, accruals and amounts owed to group undertakings which are recorded at amortised cost.

The LLP's exposure to equity price risk is the same as the Group's exposure, as disclosed above.

| Financial instruments - Group | 2017 £'000 | 2016 £'000 |
|--|-----------------------|-----------------------|
| Financial assets measured at fair value | | |
| Fixed asset investments | 1,005 | 1,115 |
| Financial assets measured at amortised cost | | |
| Trade and other debtors | 3,974 | 4,003 |
| Accrued income | 7,387 | 4,902 |
| | <u>11,361</u> | <u>8,905</u> |
| Financial liabilities measured at amortised cost | | |
| Trade and other creditors | (3,730) | (2,695) |
| Accruals | (1,570) | (2,637) |
| | <u>(5,300)</u> | <u>(5,332)</u> |

Notes to the financial statements for the year ended 31 March 2017 (continued)

13 Financial instruments (continued)

| Financial instruments - LLP | 2017 £'000 | 2016 £'000 |
|--|-----------------------|-----------------------|
| Financial assets measured at fair value | | |
| Fixed asset investments | 1,105 | 1,115 |
| Financial assets measured at amortised cost | | |
| Trade and other debtors | 4,549 | 4,666 |
| Accrued income | 7,346 | 4,885 |
| | <u>11,895</u> | <u>9,551</u> |
| Financial liabilities measured at amortised cost | | |
| Trade and other creditors | (3,275) | (2,611) |
| Accruals | (1,570) | (2,639) |
| | <u>(4,845)</u> | <u>(5,250)</u> |

14 Operating lease commitments

At 31 March 2017 the Group had total commitments under non-cancellable operating leases as detailed below:

| Group and LLP 2017 | Land and buildings | Other | Total |
|-----------------------------|-------------------------------|--------------|---------------|
| | £'000 | £'000 | £'000 |
| Leases which expire: | | | |
| Within one year | 1,281 | 124 | 1,405 |
| Within two to five years | 4,765 | 147 | 4,912 |
| After five years | 4,883 | - | 4,883 |
| | <u>10,929</u> | <u>271</u> | <u>11,200</u> |
| Group and LLP 2016 | Land and buildings | Other | Total |
| | £'000 | £'000 | £'000 |
| Leases which expire: | | | |
| Within one year | 1,225 | 170 | 1,395 |
| Within two to five years | 4,305 | 225 | 4,530 |
| After five years | 5,836 | - | 5,836 |
| | <u>11,366</u> | <u>395</u> | <u>11,761</u> |

Notes to the financial statements for the year ended 31 March 2017 (continued)

15 Contingent liabilities

In the ordinary course of business, the LLP has given Letters of Indemnity in respect of lost certified stock transfers and share certificates. The contingent liability arising therefore cannot be quantified, but it is not believed that any material liability will arise under these indemnities.

Under the contract with the LLP's clearing firm, there is a right of recourse to the LLP in respect of unsettled bargains outstanding for more than 30 days past settlement date. It is not believed that any material liability will arise under this provision.

16 Ultimate controlling party

The ultimate controlling party at 31 March 2017 and 31 March 2016 is considered to be Paul Killik.