Registered Number SC 081648

Quayle Munro Limited

Annual report and financial statements

Year ended 30 September 2017

Contents: Page

Strategic report

Principal activities, review of the business and future developments

The Directors present their strategic report on the Company for the year ended 30 September 2017. At 30 September 2017, Quayle Munro Limited was a wholly-owned subsidiary of Quayle Munro Holdings Limited and is regulated by the FCA. Following completion of the Quayle Munro Group demerger and corporate reorganisation on 24 October 2017, Quayle Munro Limited became a wholly-owned subsidiary of QM Advisory Limited.

Business review

Revenues were £32.1m for the twelve month period, representing an increase of 53 per cent over the previous year. We set a challenging revenue budget number at the beginning of the financial year and it is satisfying to have exceeded that number. Details of a number of the successful transactions completed during the year are set out on our website. http://www.quaylemunro.com/.

We have expanded our team of senior bankers significantly over the past four years and now have a total of nine revenue-generating Managing Directors. We have strong coverage across a broader spectrum of sectors including B2B data analytics, software and services, education, information technology, specialist financial services and financial technology and a growing reputation in the market.

At the year end total staff numbered 55 of which 44 are involved in revenue generation.

Risk management

The Company's risk management process reviews risk within the constraints of the Company's risk appetite and is consistent with the prudent management inherent in the organisation. The risk management framework is based on the following principles:

- Risk management: Primary responsibility for strategy, performance and risk management lies with the Board.

- Risk oversight: Is provided by the Chief Executive, Chief Financial Officer/Compliance Director and the Financial Controller.

There are clear reporting lines and defined areas of responsibility at Board and business level. This structure is designed to ensure, amongst other things, that key issues and developments are escalated on a timely basis.

The Board considers the principal risks facing the Company are as follows:

Reputational risk

Loss of reputation is the most significant risk to a business operating in the professional services sector.

Strategic risk

Strategic risk could lead to a failure of the effectiveness of strategy of the Company. This is mitigated by an established reporting structure for agreeing strategy, risk appetite, planning and budgets.

Treasury policies

Activities are financed with a combination of cash and short term deposits. Other financial assets and liabilities such as trade receivables and trade payables arise directly from the Company's operating activities.

Financial instruments owned may give rise to interest and exchange rate, credit, liquidity and market risk. Information on how these risks arise is set out as follows:

Strategic report (Continued)

Interest rate risk

The Company is not exposed to interest rate risk on bank loans. The Company's cash balances earn interest at a floating rate.

Exchange rate risk

The Company converts foreign currency receivables, mainly advisory fees, to sterling as soon as management believe that the relevant transaction will complete.

Credit risk

Individual exposures are monitored by the Directors and historical exposure to bad debts is not significant. Company policies restrict the counterparties with which funds may be invested to those approved by the Board, comprising institutions with a high credit rating.

Liquidity risk

The Company mitigates liquidity risk by conserving cash in its operations and minimising trade receivables.

Regulatory compliance risk

At 30 September 2017, Quayle Munro Limited was a wholly-owned subsidiary of Quayle Munro Holdings Limited. Quayle Munro Limited is authorised and regulated by the Financial Conduct Authority ("FCA"). Following completion of the Quayle Munro Group demerger on 24 October 2017, Quayle Munro Limited became a wholly-owned subsidiary of QM Advisory Limited.

The regulated business is monitored by the Chief Financial Officer/Compliance Director.

Brexit

We have undertaken a limited review of the potential impact on the Company of the UK leaving the European Union (EU) and while it is still too early to draw any firm conclusions, we see our business as well spread geographically. We operate within the EU under the existing passporting rules and it remains to be seen whether these will be retained or we will need to identify new business relationships in the EU in the future.

Outlook

After a positive financial year, our advisory pipeline for the year to 30 September 2018 is strong and we have again set a demanding budget. Subject to any change in macro-economic conditions, we are optimistic about the full year outcome.

The staff have, as always, worked extremely hard during the year and are very committed to growing the business. We would like to take this opportunity to thank them on behalf of the Board and shareholders.

By order of the Board

Simon Woolton
Chief Financial Officer

12 December 2017

Directors' Report

Registered Number SC 081648

Directors

The Directors of the Company during the year ended 30 September 2017 and up to the date of signing this report were as follows:

A D Adams
S F Woolton

Company secretary

S F Woolton

Registered office

Quartermile One
15 Lauriston Place
Edinburgh
EH3 9EP

Financial statements and dividends

The Directors present their report and submit the audited financial statements of the Company for the year ended 30 September 2017. Total profit on ordinary activities before taxation for the year was £9.4 million (2016: £6.1m). After tax payable of £1.7 million (2016: payable of £1.1m) the total profit for the financial year amounted to £7.6 million (2016: £5m). The Directors declared and paid a dividend of £2.5m in the year.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has considerable financial resources and no external debt. For this reason they adopt the going concern basis in preparing the annual report and financial statements.

As at 30 September, Quayle Munro Limited was the major subsidiary of Quayle Munro Holdings Limited and a detailed review of the Group is provided in its consolidated financial statements. Following the Group Demerger Quayle Munro Limited is now a subsidiary of QM Advisory Limited.

Information in respect of financial risk management of the Company is shown in the Strategic Report.

Directors' Report (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Having made enquiries of fellow Directors, each of these Directors confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- each Director has taken all steps that they ought to have taken as a Director, including making appropriate enquiries of fellow Directors and the company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

By order of the Board

Simon Woolton
Chief Financial Officer

12 December 2017

Independent Auditors' Report

Opinion

We have audited the financial statements of Quayle Munro Limited (the 'company') for the year ended 30 September 2017 which are set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its 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.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

S.F.

Simon Fowles, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street

London

EC1A 4AB

Date: 13 December 2017

Statement of Comprehensive Income

	Notes	**Year ended 30 September 2017 £'000**	Year ended 30 September 2016 £'000
Revenue	2	**32,109**	20,991
Administrative expenses	3	**(22,453)**	(15,199)
Other operating expenses	3	**(315)**	(227)
		(22,768)	(15,426)
Operating profit		**9,341**	5,565
Interest receivable and similar income		**14**	13
Other income	2	**-**	500
		14	513
Profit on ordinary activities before tax		**9,355**	6,078
Tax expense	6	**(1,737)**	(1,124)
Profit for the financial year		**7,618**	4,954
Other comprehensive income		**-**	-
Total comprehensive income		**7,618**	4,954

Statement of Financial Position

	Notes	**30 September 2017 £'000**	30 September 2016 £'000
Fixed assets			
Tangible assets	7	**844**	246
Other long-term receivables	8	**452**	101
		1,296	347
Current assets			
Debtors	8	**10,262**	7,947
Cash and cash equivalents		**18,514**	10,196
		28,776	18,143
Creditors: Amounts falling due within one year	9	**(15,839)**	(9,245)
Net current assets		**12,937**	8,898
Total assets less current liabilities		**14,233**	9,245
Creditors: Amounts falling due after more than one year	10	**-**	(185)
Net assets excluding pension asset and deferred tax		**14,233**	9,060
Deferred tax provision	11	**(83)**	(42)
Defined benefit pension scheme surplus	14	**8**	22
Net assets including pension asset		**14,158**	9,040
Capital and reserves			
Called up share capital	12	**276**	276
Share premium reserve		**20**	20
Capital reserve		**123**	123
Capital redemption reserve		**720**	720
Other reserves		**3,355**	3,355
Profit and loss account		**9,664**	4,546
Total Shareholder's Funds		**14,158**	9,040

The financial statements on pages 7 to 17 were approved for issue by the Board of Directors on 12 December 2017 and are signed on their behalf by:

Simon Woolton

Chief Financial Officer

Statement of Changes in Equity

	Share capital £'000	Share Premium £'000	Capital Redemption reserve £'000	Merger reserve £'000	Capital reserve £'000	Total other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 30 September 2015	**276**	**20**	720	3,355	123	**4,198**	**(408)**	**4,086**
Comprehensive income								
Profit for the year	–	–	–	–	–	–	4,954	4,954
Other comprehensive income								
Total comprehensive income	–	–	–	–	–	–	4,954	4,954
Balance at 30 September 2016	**276**	**20**	720	3,355	123	**4,198**	**4,546**	**9,040**
Comprehensive income								
Profit for the year	–	–	–	–	–	–	7,618	**7,618**
Total comprehensive income	–	–	–	–	–	–	7,618	**7,618**
Dividend paid (note 12)	–	–	–	–	–	–	(2,500)	**(2,500)**
Balance at 30 September 2017	**276**	**20**	720	3,355	123	**4,198**	**9,664**	**14,158**

Notes to the financial statements

1. Accounting policies

General information
The Company has one principal area of business being corporate finance advisory services.

The Company is a private United Kingdom company limited by shares. It is both incorporated in Scotland and domiciled in England. The address of its registered office is Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP and its principal place of business is 77 Shaftesbury Avenue, London, England, W1D 5DU.

Basis of preparation of financial statements
These financial statements are prepared on the going concern basis, under the historical costs convention, and in accordance with applicable law and the provisions of FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The presentation and functional currency of these financial statements is £ sterling, as it is the currency of the primary economic environment in which the Company operates. The financial statements are rounded to the nearest thousand pounds.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Statement of Cash Flows
The Company has taken advantage of the exemption from preparing a statement of cash flow as the ultimate holding company has included a group statement of cash flows in its financial statements.

Judgements and key sources of estimation uncertainty
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue Recognition
Revenue comprises fee income from the provision of professional advisory services. Where fees are earned on the execution of a significant act, such as fees arising from negotiating or arranging a transaction for a third party, they are recognised as revenue when that act has been completed. Fees and corresponding expenses in respect of other services are recognised in the statement of comprehensive income as the right to consideration or payment accrues through performance of services. Revenue comprises the fair value of the consideration received or receivable for the sale of services. Where the Company earns a fee in relation to negotiating and arranging a transaction and the transaction completes close to the year end, judgement is exercised to determine the point at which the transaction is 'substantially complete' and hence when it is appropriate to recognise the revenue in the income statement. Where a transaction completes shortly after the year end, income is recognised only if all key terms of the transaction were finalised by the reporting date.

Share-based payments
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management also requires the use of judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and models used are disclosed in note 15.

Notes to the financial statements (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Office equipment	3 to 5 years
Furniture and fittings	5 to 10 years
Land and buildings	10 years

The carrying values of tangible fixed assets are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end. Property disposals are recognised by reference to the date of sale which is taken as the date of exchanging legally binding missives.

Taxation

Corporation tax payable is provided on the taxable profits at the current rate.

Deferred taxation

Deferred taxation is the tax expected to be payable or recoverable on timing differences between taxable profits and the total comprehensive income as reported in the financial statements. Deferred tax liabilities are recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits will be available against which timing differences can be utilised. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probably that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the tax rates that been enacted or substantively enacted by the reporting date and are expected to apply in the period when the liability is settled or asset realised. A change in the deferred tax assets and liabilities as a result of a change in the tax rates or laws is recognised in the income statement or other comprehensive income to the extent that it relates to items previously recognised in other comprehensive income.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the reporting date. Any differences are taken to the income statement.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. The benefits of any rent-free periods on office leases are spread over the life of the leases. During the year the company terminated the existing lease for 22 Berners Street with effect from March 2017 and entered into a new lease for 77 Shaftesbury Avenue with effect from October 2016.

Pensions

The Company operated one defined benefit scheme, which was closed to new entrants in 2009. On 1 July 2009, all members became deferred and from this time membership to a defined contribution scheme was available. All members of the scheme have now been transferred out to other providers and the Trustees have therefore begun a process to wind up the scheme.

Provision for Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks repayable without penalty on notice of not more than 24 hours. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

Financial instruments

Financial instruments are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially recognised at transaction price (including transaction costs), except for those financial assets measured at fair value through profit or loss, which are initially recognised at fair value (which is normally the transaction price excluding transactions costs), unless where the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instruments.

Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to a unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Debtors

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

Short term debtors are measured at transaction price, less any impairment. Other receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. Trade payable are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Revenue

Revenue represents the amounts derived from the provision of services which fall within the Company's ordinary activities, stated net of value added tax. The Directors do not deem it necessary to the interest of the entity to disclose the geographical split of the revenue sources. Revenue comprises:

	Year 2017 £'000	Year 2016 £'000
Rendering of professional advisory services	**32,109**	20,991
Other income*	-	500

* Other income relates to a one off net gain of £nil (2016: £0.5m- realised from the early termination of the lease on the office in London)

Notes to the financial statements (continued)

3. Administrative expenses and other operating expenses

	Year 2017 £'000	Year 2016 £'000
Administrative expenses include:		
Operating lease rentals	460	37
Auditors' remuneration - audit of the financial statements	25	20
Auditors' remuneration - tax fees	11	10
Other operating expenses include:		
Depreciation	315	228
Pension expense	-	472

4. Directors' remuneration

	Year 2017 £'000	Year 2016 £'000
Emoluments	2,450	1,825
Emoluments, excluding pension contributions, of the highest paid director	2,000	1,525

5. Staff costs

	Year 2017 £'000	Year 2016 £'000
Wages and salaries	16,817	11,190
Social security costs	2,189	1,475
Other pension costs	26	45
	19,032	12,710

The average monthly number of employees during the year was 51, of whom 42 were advisory staff and 9 administrative (2016: 46 of whom 39 were advisory and 7 administrative).

6. Tax on profit on ordinary activities

The taxation charge based on the profit of the year comprises:

a) Tax on profit on ordinary activities	Year 2017	Year 2016
Tax charge in the income statement	£'000	£'000
Current income tax:		
UK corporation tax	1,696	991
Adjustment in respect of prior years	-	-
Total current income tax	1,696	991
Deferred tax:		
Origination and reversal of timing differences (Note 11)	41	133
Total deferred tax	41	133
Tax charge in the income statement	1,737	1,124

Notes to the financial statements (continued)

6. Tax on profit on ordinary activities (continued)

The tax charge in the statement of comprehensive income for the period is lower than the effective rate of corporation tax in the UK of 19.5% (2016: 20%). The differences are explained below:

b) Reconciliation of the total tax charge	**Year 2017 £'000**	Year 2016 £'000
Accounting profit before tax	**9,355**	6,078
Accounting profit multiplied by the UK effective rate of corporation tax	**1,824**	1,216
Depreciation less than capital allowances	**10**	38
Gain on disposal of lease	**-**	(100)
Expenses not deductible for tax purposes	**24**	22
Trading losses utilised	**-**	(61)
Group relief	**(162)**	(125)
Disposal of lease – 22 Berners Street – chargeable gains	**-**	1
Deferred tax (Note 11)	**41**	133
Total tax expense reported in the profit and loss account	**1,737**	1,124

The standard rate of Corporation Tax in the UK 19% during the fiscal year beginning 1 April 2017. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 19.5%.

7. Tangible assets

	Land and buildings £'000	Office equipment £'000	Total £'000
Cost at 30 September 2016	28	976	1,004
Additions	-	913	913
At 30 September 2017	28	1,889	1,917
Cost 30 September 2016	21	737	758
Provided during the period	3	312	315
At 30 September 2017	24	1,049	1,073
Net book value at 30 September 2017	4	**840**	**844**
Net book value at 30 September 2016	7	239	246

8. Debtors

	Year 2017 £'000	Year 2016 £'000
Trade receivables	**1,787**	2,754
Amounts owed by group undertakings	**3,261**	893
Prepayments and accrued income	**5,080**	4,178
Other receivables	**134**	121
	10,262	7,947
Other long term receivables	**452**	101
	452	101

The amounts owed by the parent undertaking are trading balances, are not interest bearing and are repayable on demand. Trading is largely with major corporates. In general these are long term trading relationships with no prior history of default.

Notes to the financial statements (continued)

9. Creditors: amounts falling due within one year

	Year 2017 £'000	Year 2016 £'000
Trade payables	**329**	173
Other payables, including bonus accrual	**13,574**	7,559
Accruals and deferred Income	**467**	199
Other taxes and social security costs	**303**	323
Corporation tax	**1,166**	991
	15,839	9,245

10. Creditors: amounts falling due after more than one year

	Year 2017 £'000	Year 2016 £'000
Other taxation and social security	-	185
	-	185

11. Deferred taxation

a) Reconciliation of the deferred tax

	Year 2017 £'000	Year 2016 £'000
Deferred tax as 1 October	**(42)**	91
Charged during the period	**(41)**	(133)
Deferred tax at 30 September 2017	**(83)**	(42)

b) Deferred tax liability

	Year 2017 £'000	Year 2016 £'000
Share-based payments	**11**	14
Accelerated capital allowances	**(94)**	(2)
Short term timing difference - advance bonus payment	-	(54)
	(83)	(42)

12. Called up share capital and dividends

	2017 £'000	2016 £'000
Allotted and fully paid 276,000 (2016: 276,000) Ordinary shares of £1 each	**276**	276

During the year, the company declared and paid a dividend of £2,500,000 (2016: £nil)

13. Operating lease commitments

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

	Year 2017 £'000	Year 2016 £'000
Not later than one year - other	**460**	37
After one year but not more than five years	**2,008**	-
After five years	**1,506**	-
	3,974	37

The Company has entered into commercial leases on one property and items of office equipment. The equipment leases have an average duration of between 3 and 5 years. There are no restrictions placed on the lessee by entering into these leases.

Notes to the financial statements (continued)

14. Pension commitments

The Company operated a defined benefits pension scheme which was funded by the payment of contributions to a separately administered trust fund. This scheme is now closed to new employees and in respect of future service. The Directors are pleased to report that all members of the scheme have now been transferred out to other providers and the Trustees have therefore begun a process to wind up the scheme. There are no liabilities remaining in the scheme. There are cash assets of £8,229 (2016: £22,000) remaining in the scheme.

15. Share-based payments

Share options may be granted to all members of staff. The exercise price of the options is equal to the market price of the shares on the date of grant. The contractual life of an approved option granted is seven years and of an unapproved option four years.

All existing options have vested, therefore there is no share option charge to the Income Statement.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2017 Number	**2017 WAEP**	2016 Number	2016 WAEP
Outstanding as at 1 October 2016	**93,072**	**£5.25**	93,072	£5.25
Forfeited during the year	**(22,963)**	**-**	-	-
Outstanding at 30 September 2017	**70,109**	**£4.29**	93,072	£5.25
Exercisable at 30 September 2017	**70,109**	**£4.29**	93,072	£5.25

The weighted average share price at the date of exercise for the options exercised is £nil (2016: £nil).

For the share options outstanding as at 30 September 2017, the weighted average remaining contractual life is 4.7 years (2016: 4.5 years).

The range of exercise prices for options outstanding at the end of the year was £4.10 - £7.50 (2016: £4.10 - £15.28).

The fair value of equity-settled share options granted is estimated as at the date of grant using a Black Scholes model, taking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

16. Financial Instruments

Financial instruments are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument. Financial instruments are initially measured at transaction price. Subsequent to initial recognition, they are measured at amortised cost.

The Company's financial assets and liabilities mainly comprise of cash, trade and other receivables, amounts owed by group undertakings, other debtors and trade and other payables.

	Year 2017 £'000	Year 2016 £'000
Financial assets		
Cash and cash equivalents	**18,514**	10,196
Other receivables	**3,847**	1,115
Trade receivables	**1,787**	2,754
	24,148	14,065
Financial liabilities		
Trade payables	**329**	173
Other payables	**14,041**	7,758
	14,370	7,931

The Company's policy on managing the liquidity risk is set out in the Directors' report.

Notes to the financial statements (continued)

17. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 from disclosing transactions with entities that are wholly owned subsidiaries of the group on the basis that the consolidated financial statements of which Quayle Munro Limited is included are publicly available.

18. Ultimate parent undertaking

At 30 September 2017, the Company's immediate and ultimate parent undertaking is Quayle Munro Holdings Limited, a company registered in Scotland. Quayle Munro Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2017. The consolidated financial statements of Quayle Munro Holdings Limited are available from 77 Shaftesbury Avenue, London, W1D 5DU.

19. Post balance sheet events

The Group demerger and corporate reorganisation was completed on 24 October 2017.

Following completion of the Group demerger on 24 October 2017, shareholders' interests in the advisory business will be held through a new holding company, QM Advisory Limited.