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The Directors of Curtis Banks Group plc whose names, business addresses and functions appear on page 4 of this document, and the Company accept responsibility, individually and collectively, in accordance with the AIM Rules for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

This document, which comprises an admission document drawn up in accordance with the AIM Rules, has been issued in connection with the proposed admission of the issued and to be issued Ordinary Shares to trading on AIM, a market operated by London Stock Exchange plc. This document does not contain an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of the FSMA or otherwise. This document is not an approved prospectus for the purposes of section 85 of the FSMA and a copy of it has not been, and will not be, delivered to the Financial Conduct Authority (“FCA”) in accordance with the Prospectus Rules or delivered to or approved by any other authority which is or could be a competent authority for the purposes of the Prospectus Directive.

Application will be made for the issued and to be issued Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will take place and that dealings in the issued and to be issued Ordinary Shares will commence on 7 May 2015. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority (the “Official List”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.** In particular, it should be remembered that the price of securities and the income from them can go down as well as up. The AIM Rules are less demanding than those of the Official List. **Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.** It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List or to any other recognised investment exchange. **Further, neither the London Stock Exchange nor the FCA has examined or approved the contents of this document.**

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# Curtis Banks Group plc

*(Incorporated and registered in England with registered number 07934492)*

## Placing of 11,221,050 Ordinary Shares at 190 pence per share

### Admission to trading on AIM

*Nominated Adviser and Broker*

**Peel Hunt LLP**

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The Placing is conditional, *inter alia*, on Admission taking place on or before 7 May 2015 (or such later date as the Company and Peel Hunt may agree, being not later than 21 May 2015). The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Shares including the right to receive all dividends or other distributions declared, paid or made after Admission.

Peel Hunt is authorised and regulated in the United Kingdom by the FCA and is advising the Company and no one else in connection with the Placing and Admission (whether or not a recipient of this document), and is acting exclusively for the Company as nominated adviser and broker for the purpose of the AIM Rules. Peel Hunt will not be responsible to any person other than the Company for providing the protections afforded to its customers, nor for providing advice in relation to the Placing and Admission or the contents of this document. In particular, the information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them. Without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Peel Hunt as to the contents of this document. No liability whatsoever is accepted by Peel Hunt for the accuracy of any information or opinions contained in this document, for which the Directors and the Company are solely responsible, or for the omission of any information from this document for which it is not responsible.

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A copy of this document will be available, free of charge, during normal business hours on any weekday (except Saturdays, Sundays and public holidays), at the offices of Peel Hunt at Moor House, 120 London Wall, London EC2Y 5ET, for a period of one month from the date of Admission.

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## ISSUE STATISTICS

### Company

Number of Existing Ordinary Shares in issue immediately prior to Admission	40,800,000
Number of New Ordinary Shares to be issued in the Placing	3,947,369
Number of Ordinary Shares in issue immediately following Admission	44,747,369
Market capitalisation of the Company at the Placing Price immediately following Admission	£85.0 million

### Placing

Placing Price	190 pence
Number of New Ordinary Shares to be issued in the Placing	3,947,369
Number of Sale Shares to be sold in the Placing	7,273,681
Total Number of Ordinary Shares to be issued or sold in the Placing	11,221,050
Placing Shares as a percentage of the Enlarged Share Capital	25.1%
Estimated gross proceeds of the Placing of the New Ordinary Shares	£7.5 million
Estimated net proceeds of the Placing receivable by the Company	£6.3 million
Estimated gross proceeds of the Placing of the Sale Shares	£13.8 million
Estimated net proceeds of the Placing receivable by the Selling Shareholders	£13.3 million

### Other

ISIN Code for Ordinary Shares	GB00BW0D4R71
SEDOL Number	BW0D4R7
AIM Symbol	CBP

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	1 May 2015
Admission and dealings expected to commence in the Enlarged Share Capital on AIM	7 May 2015
CREST stock accounts credited in respect of Placing Shares in uncertificated form	7 May 2015
Share certificates in respect of Placing Shares despatched (where applicable)	21 May 2015

## DIRECTORS AND ADVISERS

<b>Directors</b>	Christopher Banks, <i>Executive Chairman</i> Rupert Curtis, <i>Chief Executive Officer</i> Paul Tarran, <i>Finance Director</i> Chris Macdonald, <i>Non-Executive Director</i> Bill Rattray, <i>Non-Executive Director</i> Jules Hydeleman, <i>Non-Executive Director</i>
<b>Company Secretary</b>	Paul Tarran
<b>Registered office and head office of the Company</b>	3 Temple Quay Temple Back East Bristol BS1 6DZ
<b>Nominated adviser and broker</b>	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
<b>Legal advisers to the Company</b>	Roxburgh Milkins Limited Merchants House North Wapping Road Bristol BS1 4RW
<b>Reporting Accountants</b>	Saffery Champness Lion House Red Lion Street London WC1R 4GB
<b>Auditors</b>	Saffery Champness Saint Catherines Court Berkeley Place Bristol BS8 1BQ
<b>Legal advisers to the nominated adviser and broker</b>	Squire Patton Boggs (UK) LLP 7 Devonshire Square London EC4M 4YH
<b>Registrar</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
<b>Financial public relations advisers to the Company</b>	Walbrook PR Limited 4 Lombard Street London EC3V 9HD

## PART 1

# INFORMATION ON THE GROUP

### INTRODUCTION

Curtis Banks administers Self-Invested Pension products, principally SIPPs and SSASs. The Group commenced trading in 2009 and has successfully developed, through a combination of organic growth and acquisitions, into one of the largest UK providers of these products. The Group employs approximately 200 staff in its head office in Bristol and regional offices in Dundee and Market Harborough.

Curtis Banks Limited, the Group's principal trading subsidiary, is authorised by the Financial Conduct Authority to provide SIPP products. It currently has around 26,000 SIPP clients, as well as approximately 300 SSAS clients. The Group trades under the names Curtis Banks and Pointon York SIPP Solutions.

The Executive Directors have a long involvement in the pensions market and identified the opportunity to establish a business that focused on a service-driven proposition for the administration of flexible SIPPs which allow savers to invest in a wide range of investments.

In five years, the business has grown from a standing start to become the third largest dedicated Full SIPP provider in the UK.

The majority of Curtis Banks' clients are introduced by regulated advisory firms with whom long standing relationships have been established. High levels of repeat business are experienced from these firms, which Curtis Banks takes as an indicator of good levels of satisfaction with the service that it provides.

The Directors are positive about the organic and acquisitive growth prospects of the business and, in addition, given the favourable changes to pension legislation announced in the 2014 Budget, which gave individuals the freedom to access their pension pots more flexibly from 6 April 2015, believe that Curtis Banks is well-placed to take advantage of the opportunities which these changes provide.

### AN OVERVIEW OF THE MARKET

The legislation which permitted the establishment of SIPPs was included in the Finance Act 1989. The SIPP market place subsequently experienced dramatic growth following the revised pension tax regime which came in to force on 6 April 2006 (also known as A-Day). This legislation initially permitted SIPPs to hold a very wide range of assets, including residential property. Although these proposals were subsequently scaled back, the legislation nevertheless gave SIPPs significantly greater prominence as a tax efficient savings product and there are now approximately 1.2 million SIPPs in the UK.

There are two principal SIPP product types: Full SIPPs and eSIPPs. The principal difference between a Full SIPP and an eSIPP is that a Full SIPP provides a saver with greater flexibility both as to the types of investments that can be included within the SIPP and as to the manner in which benefits can be drawn from the SIPP. There are approximately 270,000 Full SIPPs and 930,000 eSIPPs in the UK.<sup>(1)</sup>

Curtis Banks has historically focused principally on the Full SIPP market and has rapidly gained a significant market share in what is a fragmented market place. Curtis Banks' service-driven proposition and strong relationships with regulated advisory firms leave it well placed to continue to grow its market share in the Full SIPP sector.

Pointon York SIPP Solutions, a business recently acquired by Curtis Banks, is predominantly focused on the eSIPP market, and provides an online solution for those introducers and clients seeking a low cost, simple product on an investment platform with a more limited range of allowable assets, such as collective funds and discretionary portfolios.

Further information on the history of SIPP products and the market place is included in Part 2 of this document.

### BUSINESS OPERATIONS

Curtis Banks administers Self-Invested Pension products, principally SIPPs and SSASs, and employs approximately 200 staff. The service offered to clients includes setting up SIPPs, accepting contributions and transfers of permissible assets to clients' SIPPs, carrying out banking transactions, making investments

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(1) Source: [www.moretosipps.co.uk](http://www.moretosipps.co.uk), April 2014

on behalf of SIPPs and processing benefit payments from SIPPs. The Group also acts as a trustee of each SIPP, and this service is provided in each case by one of eight subsidiary trustee companies which act as “bare trustees”. Curtis Banks does not provide investment advice, and the SIPP clients will usually appoint, or already have in place, other advisers who are regulated to provide them with investment advice.

Fees are charged in accordance with published schedules of charges and typically consist of a basic annual fee for the product, together with additional fees for extra services provided. These additional fees are for work such as the taking of benefits from the SIPP or the investment by the SIPP in non-standard assets such as commercial property or unlisted investments. The fees charged are not dependent on the quantum of assets in the SIPP and are fixed monetary amounts. The fees charged to each SIPP are determined by reference to the types of assets included in the SIPP and the basic and additional services provided.

The Curtis Banks Full SIPP offering is a service led proposition which provides each introducer and client with a dedicated account manager as a point of contact, who is available on a direct dial telephone and a direct email. The Curtis Banks SIPP allows a wide range of assets (subject to the assets being considered by Curtis Banks to be appropriate) including, but not limited to, direct equities, managed pension funds, commercial property and non-standard investments, such as unlisted investments. The Curtis Banks SIPP experiences rates of attrition of around three per cent. p.a. which the Directors believe to be in line with the industry average, but lower than those experienced by a number of direct competitors and that the service levels provided and fees charged by Curtis Banks contribute to these low levels. Certain other factors affecting attrition rates are out of the Group’s control, such as the death of a client or a member taking an annuity or transferring overseas.

Over 97 per cent. of the SIPPs introduced to Curtis Banks are transfers in from existing pension arrangements administered by other pension providers or by insurance companies. The balance are clients setting up new SIPP arrangements.

Curtis Banks acquired the business of Pointon York SIPP Solutions Limited in October 2014. This acquisition provides an entry point into the eSIPP market. The eSIPP offering is a lower cost proposition for customers which offers savers a discretionary portfolio, or regulated collective funds and listed investments, via an investment platform. eSIPPs are an important product extension for Curtis Banks, enabling the Group to promote a broader and more complete product offering to regulated advisers.

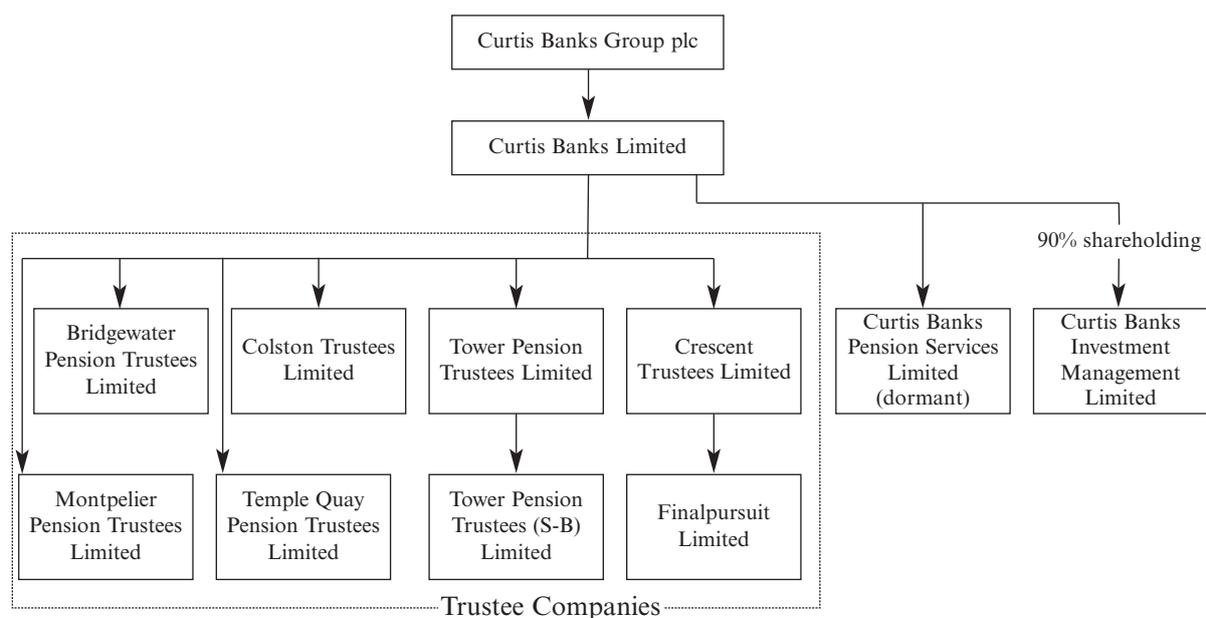
The Curtis Banks and Pointon York brands are clearly differentiated from each other and enable the Group to target both the mass market and those seeking a more specialist approach.

In addition, the Group acts as administrator and trustee to SIPP products provided by certain other companies. A key relationship involves the St James’s Place SIPP, where St James’s Place is the scheme provider. The Group administers around 1,400 schemes for St James’s Place and this is expected to grow as more St James’s Place Partners use the SIPP.

## **GROUP STRUCTURE**

The Group consists of a non-trading holding company, Curtis Banks Group plc, and two trading subsidiaries. The most significant of these is Curtis Banks Limited. This company carries out all of the SIPP and SSAS administration activities of the Group. Curtis Banks Limited wholly owns eight non-trading trustee companies that hold the assets of the SIPPs and SSASs administered by Curtis Banks Limited on behalf of its clients. These assets are not reflected in the Group balance sheet.

The Group owns a 90 per cent. interest in a small Bristol-based independent financial advisor, Curtis Banks Investment Management Limited. Further details of Curtis Banks Investment Management Limited are set out on page 13 of this document.



## STRATEGY

The Group's strategy is to deliver strong recurring annual revenue and profit growth whilst providing a high quality service to its clients and introducers.

### Number of SIPPs administered

The Group has grown the number of SIPPs which it administers from 628 at the start of 2011 to 22,379 by the end of 2014. Attrition rates have been at around three per cent. over the last four calendar years, as demonstrated in the table below, with an increased rate in 2013 which followed the acquisition and integration of the Alliance Trust book of SIPPs and the adverse effect of the higher than normal attrition rates suffered within that book of SIPPs at that time.

#### *Number of SIPPs administered by Curtis Banks*

	Year ended 31 December			
	2011	2012	2013	2014
SIPPs at beginning of year	628	3,410	4,637	11,743
New SIPPs	1,446	1,362	1,785	2,110
Attrition	(79)	(135)	(539)	(338)
Acquisitions – Full SIPPs	1,415	0	5,860	4,436
Acquisitions – eSIPPs	0	0	0	4,428
SIPPs at end of year	3,410	4,637	11,743	22,379
Attrition rate (based on average number of SIPPs during year)	2.33%	3.34%	4.85%	2.68%

The average age of a SIPP client is 57 years old and a SIPP client delivers a relatively secure long term income stream (normally over the lifetime of the SIPP holder).

### Growth opportunities

The Group intends to grow revenue both organically and by making acquisitions and also by taking advantage of the opportunities arising as a consequence of legal and regulatory change, including, for example, the 2014 Budget's "Pension Freedom" changes.

### Organic growth

The Curtis Banks business increased the number of Full SIPPs administered by an average of 176 Full SIPPs per month in 2014. In the same period, Pointon York SIPP Solutions also increased the number of eSIPPs administered by an average of 177 eSIPPs per month.

Since its formation, Curtis Banks has put resource into growing a dedicated team of business development managers, now numbering eight, which looks after existing client relationships and sources new business. New IFA relationships continue to be developed, building on Curtis Banks' service proposition and position in the market. When acquisitions are made, the business development team will endeavour to strengthen the relationships with the introducers to the acquired business to augment future organic growth. Curtis Banks'

products typically offer more operational functionality and flexibility than those of a number of its direct competitors which has led to stronger sales numbers from these introducers following each acquisition. Central to the service-led Full SIPP proposition is the provision to each introducer and client of a dedicated account manager as a point of contact. The account manager is available on a direct dial telephone and a direct email, as opposed to the call centre approach adopted by several other firms in the industry.

A key relationship which has been cultivated over the last two years is with St James’s Place, which developed as a result of an acquisition made by Curtis Banks in January 2013. The Group has invested strongly in developing this relationship, including putting in place a key account director to raise awareness of the St James’s Place SIPP to St James’s Place Partners and clients, and dedicating a team of experienced account managers to service these SIPPs. This has led to a hitherto static book of clients increasing in number by almost 50 per cent. since the acquisition. Currently 778 of some 2,100 St James’s Place Partners have introduced clients to the St James’s Place SIPP.

**Acquisitions**

Curtis Banks is a proven consolidator in the SIPP market place and has the skills, experience and resources to be successful in acquiring and integrating books of business. The Group receives approaches and evaluates acquisition opportunities on a regular basis and has made five acquisitions since its formation.

Consolidation is taking place partly as a result of regulatory pressures, as SIPP providers come under increasing scrutiny. Sellers include those who:

- have decided to exit the marketplace as SIPPs are not part of their mainstream activities;
- have been exposed as having poor business practices, as the FCA has become more intrusive in its monitoring of SIPP providers;
- anticipate having capital adequacy shortfalls under new FCA rules to be implemented in September 2016;
- are founders wanting to realise the value of the business they have built; or
- are a combination of the above.

The Group acquires books of business and the associated trust companies rather than acquiring the company which has carried on the SIPP provider activity itself in order to minimise the Group’s exposure to historic liabilities.

Curtis Banks is an attractive choice for vendors as market participants recognise that Curtis Banks can successfully administer and integrate the book of business going forward. Furthermore, Curtis Banks’ has no advisory or investment activities which, in the experience of the Directors, is helpful, as many vendors will not want to sell their SIPP books to firms that also compete with them in relation to these activities.

The Group has made acquisitions of books of SIPPs from the following parties:

Vendor	Number of schemes	Completion date
Montpelier Pension Administration Services Limited	1,415	May 2011
Alliance Trust Savings Limited	5,860	January 2013
Pointon York SIPP Solutions Limited	7,808	October 2014
Rathbone Pension & Advisory Services Limited	1,056	December 2014
Friends Life Limited	2,724	March 2015

The Directors consider the Alliance Trust acquisition to have been a defining point, as it enabled the Group to demonstrate that it could integrate a large SIPP book with minimal disruption. The integration by the Group of the Rathbone and Friends Life SIPPs businesses is well underway.

The number of SIPP operators in the marketplace continues to reduce and the Directors believe that there is a good opportunity for the Group to strengthen its position as an acquirer for those seeking to exit the SIPP provider market. Over the last 12 months, the Group has been the biggest acquirer of SIPP businesses, and there are further opportunities for a strong, well-funded buyer in a fragmented marketplace.

The Directors have entered early stage discussions with two parties, both of whom made unsolicited approaches to the Group, which may or may not lead to a transaction in either case. Acquisitions bring a predictable income stream, and also provide further opportunity for organic growth as the business development team will attempt to build deeper and broader relationships with new introducers.

## Pension Freedom Products

The recently introduced pension freedoms legislation, which gives individuals the freedom to access their pension pots more flexibly with effect from 6 April 2015, is expected to affect directly over four million people aged over 55 in the UK and research indicates that half of them plan to spend some, or all, of their accumulated pension savings<sup>(1)</sup>. This number is expected to increase each year as more people approach retirement age.

The Group will be launching new products to take advantage of these freedoms. The Directors see significant opportunities as people choose not to buy annuities, or to migrate from restrictive legacy Personal Pension Plans that are unable or unwilling to offer the functionality required to take advantage of the choices offered by the new flexible drawdown legislation. SIPP are ideally placed to be the product of choice, given their track record of flexibility and speed of response to innovation in the market. Curtis Banks' new products will target this market and will complement the existing product proposition which is centred around Full SIPP and eSIPP.

## Investment in systems

With Curtis Banks' rapid growth since formation, the Directors have identified the need to enhance its SIPP operating system in order to increase operational efficiency, reduce the need to recruit further staff as scheme numbers grow, and provide introducers and clients with improved online functionality.

The Directors see online functionality as an imperative for both trading brands and, within Curtis Banks specifically, an adjunct to that brand's personalised service proposition.

The enhancement will involve an investment of approximately £0.5 million in a licensed product, proven in this sector, and annual licence fees based on the numbers of SIPP administered.

The new operating system will give the Group the functionality to introduce further services and products, including dealing services, ISAs and other savings products, which the Group may want to provide in the future.

## INTRODUCERS

An important aspect of the Group's growth strategy is to strengthen its relationships with regulated advisory firms.

The table below lists the numbers of introducers who introduced business to the Group in each of the calendar years 2013 and 2014, together with details as to how many of them were responsible for introductions of over 30, 50 and 100 SIPP respectively:

	Total	Over 30 SIPP introduced	Over 50 SIPP introduced	Over 100 SIPP introduced
Number of introducers 2014	196	26	22	17
Number of introducers 2013	180	25	21	14

The table below demonstrates that the Group is not dependent on any one introducer or group of introducers for its new business:

Introducers	Number	Percentage of total Split
Introducing firm 1	1,426	6.4%
Introducing firm 2	1,417	6.3%
Introducing firm 3	767	3.4%
Introducing firm 4	290	1.3%
Introducing firm 5	223	1.0%
Other introducing firms	16,182	72.3%
Direct clients	2,074	9.3%
Total active schemes	22,379	100%

The above numbers are based on the numbers of SIPP operated by the Group as at 31 December 2014, i.e. prior to the Friends Life acquisition.

Although Curtis Banks does not actively market itself to direct clients, around 10 per cent. of its clients do take out SIPP without using a financial adviser and the proportion of direct clients has increased as a

(1) Source: survey carried out by Scottish Widows for Channel 4's Dispatches Programme.

result of acquisitions made. Direct clients also include orphan clients who no longer have a financial adviser available to them.

## **COMPETITION**

The Group competes for business in both the Full SIPP and, via Pointon York SIPP Solutions, the eSIPP markets. The firms providing SIPP products will typically differ in each sector of the market:

### **Full SIPPs**

For Full SIPPs, clients and introducers expect high levels of service and technical expertise. Curtis Banks is one of four large firms (with over 20,000 schemes) dedicated to providing Full SIPP services. The other three firms are:

- A J Bell
- James Hay
- Suffolk Life

There are many more smaller firms providing Full SIPPs, but numbers are expected to contract significantly as a result of the consolidation now taking place, partly as a consequence of increased regulatory scrutiny. In addition, a number of large insurance firms provide a SIPP offering to their clients but they do not provide the service led proposition which Curtis Banks offers.

### **eSIPPs**

For eSIPPs, the requirements of clients and introducers are low charges and good online functionality. This is a crowded market with strong competition, primarily from platform providers. Some Full SIPP providers are active in this market, such as A J Bell and James Hay, as well as firms such as Hargreaves Lansdown and many insurance companies. Part of the offering in this sector of the market is direct to client, a market in which Curtis Banks does not compete at present, though may look to in the future.

## **KEY STRENGTHS AND DIFFERENTIATORS**

The Directors consider that there are a number of factors that differentiate the Group's business model from other operators and platforms, in both the Full SIPP and eSIPP sectors of the market and position the Group well to take advantage of the rapid changes in its marketplace.

### **Strength of relationship with introducers**

The Group has established relationships with over 1,000 introducing firms including large nationwide advisers such as Brewin Dolphin, Brooks Macdonald, Rathbones and St James's Place. The Group focuses on offering a premium level of service, rather than providing a low cost product, and this appeals to those introducers who wish to build long-term relationships with providers they can depend on.

### **Strength of service proposition**

All Full SIPP introducers and clients are allocated a dedicated account manager who oversees the relationship and the operation of their schemes. Their familiarity with the clients, introducers and the schemes enables them to build deeper relationships and provide a better level of service. Curtis Banks publishes service level standards and tracks performance against them.

### **Technical expertise**

Curtis Banks has a well-qualified and experienced team of professionals covering areas such as asset due diligence, drawdown, property, legal, SSAS and other technical work supporting the Group's account managers. Employing this expertise in-house gives Curtis Banks strong control of the quality of output and ensures service standards are met.

### **Online functionality**

Introducer and client expectations regarding the way in which they wish to communicate are changing rapidly. With this in mind the Group provides introducers and clients with online functionality to produce client illustrations, make and track applications, view and download up to date quoted asset valuations, as well as give instructions for transactions. Whilst all eSIPP operators offer a level of online functionality, this comprehensive online functionality is not presently widely offered among competing Full SIPP operators.

## **Management**

The Directors set up their first SIPP administration business in 1995 and have hands-on experience of managing successful SIPP operations since then. The executive team has an entrepreneurial approach and an excellent blend of complementary skills and experience, and collectively will retain a significant shareholding post Admission. This should result in a close alignment of interests between the Directors, senior management and the Shareholders as a whole.

## **Acquisitions**

As described above, Curtis Banks has a proven track record of successfully negotiating, completing and integrating acquisitions.

## **DIRECTORS AND SENIOR MANAGEMENT**

Brief biographies of the Directors and senior managers of the Group are set out below. Paragraph 5 of Part 5 of this document contains further details of current and past directorships and certain other important information regarding the Directors.

### **Directors**

#### ***Christopher Banks, Executive Chairman***

Chris is a founding director of Curtis Banks and has built an extensive network of contacts in the pensions industry and Financial Services sector over the past 30 years. He has a track record of founding and successfully growing several high profile companies including IPS Pensions, which is now part of James Hay. In partnership with the Nationwide Building Society, Chris designed and established the *IPS Pension Builder*, one of the first and most successful SIPP products in the UK.

#### ***Rupert Curtis, Managing Director***

Rupert has over 37 years' experience at a senior level in the SIPP and SSAS industry, making him one of the most experienced executives in the sector. Previously the Managing Director of IPS Pensions and a director at James Hay, Rupert has overseen the successful development of Curtis Banks from a standing start to one of the major SIPP and SSAS operators in the UK. Rupert was one of the founders of Curtis Banks and is a Fellow of the Institute of Actuaries.

#### ***Paul Tarran, Finance Director***

Paul has over 30 years' experience in the financial services industry having previously held the position of Finance Director with Savoy Asset Management plc, a publicly listed stockbroker and being a founding director and finance director of IPS Pensions. Paul is responsible for the finance function for the Group and brings a wealth of experience in corporate matters, to benefit the strategic development of the Company. Paul was one of the founders of Curtis Banks and is a Fellow of the Institute of Chartered Accountants in England & Wales.

#### ***Chris Macdonald, Non-executive Director and Chairman of the Risk and Compliance Committee***

Chris is the founder and Chief Executive Officer of Brooks Macdonald Group plc. He is a qualified investment manager, has worked in investment management and financial services since the start of his career in 1982 and has won several investment management awards. Chris is also a non-executive director of Amati VCT 2 plc and an associate of the Institute of Continuing Professional Development.

#### ***Bill Rattray, Non-executive Director and Chairman of Audit Committee***

Bill is the Finance Director of Aberdeen Asset Management plc, one of the world's leading asset managers, which joined the FTSE 100 in early 2012. Bill joined Aberdeen Asset Management in 1985 as company secretary and subsequently became group financial controller. He was appointed finance director of the group on 31 January 1991. Before joining Aberdeen, he trained as a chartered accountant with Ernst & Whinney and qualified in 1982. Bill is a director of a number of subsidiaries of Aberdeen Asset Management plc.

#### ***Jules Hydleman, Non-executive Director and Chairman of Remuneration Committee***

Jules has over 15 years' experience as a Non-executive Director and Chairman. Currently he holds Chairmanships of Equip Holdings Limited, Gro-group International Limited and Cornwall Farmers Co-operative. Previously, Jules was Chairman of Innocent Drinks for 10 years from start up until eventual exit. During that time Innocent won numerous awards for Human Resource Management as well as running the Innocent Foundation that worked directly with farmer/growers in third world countries to improve working conditions.

**Senior management**

*Kristian Morgans, Operations Director*

Kristian has worked within the pensions industry for over 20 years having worked within major actuarial consultancies for a number of years before joining a major SSAS and SIPP provider where he gained the Diploma in Financial Planning and gained substantial experience as a business analyst and systems developer. Kristian has significant technical expertise and leads all system and process development within Curtis Banks.

*Steve Hart, Business Development Director*

Steve has been involved in the administration of self-invested pension schemes for over 20 years and has developed a strong knowledge of SIPP and SSASs through technical, client-facing and sales roles. Steve holds diploma level status with the Personal Finance Society and the Chartered Insurance Institute and is responsible for driving organic new business growth within Curtis Banks.

*Paul Keepin, Investment Director*

Paul has 20 years’ experience in the pensions sector and heads up the Technical Investment Team which includes supervision of property, investment and SSAS operations. Paul holds qualifications in financial planning and pension simplification.

*Nikki Presley, SIPP Operations Director*

Nikki has some 10 years’ experience in SIPP administration, having previously held positions with Capita and IPS Pensions before joining Curtis Banks at an early stage in the company’s development. Nikki has been instrumental in developing and managing a team of experienced SIPP administrators, including a team of account managers delivering strong relationship management, a key component of the service-driven client proposition.

**EMPLOYEES**

The Directors believe that the recruitment, motivation and retention of highly skilled, high quality personnel is fundamental to the Group’s success. Most senior staff have significant experience in the SIPP market and, as a result, the Group is one of the most experienced operators in the market. The Group currently employs approximately 200 staff in three offices located as follows:

Bristol (Head office)	120
Dundee	40
Market Harborough	40

The Dundee and Market Harborough offices have arisen as a consequence of the acquisitions of the Alliance Trust and Pointon York SIPP Solutions businesses, where staff have been retained and provide ongoing continuity of service to the clients of the acquired businesses. All the central functions such as finance, compliance and HR are carried out from Bristol to ensure consistency of delivery.

An analysis of staff by function is as follows:

SIPP Administration	161
Directors and Management	8
Sales and Business development	8
Compliance	7
SSAS Administration	4
Finance	4
General Business Support	4
Human Resources	4

Staff turnover has been historically low and the Group actively encourages the development and training of staff and recruits a number of graduates each year.

The Group has in place a discretionary bonus scheme for staff, under which staff share in the profits of the business. The Company has also granted options to certain of its employees pursuant to its EMI Option Scheme, as more particularly described in paragraph 8 of Part 5 of this document.

The Directors intend to attract and retain key staff through the creation of HMRC approved share incentive schemes for staff following Admission.

## CURTIS BANKS INVESTMENT MANAGEMENT LTD (CBIM)

The Group owns 90 per cent. of the issued share capital of CBIM. The other 10 per cent. of the share capital is held by Adrian Harding, a director of CBIM and the regulated financial advisor within CBIM. CBIM is authorised by the FCA to provide independent financial advice. CBIM provides advice to employees of Curtis Banks on choice of pensions and other financial products and to around 80 external clients, mainly introduced to CBIM by Adrian Harding.

CBIM provides direct advice to SSAS's both administered by Curtis Banks and by other SSAS administrators.

CBIM does not, and will not, actively seek to give advice to SIPPs administered by Curtis Banks.

## SELECTED FINANCIAL INFORMATION

In order to make a proper assessment of the financial performance of the Group's business, prospective investors should read this document as a whole and not rely solely on the summarised information in this section.

The following summary table of financial information relating to the Company's activities for the periods to 31 December 2014 has been extracted or derived (operating margin and adjusted profit after tax) from the financial information on the Company set out in Section B of Part 4 of this document.

	Year ended 31 December		
	2012	2013	2014
Revenue	3,192,072	8,911,609	10,081,680
Operating profit before financing	751,174	3,154,240	3,231,405
Operating profit margin	23.5%	35.4%	32.1%
Profit before tax	736,735	3,037,046	3,104,023
Profit after tax	709,823	2,322,845	2,438,624
Adjusted profit after tax*	744,350	2,626,442	2,735,885

\*Profit after tax before amortisation arising from the acquisition of books of business.

The results for the year to 31 December 2014 showed an increase in revenue of 13.1 per cent., compared with the period ended 31 December 2013. This was due to a number of factors including strong underlying growth and the revenue contribution from the acquisition of the Pointon York businesses in October 2014. Revenue principally comprises annual fees for administering SIPPs and SSASs, charges for additional services and interest on client cash.

Client cash balances have increased from £251 million to £303 million as at 31 December 2014, inclusive of a sum of £50 million which Curtis Banks holds as a result of the Pointon York acquisition.

The operating profit margin has decreased to 32.1 per cent. as a consequence of the additional operational costs (principally payroll and systems) incurred by Curtis Banks in advance of completing the Pointon York and Rathbones acquisitions. The Group would expect to recognise the benefits of operational leverage as the business grows and is able to administer substantially more SIPPs and SSASs before having to incur a "step change" in its cost base.

## KEY PERFORMANCE INDICATORS

	2012	2013	2014
Number of SIPPs at 31 December	4,637	11,743	22,379
Revenue per SIPP			
Revenue per Full SIPP (£)	793	759	755
Revenue per eSIPP (£)	0	0	169

Revenue per SIPP (both Full SIPP and eSIPP) is based on average numbers of SIPPs in the calendar years to adjust for the impact of acquisitions during a calendar year and organic growth.

The revenue per Full SIPP is largely unchanged for the year ended 2014 when compared with that for the corresponding prior period.

## CURRENT TRADING, OPERATIONAL TRENDS AND PROSPECTS

Current trading is encouraging and the table below illustrates the number of new SIPPs which Curtis Banks has established for the period from January to March 2015. These numbers are well ahead of those

for the equivalent period in the financial year ended 31 December 2014, which gives the Directors confidence that their target of 192 Full SIPP's a month for the year ended 31 December 2015 will be achieved. The opening by clients of new SIPP accounts is typically weighted towards the first half of the financial year due to the impact of the tax year end on tax planning for individuals.

	2015		
	January	February	March
New Full SIPP's opened	192	195	355
Attrition	45	37	56
Net new Full SIPP's	147	158	299
<i>Annualised rolling average attrition % SIPP's at 31 December 2014</i>	<i>2.4</i>	<i>2.2</i>	<i>2.5</i>
New eSIPP's opened	72	96	120
Attrition	5	5	9
Net new SIPP's	67	91	111
	2014		
	January	February	March
New SIPP's opened	135	140	224
Attrition	37	71	32
Net new SIPP's	98	69	192

The Group moved its Bristol offices in February 2015 and the new premises have additional space to enable the business to grow. The Company will incur additional costs as a consequence of the fact that its shares will be listed on AIM but, given the increased scale of the business, these are not considered by the Directors to be material. The Company is also implementing a new IT system which is the market leading system for SIPP administration businesses.

The Group took over approximately 2,300 Friends Life Full SIPP's with effect from mid March 2015 and has also contracted to provide third party administration services to some 400 insured pension arrangements of Friends Life from that time, which had, prior to that, been administered by outsourced services provider, Capita. The revenues from the book of business acquired from Friends Life Limited was approximately £2.6 million for the year ended 31 December 2014 and client cash on acquisition was approximately £60 million. The endorsement of Friends Life, a substantial insurance company, of the Curtis Banks proposition was a major accolade for the Group.

The Group is currently exploring opportunities to place on deposit the client cash which it holds as a result of the acquisitions of Pointon York and Friends Life on terms similar to those already achieved for other client money. This is expected to happen during the course of the current financial year.

#### **PRO FORMA ADJUSTED PROFIT AFTER TAX FOR 2014**

The accounts for the year ended 31 December 2014 do not include a full year contribution from the Pointon York business which was acquired in October 2014 and the Rathbones book of business which was acquired on 31 December 2014. Had these businesses been owned by the Group for the full year ended 31 December 2014 the Directors' estimate of the adjusted profit after tax would be approximately £3.5 million. This does not include any benefit for the Friends Life acquisition referred to above and any change in the cost base of the business in the calendar year 2015, amongst other things. Accordingly, this pro-forma number is inherently limited and does not constitute a forecast. These approximate numbers are only provided in order to demonstrate the additional scale of the business following the recent acquisitions.

#### **DIVIDEND POLICY**

The Directors recognise the importance of dividend income to Shareholders and intend to adopt a progressive dividend policy. The dividend cover of the Group is expected to migrate to 2 times over time.

The declaration and payment by the Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

#### **REASONS FOR ADMISSION AND USE OF PROCEEDS**

The Directors believe the benefits of the AIM listing include:

- Enhancing the Group's reputation, credibility and profile with acquisition targets, introducers and clients by virtue of its status as a quoted company.

- Enhancement of the ability of the Group to attract, retain, and motivate key management and staff with share incentive arrangements.
- Providing access to growth capital in order to take advantage of potential acquisitions, if necessary.

The proceeds of the Placing payable to the Company will be applied in the payment of fees, commissions and expenses incurred in connection with the Placing which are estimated at £1.1 million, in the funding of a payment of £1.4 million to certain of the Selling Shareholders in consideration for the purchase from them by the Company, for their nominal value, of 1.4 million preference shares of £1 each in Curtis Banks (referred to in paragraph 6.2 of Part 5 of this document), with the balance to be available to fund acquisitions, where appropriate.

#### **DETAILS OF THE PLACING AND ADMISSION**

The Company has conditionally raised gross proceeds of £7.5 million (approximately £6.3 million, net of estimated fees, commissions and expenses), by way of a conditional placing by the Company, through Peel Hunt, with investors, of 3,947,369 New Ordinary Shares at the Placing Price. The New Ordinary Shares will represent approximately 8.8 per cent. of the Enlarged Share Capital at Admission.

As part of the Placing, the Selling Shareholders have agreed to sell 7,273,681 Sale Shares at the Placing Price to raise gross proceeds of £13.8 million (approximately £13.3 million, net of commissions). The net proceeds of the sale of the Sale Shares will be payable to the Selling Shareholders and not to the Company. The Selling Shareholders will be responsible for paying certain commissions payable to Peel Hunt in connection with the sale of the Sale Shares and the Company will be responsible for the payment of all other fees, commissions and expenses in connection with the Placing and Admission.

Pursuant to the Placing Agreement, Peel Hunt has conditionally agreed to use reasonable endeavours to procure subscribers for the New Ordinary Shares and purchasers for the Sale Shares. The Company, the Directors and other Selling Shareholders have given certain warranties (and the Company and the Selling Shareholders have given certain indemnities) to Peel Hunt in connection with the Placing. The Placing, which is being fully underwritten by Peel Hunt, is conditional, *inter alia*, on:

- The Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission occurring no later than 8.00 a.m. on 7 May 2015 (or such later time and date as Peel Hunt and the Company may agree, being no later than 8.00 a.m. on 21 May 2015).

The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends or other distributions declared, paid or made after Admission.

Further details of the Placing Agreement are set out in paragraph 10.1(a) of Part 5 of this document.

#### **LOCK-IN AND ORDERLY MARKET ARRANGEMENTS**

Each of the Executive Directors and the other Selling Shareholders, being interested in, in aggregate, approximately 74.9 per cent. of the Enlarged Share Capital, has undertaken to the Company and to Peel Hunt (subject to certain limited exceptions including, *inter alia*, in the case of transfers to certain permitted transferees and disposals by way of the acceptance of a takeover offer for the entire issued share capital of the Company) not to dispose of (and to procure that their connected persons do not dispose of) the Ordinary Shares in which each of them are interested (the “Restricted Shares”) following Admission, or any other securities issued in exchange for, or convertible into, or substantially similar to, Ordinary Shares (or any interest in them) at any time prior to the first anniversary of Admission without the prior written consent of Peel Hunt and the Company. In addition, each of the Directors and other Selling Shareholders has undertaken to the Company and Peel Hunt not to dispose of the Restricted Shares for a period of two years following Admission, otherwise than through Peel Hunt, and in circumstances where an orderly market in the Company’s shares can be maintained in effecting such disposals, for such time as Peel Hunt shall remain nominated adviser and broker to the Company.

James Scott, an employee and holder of options over Ordinary Shares in the Company, has entered into a lock-in and orderly market agreement with the Company and Peel Hunt on substantially identical terms to the above.

Further details of these arrangements are set out in paragraph 10.1(b) of Part 5 of this document.

## **RELATIONSHIP AGREEMENT**

Christopher Banks will, on Admission, be the registered holder of 20,436,843 Ordinary Shares (of which he is beneficially interested in 16,436,843 such shares), representing approximately 45.7 per cent. of the total number of votes capable of being cast on a poll at general meetings of the Company.

The Company, Mr. Banks and Peel Hunt have entered into a relationship agreement governing certain aspects of the continuing relationship between the Company and Mr. Banks.

Further details of the relationship agreement are set out at paragraph 10.1(d) of Part 5 of this document.

## **CORPORATE GOVERNANCE**

The Directors recognise the value and importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply, where practicable, with the principal provisions of the UK Corporate Governance Code. The Company also intends to follow, where practicable, the recommendations on corporate governance of the Quoted Companies Alliance for companies with shares traded on AIM (the "QCA Guidelines").

On Admission, the Company will not fully comply with the UK Corporate Governance Code or adhere to the recommendations of the QCA Guidelines as the Board will not have an independent chairman. Christopher Banks will be Executive Chairman and will own a material shareholding and, therefore, is not considered to be independent. The Board believes that Christopher's appointment as Executive Chairman benefits the Group given that he is the founder of the Company and his knowledge of the pension sector is important to the future development of Curtis Banks.

With effect from Admission, the Board has established an audit committee (the "Audit Committee"), a remuneration committee (the "Remuneration Committee"), and a risk and compliance committee (the "Risk and Compliance Committee").

The Audit Committee will be chaired by Bill Rattray. Its other members will be Jules Hydleman and Chris Macdonald. The Audit Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet at least twice a year and will have unrestricted access to the Company's auditors.

The Remuneration Committee will be chaired by Jules Hydleman. Its other members will be Chris Macdonald and Bill Rattray. The Remuneration Committee will review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-executive Directors of the Company will be set by the Board.

The Risk and Compliance Committee will be chaired by Chris Macdonald. Its other members will be Jules Hydleman and Bill Rattray. The Risk and Compliance Committee will have primary responsibility for reviewing the effectiveness of the Company's internal controls, compliance and risk management systems and providing oversight and advice to the Board in relation to current and potential risk exposures of the Group and future risk strategy, reviewing and approving various formal reporting requirements and promoting a risk awareness culture within the Group. In addition, the responsibilities of the Risk and Compliance Committee include advising the Board on the Company's risk strategy, risk policies and current risk exposures; overseeing the implementation and maintenance of the overall compliance and risk management framework and systems; and reviewing the Company's risk assessment processes and capability to identify and manage new risks.

## **ADMISSION, DEALINGS AND CREST**

Application has been made to the London Stock Exchange for all of the issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. It is expected that Admission will take place, and unconditional dealings in the Ordinary Shares will commence, on AIM at 8.00 a.m. (London time) on 7 May 2015.

CREST is a computerised paperless share transfer and settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. CREST is

a voluntary system and holders of Ordinary Shares who wish to have them held outside of CREST will have their details recorded on the Company's register maintained by Computershare Investor Services PLC. The Company's Articles permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 2001. Accordingly, settlement of transactions in the Ordinary Shares following Admission may continue to take place within the CREST system if Shareholders so wish. Application has been made for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST upon the commencement of dealings on AIM.

#### **FURTHER INFORMATION**

Your attention is drawn to Part 3 of this document which sets out certain risk factors relating to any investment in the Company and to Parts 4 and 5 of this document which contain certain historical financial information and additional information on the Group.

## PART 2

### THE MARKET

#### HISTORICAL BACKGROUND

SIPPs were introduced by the Finance Act 1989. They are a form of personal pension which allows the individual pension holder to decide how the contributions are invested, subject to HMRC requirements and any restrictions in the rules of the scheme. The HMRC rules allow for SIPPs to hold a greater range of investments compared to personal pensions plans, notably unlisted investments and commercial property.

The Finance Act 2004 introduced a new pension tax regime which came into force on 6 April 2006 (also known as A-Day). This legislation is commonly referred to as pension simplification and initially proposed a very wide range of permissible SIPP assets. Although these proposals were scaled back prior to becoming law (so as to exclude residential property from the list of permissible SIPP assets), significantly greater prominence was given to SIPPs than had previously been the case, fuelling dramatic growth in the market.

SIPPs became regulated by the FSA with effect from 6 April 2007. As a result, SIPP operators needed to be authorised by the FSA and were then subject to all applicable FSA requirements for a product provider.

In April 2013, the FSA was replaced by the FCA as the regulator for SIPP providers.

#### MARKET SIZE

Independent market research conducted in 2014 by John Moret of MoretoSIPPS estimated that there were 1.2 million SIPPs in force in the United Kingdom holding assets totalling around £150 billion and that, over the 12 month period to April 2014, the market grew by 14 per cent., if measured by number of SIPPs, and by 20 per cent., if measured by value of assets.

SIPPs can be broken down into two distinct categories:

- eSIPP (930,000).
- Full SIPP (270,000).

Curtis Banks is most active in the Full SIPP market and Pointon York SIPP Solutions in the eSIPP market.

eSIPPs operate as low fee, high volume products, with investments typically limited to those available on investment platforms, and standard terms and conditions. Fund sizes tend to be smaller (the average fund size of a Pointon York eSIPP is £107,000 compared to £394,000 for a Curtis Banks Full SIPP). The fastest growing sector within the SIPP market is the eSIPP sector, driven by demand for low-cost, platform based products.

#### THE REGULATORY ENVIRONMENT

When SIPPs first became regulated by the FSA in April 2007, they were initially regarded as relatively low risk products. This changed as a result of several reviews of the market by the FSA, starting in 2009 and continuing at the present time. The FSA (and latterly the FCA) became increasingly concerned with the activities of certain SIPP operators. Their concern has focused in particular on the following:

- The non-standard investments which SIPP operators were accepting as SIPP assets, and the way in which potentially unsuitable investments were being promoted by advisers to the wrong types of clients.
- The systems and controls in place at SIPP operators, many of whom had historically operated on a “cottage industry” basis with no experience of working in a regulated environment.
- Whether SIPP operators were holding sufficient capital to enable them to continue providing a satisfactory service.

These investigations have led to the FCA issuing damning findings in respect of a significant number of SIPP operators, placing restrictions on the types of new business which certain SIPP operators are permitted to write, and carrying out other enforcement actions.

A new set of capital adequacy rules, pursuant to which the amount of capital which a regulated firm must hold is influenced to a large extent by the values of SIPP assets under management, comes into effect on 1 September 2016. These rule changes would appear to favour larger SIPP operators and it seems likely to

the Directors that the FCA would prefer the SIPP market solely to be serviced by a number of well-run, well-capitalised operators and that there is strong implicit support from the FCA for firms who can assist with consolidation.

The Directors consider that the Group is in a strong position to take advantage of this, for a number of reasons:

- Having commenced trading in 2009, it was not involved in writing books comprising a significant proportion of high risk non-standard investments of the type taken on by many operators prior to that time.
- The Group has made continuous efforts to ensure that the due diligence processes which it adopts, as regards the approval of non-standard investments, are in line with then current FCA guidance. Curtis Banks has been subject to the thematic reviews of SIPP operators recently carried out by the FCA. The FCA has publicly identified that a significant number of SIPP operators are still failing to manage the risks in relation to non-standard investments and ensure consumers are protected appropriately. Curtis Banks does not itself number among these operators.
- The new capital adequacy rules favour larger operators such as the Group, and its profitability puts it in a stronger position than other operators in this respect.
- Curtis Banks adopts a positive and proactive approach to its regulatory obligation to deal with the FCA in an open and cooperative way and believes it enjoys a good working relationship with the FCA.

#### **RADICAL LEGISLATIVE CHANGE**

Important changes to pensions and the manner in which individuals can access their funds were announced during the 2014 Budget. These changes will come into force from April 2015 and will give individuals significantly greater flexibility and control over their pension savings.

From April 2015, the key changes will be:

- Greater flexibility as to how benefit drawdown is taken – at the extreme, the entire fund can be taken as a single sum.
- After the tax free element (25 per cent.) of the an individual’s pensions “pot” has been taken, any withdrawals will be taxed at the individual’s marginal rate of income tax.
- The end of the 55 per cent. tax charge levied upon death, and increased flexibility on who the benefits can be paid to – the result is that pension funds can be a valuable estate planning device.

There is already evidence that annuity sales in 2014 were significantly lower than 2013 and Curtis Banks is developing new products to take advantage of the new rules.

Unlike SIPPs, many existing pension products such as legacy personal pensions will be unable to adapt their systems to provide policyholders with access to the flexibility offered under the new legislation. SIPPs are well-placed to take advantage of the new rules, due to their flexibility and ability to innovate, and the rules changes are widely considered to be positive for the SIPP industry.

## PART 3

### RISK FACTORS

Potential investors should carefully consider the risks described below, in the light of the information in this document and their personal circumstances, before making any decision to invest in the Company. The risks and uncertainties described below are not the only ones facing the Group and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known or risks that are currently deemed immaterial may also impair the Group's business operations. If any of the risks described should actually occur, a significant or material adverse effect on the Group's business, results of operations and/or financial condition could occur and the Company could be materially affected. In such circumstances, the price of the Ordinary Shares may fall and potential investors could lose all or part of their investment.

An investment in the Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of the FSMA who specialises in advising on investments of this kind before making any investment decisions. Potential investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined below, their personal circumstances and the financial resources available to them.

#### RISKS RELATING TO THE GROUP AND ITS SECTOR

##### **Influence of significant shareholders**

Following Admission, Christopher Banks will be interested in 45.7 per cent. of the Enlarged Share Capital. As a result, Christopher Banks could exercise significant influence over matters requiring the approval of Shareholders.

##### **Dependence on key executives and personnel**

The Group's future success may be substantially dependent on the continued services and performance of its Executive Directors and senior management and its ability to continue to attract and retain highly skilled and qualified personnel. The Directors cannot give assurances that members of the senior management team or the Executive Directors will continue to remain with the Group or that it will be able to attract personnel of a sufficiently high calibre to meet the Group's recruitment needs.

The Company has put in place key man insurance on the life of Rupert Curtis at a sum assured of £1,000,000.

##### **Failure to maintain key relationships**

Curtis Banks relies on relationships with over 1,000 introducer firms to conduct its business. The top 10 introducer relationships contribute 31 per cent. of the Group's revenue for the year ended 2014. The loss of a key introducer relationship could cause the Group's business to be adversely affected.

##### **Potential acquisition targets and competition**

The Group has previously made acquisitions and an objective of the Directors is that the Group should continue to make acquisitions. There is no guarantee, however, that there will be any potential acquisition opportunities in the future which meet the Group's criteria.

Further, the financial services industry is competitive. Existing and new competitors may compete with the Group in identifying, assessing and acquiring future companies (or businesses), resulting in the Group either being unable to acquire such companies (or businesses), or having to pay more than the intrinsic value of their company (or business), with a consequent impact on the Group's intrinsic value.

The acquisition of regulated firms or businesses or portfolios may require the approval of the relevant regulator (such as the FCA). There is no guarantee that the relevant regulators will provide such approvals or that the conditions on which the regulators will grant such approvals will be acceptable.

The Group currently expects to fund acquisitions through cash generated by its operations and if necessary by external debt or equity, or a combination of debt and equity. If the Group requires capital in addition to its own resources but cannot obtain adequate capital on favourable terms or at all, its business, financial condition or operating results could be adversely affected and the Group may have to curtail its plans for further acquisitions.

### **Risks related to acquisitions**

The material risks in relation to past and potential future acquisitions include:

- Unanticipated litigation or claims against the Group in respect of which the Group may have inadequate redress against the vendor of the company or business, or limited scope to manage or settle;
- Unexpected integration costs and unanticipated diversion of management time and focus and other resources leading to an inability to integrate on a cost-effective and timely basis; and
- Obtaining and retaining management personnel required for expanded operations.

No assurance can be given that any businesses acquired will achieve levels of profitability or earnings that will justify the investment made by the Group.

### **Regulatory risks**

Curtis Banks' operations are subject to authorisation from the FCA, and supervision from bodies such as HMRC and The Pensions Regulator, in addition to the FCA. In particular, Curtis Banks is subject to the FCA's regulatory capital requirements. The FCA has introduced new capital adequacy requirements for SIPP providers which are to take effect from 1 September 2016. The current requirement is for Curtis Banks to hold approximately £1.5 million of regulatory capital and, under the new rules, this is expected to increase to around £3.2 million, based on the current level of assets under administration. It is possible that the FCA may increase the regulatory capital requirements applicable to SIPP providers in the future and, dependent on the increased capital requirement, the Company may need to strengthen its balance sheet which could restrict the Company's ability to use cash generated from operations for other purposes.

In addition, other changes in the laws and regulations to which the Group's operations are subject could have a material adverse effect on the Group's business. The Group's activities are already subject to close supervision by the FCA, and any changes in the regulatory requirements from time to time, including more stringent monitoring and supervision from the FCA, may increase the Group's compliance costs and lead to an adverse impact on the financial performance of the Group.

Furthermore, given that the framework for supervision of investment businesses in the United Kingdom must comply with EU directives (which are implemented by Member States through national legislation), changes at the EU level may affect the regulatory regime under which the Group will operate.

The Group now prepares its financial statements in accordance with IFRS adopted for use in the European Union. From time to time the IASB amends IFRS and issues new IFRS and accounting interpretations. These changes may affect the way that transactions are measured and reported in the financial statements.

### **Anti-bribery and corruption legislation**

The UK Bribery Act 2010 ("Bribery Act") came into force in July 2011. Under the terms of the Bribery Act, an unlimited fine may be imposed on companies (which could potentially include the Group) where they have failed to take appropriate steps to ensure that the company and its associated persons, as defined in the Bribery Act (including, but not limited to, employees, subsidiaries, joint ventures, and agents) are not involved in any corrupt practices. It may not be possible for the Group to detect or prevent every instance of fraud, bribery or corruption carried out by associated persons. Failure to detect or prevent any such instances may expose the Group to criminal penalties under relevant applicable law and to reputational damage, which may have a material adverse effect on the Group's business, prospects, financial condition or results of operations. Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by others with whom the Group directly or indirectly conducts business could also damage the Group's reputation and business and adversely affect the Group's financial condition and results of operations.

### **Exposure to complaints and claims from third parties**

The Group may be subject to complaints or claims from third parties and SIPP clients in the normal course of business and the probable outcome of any such matters is assessed when measuring the Group's liabilities. If the outcome or costs (including potential accrued interest costs) of any such matters is incorrectly estimated, the Group's results could be negatively affected.

When FCA regulated financial advisers make recommendations to retail clients on the choice of a SIPP provider and the transfer of pension assets into a SIPP, the FCA requires those advisers to consider the suitability of the proposed investments for the SIPP and for the client in question. In cases where the investment made does not perform as expected the client may believe that he/she was misold the

investment. Whilst Curtis Banks is not authorised to provide investment advice, and makes it expressly clear to its clients in its terms of business that it does not give such advice, it also is obliged, in compliance with its obligations under the FCA's Principles for Business and related Guidance, to have regard to the assets it permits to be held in its products. Over the period between 2009 and 2014, the FCA's expectations of SIPP providers in this regard have become more demanding and have led to the requirement for SIPP providers to carry out due diligence on investments before accepting them, with the FCA expectations on what constitutes due diligence being spelt out more clearly.

From an early stage, Curtis Banks has progressively increased the levels of due diligence which it carries out in relation to assets being introduced to SIPPs, in line with prudent administration and taking account of the enhanced expectations of the FCA. Nevertheless, there is currently a lack of certainty as to precisely what liability attaches to SIPP operators in respect of SIPP investments which they have accepted at different times in the past, which have subsequently performed poorly. Curtis Banks has received a number of Subject Access Data Requests from firms of legal advisers requesting copies of client information held on file in respect of SIPPs that it administers (mostly in respect of SIPPs that it has acquired from other SIPP providers), in situations where investments made primarily during 2009 and 2010 have performed poorly. This suggests that the relevant clients are taking legal advice as to whether they may have redress against their financial advisers and possibly against their SIPP operators. In cases where Curtis Banks has acquired the SIPPs, it has been advised that it is not liable for the actions of the previous SIPP operator in deciding to accept the investment into the SIPP at the relevant time. In the modest number of instances which involve SIPPs established by Curtis Banks where investments have failed, it is Curtis Banks' assessment that it would be well placed, if any complaints were made against it by clients, to challenge any assertions to the effect that liability for any losses sustained by clients should rest other than with the regulated adviser who recommended the SIPP to the client and was required by the FCA to provide the advice in relation to the underlying investment. Curtis Banks has professional indemnity insurance in place, subject to excesses and overall limitations on liability which the Directors consider to be appropriate, to provide cover in the event of complaints which do result in Curtis Banks sustaining liability itself.

#### **Changes in legislation affecting the market for the Group's products and services**

Changes in the legislation specific to pension scheme products, including the way that savings are taxed could restrict or reduce the market for the services offered by Curtis Banks. This could have a material adverse impact on the Group's financial performance. Curtis Banks has noted that a number of political parties have referred to the possibility of restricting higher rate tax relief on pension contributions in their 2015 General Election manifestos and pre-election commitments.

#### **Product pricing and introduction of appropriate new products**

Curtis Banks operates in a competitive marketplace in which pricing and service levels are key components to its offering. Any changes in market trends relating to the pricing, product and service level mix offered by competitors may have an adverse effect on the marketability of the Company's products and services or cause the Company to conclude that it should reduce the prices for its services with a consequential adverse effect on the financial performance of the Group.

In addition, Curtis Banks may not establish appropriate and cost-effective products to allow its clients to take advantage of the greater flexibility available to them following the legislative changes introduced with effect from 6 April 2015, commonly referred to as the "pensions freedom regime" and thereby may risk losing clients to competitors or reduce its attractiveness to potential new clients.

#### **Interest on client money**

As currently permitted under the rules of the FCA, Curtis Banks makes a margin on client cash by generating interest income on cash at bank in excess of a pre-determined percentage paid to clients. There is a risk that a change in prevailing interest rates may materially reduce the margins earned in respect of client monies held.

From time to time, Curtis Banks may lock into fixed rates of interest on client money that appear attractive. To the extent that prevailing interest rates increase following the making of such fixes, the margin to be paid by Curtis Banks to its clients increases and the interest turn received by the Company reduces. In extreme cases, the Company may incur a financial loss as a result of the adoption of these practices.

#### **Loss of business reputation or negative publicity**

The Group operates in an industry where integrity and client trust and confidence are paramount. Accordingly any negative publicity (whether well founded or not) associated with the business or

operations of the Group could result in a loss of business and make it more difficult to maintain the requisite regulatory approvals. Accordingly, any mismanagement, fraud or failure to satisfy fiduciary responsibilities or regulatory requirements, or the negative publicity resulting from such activities or any allegation of such activities, could have a material adverse effect on the Group.

#### **Reliance on Information Technology systems**

The Group requires complex and extensive IT systems to run its business. Delays in any modifications to its systems or a failure of existing systems could lead to business disruption with a resultant material adverse impact on the Group. The Group is currently in the preliminary phase of the commissioning of a new platform based operating system which is used by a number of the Group's peers. As with any significant IT project, there is a risk that this process will not proceed as efficiently as planned.

#### **Internal control systems**

The Directors believe that the Group has in place appropriate regulatory, financial, management and internal controls which are adequate to ensure that the Company meets its regulatory obligations and its contractual commitments to clients and other third parties, as well as appropriate protections against detrimental activities such as fraud, theft, misuse of funds, money laundering or other unauthorised or criminal activities. Nevertheless, such systems may prove inadequate. In the event that such controls fail or the Group is subject to such detrimental activities and such protections prove inadequate, this may lead to a material adverse effect on the Group.

#### **Online security**

The Group's software and systems are at risk from computer viruses, malicious codes and similar disruptions. While the Group takes the security of its computer systems very seriously, in common with other online service providers, computer viruses or malicious codes may cause the Group's systems to suffer delays or other service interruptions. In addition, the inadvertent transmission of computer viruses could expose the Group to litigation and possible liability. Furthermore, the reputation of the Group could be damaged as a result of publicity of a computer virus or malicious code affecting the Group's systems and this could have a material adverse impact on the Group.

#### **Customer privacy, data protection and online security**

The Group may be subject to security breaches of its information technology systems, including sophisticated schemes or collusion to defraud, launder money or other illegal activities. A party that is able to circumvent the Group's security systems, either by physical means or electronically, could steal personal data held by the Group. The attractiveness of the Group's services depends in part on customers' trust that their identity and details of their transactions will not be disclosed by the Group to third parties, other than in permitted circumstances. Security breaches could also expose the Group to litigation and possible liability. If the Group or any of the third party services on which it relies fails to transmit client information and payment details online in a secure manner, or if they otherwise fail to protect client privacy in online transactions, there is a risk that the Group's clients and potential clients would be deterred from using the Group's products. While the Group makes continuing efforts to protect itself and its clients from the occurrence of such activities, including anti money laundering procedures and protections from fictitious transactions and collusions, there is no assurance that such measures will be successful and, if they prove unsuccessful, this could adversely affect the operations, business and profitability of the Group.

#### **Availability of insurance on acceptable terms**

The Group's business exposes it to potential product liability, professional indemnity and other risks which are inherent in the sale of pension products. No assurance can be given that product liability, or any future necessary insurance cover, will be available to the Group at an acceptable cost (if at all), or that, if the Group has any claim under any such insurances, the level of the insurance the Group carries now or in the future will be adequate or that a product liability, professional indemnity or other claim would not materially and adversely affect the Group's business. In addition, it is necessary for the Group to secure professional indemnity insurance as a condition to the conduct of regulated business. In the event of any claim, the Group's insurance coverage may not be adequate.

#### **Forward-looking statements**

This document includes certain forward-looking statements, which can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "can", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions,

and includes the statements of run-rate revenue figures contained in this document. These forward-looking statements relate to matters that are not historical facts and include statements regarding the Company and its subsidiaries and the directors' current intentions, beliefs or expectations concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not an assurance of future performance. The Group's actual results of operations, financial condition and liquidity, and the development of the business sector in which the Group operates, may differ materially from those suggested by the forward-looking statements contained in this document. Therefore, even if the Group's results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, are consistent with the forward looking statements contained in the document, the Group can give no assurance that those results or developments will prove to have been indicative of results or developments in subsequent periods.

All forward-looking statements in this document rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the Company's control that could cause actual results to differ materially from such statements. Other than in accordance with the Company's obligations under the AIM Rules, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

## **RISKS RELATING TO THE ORDINARY SHARES**

### **Market risk**

Investments in shares traded on AIM are perceived to involve a higher degree of risk and to be less liquid than investments in companies whose shares are listed on the Official List. It is possible that an active trading market in the Ordinary Shares may not develop and continue upon Admission. If an active trading market develops, the Company's share price may fluctuate and may not always accurately reflect the underlying value of the Group's businesses and the market price for the Ordinary Shares may fall below the Placing Price. As a result of fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Placing Price, or at all. Investors may therefore realise less than, or lose all of, their investment.

The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the financial services sector or quoted companies generally and which are outside the Group's control. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares (or the perception that such sales might occur), legislative changes in the financial services industry, general economic, political or regulatory conditions, including concerns about acts of terrorism or war, concerns over inflation, currency markets and general economic prospects, or changes in market sentiment towards the Ordinary Shares.

### **A change of control of the Company may be difficult to effect under applicable financial services laws**

Under the FSMA, any person proposing to acquire "control" of a UK authorised person must give prior notification to the FCA of his intention to do so. The FCA has three months to consider that person's application to acquire "control". In considering whether to approve such application, the FCA must be satisfied that both the acquirer is a fit and proper person to have such "control" and that the interests of consumers would not be threatened by such acquisition of "control". Failure to make the relevant prior application could result in action being taken against the Company by the FCA. It could also result in criminal sanctions being applied to the proposed controller, and restrictions on the exercise of rights connected to the acquired shares, and an order for the sale or transfer of the improperly acquired shares.

A person who is already an approved controller of Curtis Banks by virtue of holding 10 per cent. or more of the shares in the Company or being entitled to exercise or control the exercise of 10 per cent. or more of the voting power in the Company will nevertheless require the prior approval of the FCA if it will increase its level of control beyond certain specified percentages. These are 20 per cent., 33 per cent. and 50 per cent.

**Restrictions on dividends**

All dividends will be subject to the future financial performance of the Group including results of operations and cash flows, the Group's financial position and capital requirements, general business conditions, legal, tax, regulatory and any contractual restrictions on the payment of dividends and any other factors the Directors deem relevant in their discretion, which will be taken into account at the time.

**RISKS RELATING TO TAX****Tax Changes**

Any change in the Group's tax status or in taxation legislation could affect the Group's ability to provide returns to Shareholders.

Statements in this document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

## PART 4

# HISTORICAL FINANCIAL INFORMATION OF THE GROUP

## SECTION A

### ACCOUNTANTS' REPORT ON THE GROUP

The Directors  
Curtis Banks Group plc  
3 Temple Quay  
Temple Back East  
Bristol  
BS1 6DZ

Peel Hunt LLP  
120 London Wall  
London  
EC2Y 5ET

1 May 2015

Dear Sirs

#### **Accountant's report on Curtis Banks Group plc and its subsidiary undertakings (together "the Group")**

We report on the financial information set out in this Part 4. The financial information has been prepared under the accounting policies set out in note 2 for inclusion in the admission document dated 1 May 2015 ("Admission Document"), of the Group in connection with the placing and admission of its share capital to trading on AIM. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that Schedule and for no other purpose.

#### **Responsibility**

The Directors of the Group are responsible for preparing the financial information on the basis set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, for Companies consenting to its inclusion in the Admission Document.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information set out in this Part 4 gives, for the purposes of the Admission Document, a true and fair view of the state of the affairs of the Group, as at 31 December 2012, 2013 and 2014 and of its results and cash flows for the years ending 31 December 2012, 2013 and 2014 then ended in accordance with IFRS and the accounting policies set out in note 2.

**Declaration**

We are responsible for this report as part of the Admission Document and declare that, having taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

**Saffery Champness**

*Chartered Accountants*

**SECTION B**  
**HISTORICAL FINANCIAL INFORMATION ON THE GROUP**  
**FOR THE THREE YEARS ENDED 31 DECEMBER 2014**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		Year ended 31 December		
	Notes	2012 £	2013 £	2014 £
<b>Revenue</b>				
Continuing operations		3,192,072	5,073,795	9,545,231
Acquisitions		–	3,837,814	536,449
		<u>3,192,072</u>	<u>8,911,609</u>	<u>10,081,680</u>
Administrative expenses		(2,440,898)	(5,487,873)	(6,744,525)
Reorganisation costs	12	–	(269,496)	(105,750)
		<u>751,174</u>	<u>3,154,240</u>	<u>3,231,405</u>
<b>Operating profit before financing</b>	4	751,174	3,154,240	3,231,405
Finance income	7	2,466	6,991	14,136
Finance costs	6	(16,905)	(124,185)	(141,518)
		<u>736,735</u>	<u>3,037,046</u>	<u>3,104,023</u>
<b>Profit before tax</b>		736,735	3,037,046	3,104,023
Tax	8	(26,912)	(714,201)	(665,399)
		<u>709,823</u>	<u>2,322,845</u>	<u>2,438,624</u>
<b>Total comprehensive income for the year</b>		709,823	2,322,845	2,438,624
<b>Attributable to:</b>				
Equity holders of the parent		709,180	2,266,910	2,379,784
Non-controlling interests		643	55,935	58,840
		<u>709,823</u>	<u>2,322,845</u>	<u>2,438,624</u>
<b>Earnings per share attributable to the equity holders of the Company during the year:</b>				
Basic	25	3.55	11.33	11.90
Diluted		3.55	11.33	11.83

All operations are continuing operations.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued capital £	Equity share based payments £	Retained earnings £	Total £	Non-controlling interest £	Total equity £
<b>At 1 January 2012</b>	700,000	–	(740,734)	(40,734)	(47)	(40,781)
Total comprehensive income for the year	–	–	709,180	709,180	643	709,823
Preference dividends declared	–	–	(24,000)	(24,000)	–	(24,000)
<b>At 31 December 2012</b>	700,000	–	(55,554)	644,446	596	645,042
Group reorganisation (note 1)	(600,000)	–	–	(600,000)	600,000	–
Total comprehensive income for the year	–	–	2,266,910	2,266,910	55,935	2,322,845
Ordinary shares issued	100,000	–	–	100,000	–	100,000
Preference shares issued by subsidiary undertaking	–	–	–	–	800,000	800,000
Ordinary dividends declared	–	–	(1,000,000)	(1,000,000)	–	(1,000,000)
Preference dividends declared	–	–	–	–	(54,575)	(54,575)
<b>At 31 December 2013</b>	200,000	–	1,211,356	1,411,356	1,401,956	2,813,312
Total comprehensive income for the year	–	–	2,379,784	2,379,784	58,840	2,438,624
Share based payments	–	31,979	–	31,979	–	31,979
Preference dividends declared	–	–	–	–	(56,000)	(56,000)
<b>At 31 December 2014</b>	200,000	31,979	3,591,140	3,823,119	1,404,796	5,227,915

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2012 £	2013 £	2014 £
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	9	427,150	7,167,364	11,234,568
Property, plant and equipment	10	111,529	362,943	694,471
Investments	11	101	502	507
Deferred tax asset	18	9,535	–	–
		548,315	7,530,809	11,929,546
<b>Current assets</b>				
Trade and other receivables	13	724,180	1,118,292	1,868,083
Cash and cash equivalents	14	941,139	2,543,795	2,698,782
		1,665,319	3,662,087	4,566,865
<b>Total assets</b>		2,213,634	11,192,896	16,496,411
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	15	653,867	816,588	1,080,827
Deferred income	15	676,807	2,432,624	3,587,012
Borrowings	16	37,660	697,660	1,217,555
Deferred consideration	12	–	1,500,000	1,760,000
Current tax liability		–	652,308	375,121
		1,368,334	6,099,180	8,020,515
<b>Non-current liabilities</b>				
Borrowings	16	60,633	2,105,671	3,168,292
Shareholder loans	17	119,625	122,375	–
Deferred tax liability	18	–	52,358	79,689
Other provisions	18	20,000	–	–
		200,258	2,280,404	3,247,981
<b>Total liabilities</b>		1,568,592	8,379,584	11,268,496
<b>Net assets</b>		645,042	2,813,312	5,227,915
<b>Equity attributable to owners of the parent</b>				
Issued capital	19	700,000	200,000	200,000
Equity share based payments	20	–	–	31,979
Retained earnings	20	(55,554)	1,211,356	3,591,140
		644,446	1,411,356	3,823,119
<b>Non-controlling interest</b>	22	596	1,401,956	1,404,796
<b>Total equity</b>		645,042	2,813,312	5,227,915

## CONSOLIDATED STATEMENTS OF CASHFLOWS

	Notes	Year ended 31 December		
		2012 £	2013 £	2014 £
<b>Cash flows from operating activities</b>				
Profit before taxation		736,735	3,037,046	3,104,023
Adjustments for:				
Depreciation		50,444	130,366	177,606
Amortisation		45,133	396,859	409,434
Loss on disposal of property, plant and equipment		–	–	1,152
Release of other provisions		(22,000)	(20,000)	–
Interest expense		16,905	124,185	141,518
Changes in working capital:				
Increase in trade and other receivables		(64,083)	(499,545)	(749,791)
Increase in trade and other payables		431,716	145,029	671,119
Taxes paid		–	–	(917,682)
<b>Net cash flows from operating activities</b>		<u>1,194,850</u>	<u>3,313,940</u>	<u>2,837,379</u>
<b>Cash flows from investing activities</b>				
Purchase of intangible assets	9	–	(20,631)	–
Purchase of property, plant and equipment	10	(41,930)	(276,347)	(384,036)
Receipts from sale of property, plant and equipment		–	–	3,750
Consideration paid on business acquisitions	12	–	(3,814,080)	(3,423,779)
<b>Net cash flow used in investing activities</b>		<u>(41,930)</u>	<u>(4,111,058)</u>	<u>(3,804,065)</u>
<b>Cash flows from financing activities</b>				
Capital element of finance lease contracts		(15,684)	(38,077)	(37,661)
Equity dividends paid		(15,127)	(941,325)	(179,250)
Proceeds from issue of ordinary shares		–	100,000	–
Proceeds from issue of preference shares		–	800,000	–
Proceeds from borrowings		–	3,235,000	2,450,000
Repayment of borrowings		(222,500)	(657,500)	(939,823)
Interest element of finance lease rentals		(767)	(3,446)	(4,020)
Interest paid		(3,763)	(94,878)	(167,573)
<b>Net cash (used in)/from financing activities</b>		<u>(257,841)</u>	<u>2,399,774</u>	<u>1,121,673</u>
<b>Net increase in cash and cash equivalents</b>		<u>895,079</u>	<u>1,602,656</u>	<u>154,987</u>
Cash and cash equivalents at the beginning of the year		46,060	941,139	2,543,795
<b>Cash and cash equivalents at the end of the year</b>		<u>941,139</u>	<u>2,543,795</u>	<u>2,698,782</u>

## **1. GENERAL INFORMATION**

Curtis Banks Group plc (the “Company”) is a company incorporated in England and Wales and domiciled in the UK. The address of the registered office is 3 Temple Quay, Temple Back East, Bristol BS1 6DZ (registered company number is 07934492). The principal activities of the Company and its subsidiaries (together, the “Group”) are that of the provision of pension administration services, principally for Self Invested Pension schemes (“SIPPs”) and Small Self-Administered Pension Schemes (“SSASs”). The Group is staffed by experienced professionals who have a proven track record in this sector.

Curtis Banks Group plc was a dormant subsidiary of Curtis Banks Limited as at 31 December 2012 and up to 15 January 2013 when a group reorganisation took place. On 15 January 2013, the shareholders of Curtis Banks Limited entered into a share for share exchange agreement with Curtis Banks Group plc. As at 31 December 2013 and 2014, Curtis Banks Limited was (and continues to be) a wholly owned subsidiary of Curtis Banks Group plc. The reorganisation resulted in £600,000 of issued preference share capital being reclassified as non-controlling interest.

The financial information for the period up to 31 December 2012 therefore relates to that of Curtis Banks Limited (together with its subsidiaries), and the financial information for the periods to 31 December 2013 and 2014 relates to that of Curtis Banks Group plc (together with its subsidiaries). However the group reorganisation has had no impact on the reported financial performance and no material impact on the position of the Group as presented in the financial information.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

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

### **Basis of preparation**

The financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and in accordance with the IFRS Interpretations Committee (“IFRIC”) interpretations.

The Group’s deemed transition date to IFRS is 1 January 2012. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the transition date. The retrospective basis requires restatement of all business combinations that occurred prior to the transition date. The Company elected to retrospectively apply IFRS 3 to the business combinations that occurred prior to its transition date and as such business combinations have been restated.

### **Basis of consolidation**

The Group financial information consolidates the financial information of the Company and its subsidiary undertakings up to 31 December 2012, 2013 and 2014.

The profits and losses of the Company and its trading subsidiaries are consolidated from the date of acquisition using the acquisition method of accounting.

Curtis Banks Group plc (formerly called Curtis Banks Group Limited) was a dormant subsidiary of Curtis Banks Limited until a group reorganisation on 15 January 2013. On this date the shareholders of Curtis Banks Limited entered into a share for share exchange agreement with Curtis Banks Group plc. Curtis Banks Limited is now a wholly owned subsidiary of Curtis Banks Group plc and forms part of this consolidated financial information.

Curtis Banks Limited holds the entire issued share capital of Colston Trustees Limited, Montpelier Pension Trustees Limited, Tower Pension Trustees Limited, Tower Pension Trustees (S-B) Limited, Curtis Banks Pension Services Limited, Crescent Trustees Limited, Finalpursuit Limited, and Temple Quay Pension Trustees Limited. The accounts of these companies have not been consolidated into the Group accounts as they would be immaterial to the Group’s position. All of these companies have been dormant since incorporation and are expected to remain dormant.

The only trading subsidiary of Curtis Banks Limited as at 31 December 2012 was Curtis Banks Investment Management Limited. The trading subsidiaries of Curtis Banks Group plc as at 31 December 2013 were Curtis Banks Limited and Curtis Banks Investment Management Limited. The trading subsidiaries of Curtis Banks Group plc as at 31 December 2014 were Curtis Banks Limited, Curtis Banks Investment Management Limited and Bridgewater Pension Trustees Limited.

### **Going concern**

The Group is required to assess whether it has sufficient resources to continue its operations and to meet its commitments for the foreseeable future. The directors have prepared the financial information on a going concern basis, as in their opinion the Group is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels. Should the going concern assumption no longer remain valid the carrying value of the Group's assets will need to be assessed for impairment and the statement of financial position will need to be prepared on a break-up basis.

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights currently exercisable are taken into account. The financial information of trading subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

### **Business combinations**

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

### **Segment reporting**

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

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

### **Foreign currencies**

The financial information is presented in Pound Sterling which is the Group's functional and presentational currency. No foreign currency transactions occurred during the years ended 31 December 2012, 2013 and 2014.

### **Pensions**

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

### **Revenue recognition**

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

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

## **Intangible assets**

### ***Client portfolios***

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

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

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

### ***Computer software***

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

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

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

## **Property, plant and equipment**

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

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

Freehold land is not depreciated. Other property, machinery and equipment is depreciated on a straight-line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful lives. The depreciation rates for the principal categories of assets are as follows:

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

## **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

## **Investments**

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

## **Financial assets**

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

### **Trade receivables**

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

### **Cash and cash equivalents**

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

## **Financial liabilities**

### ***Trade and other payables***

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

### ***Borrowings***

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

### ***Current and deferred income tax***

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

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

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

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

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

#### ***Deferred tax assets***

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

#### **Provisions**

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

#### **Share capital/equity instruments**

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

Equity attributable to owners of the parent included £600,000 of non-redeemable preference shares in the year ended 31 December 2012, however these were reclassified as non-controlling interest in the year ended 31 December 2013 as part of a group reorganisation. See note 1 for further details. A further £800,000 of non-redeemable preference shares were issued by Curtis Banks Limited as part of non-controlling interests in the year ended 31 December 2013.

#### **Leases**

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. These are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments over the term of the lease. The asset is then depreciated in line with the accounting policy for property, plant and equipment. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

All other leases are classified as operating leases. Rentals payable under operating leases, net of lease incentives, are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

#### **Share based payments**

Curtis Banks Group Limited operates an EMI scheme, under which certain employees of Curtis Banks Limited, a subsidiary company, receive part of their remuneration for the financial year in the form of options to purchase shares in Curtis Banks Group Limited, the ultimate parent company.

Curtis Banks Group Limited has also provided share based payments to third parties, in the form of options to purchase its own shares, in connection with the acquisition of Client Portfolios by Curtis Banks Limited, a subsidiary company.

These schemes are accounted for as equity-settled share-based payment transactions in accordance with IFRS 2.

The share options granted become exercisable at varying future dates. If certain conditions are met, following the vesting period, employees and third parties will be eligible to exercise their option at an exercise price determined on the date the share options are granted.

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

The share based payment charge to the consolidated statement of comprehensive income is calculated based on the Group's estimate of the options that will eventually vest.

The resulting staff costs under the EMI scheme are recognised *pro rata* in the consolidated statement of comprehensive income to reflect the services rendered as consideration during the vesting period.

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

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

Standard	Effective date, annual period beginning on or after
Annual Improvements 2010-2012 cycle	1 July 2014
Annual Improvements 2011-2013 cycle	1 July 2014
Annual Improvements 2012-2014 cycle	1 January 2016*
IFRS 9 <i>Financial instruments: Classification and Measurement</i>	1 January 2018*
IFRS 11 (amendments) <i>Accounting for acquisitions of interests in joint operations</i>	1 January 2016*
IFRS 14 <i>Regulatory Deferral accounts</i>	1 January 2016*
IFRS 15 <i>Revenue from contracts with Customers</i>	1 January 2017*
IAS 16 <i>Property, Plant &amp; Equipment</i> and IAS 38 – <i>Intangible assets</i> (amendments)	1 January 2016*
IAS 16 <i>Property, Plant &amp; Equipment</i> and IAS 41 – <i>Bearer Plants</i> (amendments)	1 January 2016*
IAS 19 (amendments) <i>Employee Benefits – Defined Benefit plans: Employee contributions</i>	1 July 2014
IAS 27 (amendments) <i>Equity Method in Separate Financial Statements</i>	1 January 2016*
Amendments to IFRS 10, IFRS 12 and IAS 28: <i>Investment Entities: Applying the consolidation exception</i>	1 January 2016*
Amendments to IAS1: <i>Disclosure initiative</i>	1 January 2016*

\*These standards have yet to be endorsed in the EU.

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

The following standards, interpretations and amendments to existing standards became effective in the year ended 31 December 2014: IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12 Disclosures of Interests in Other Entities; IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

These either had no impact or resulted in presentational changes only.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

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

Key areas of judgement and estimation uncertainty are disclosed below:

**Client portfolios**

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

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

The carrying value of client portfolios at 31 December 2012, 2013 and 2014 was £357,366, £7,112,557 and £11,210,518 respectively.

#### Computer software

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

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

The carrying value of computer software capitalised as intangible fixed assets at 31 December 2012, 2013 and 2014 was £69,784, £54,807 and £24,050 respectively.

In capitalising the operating software as computer equipment under Property, plant and equipment, management judge these costs to be necessary for the computer hardware to operate in the manner intended and consequently these costs have been recognised in accordance with the criteria in IAS 16. The amount included in computer equipment at 31 December 2014 is £224,387 (£nil in prior years).

#### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCING AND TAXATION

Profit before financing and taxation is arrived at after charging:

	Year ended 31 December		
	2012	2013	2014
	£	£	£
Amortisation of intangible assets	45,133	396,859	409,434
Impairment of trade receivables	–	35,000	–
Depreciation of property, plant and equipment	50,444	130,366	177,606
Operating lease rentals for land and buildings	37,174	118,666	123,946
Other operating lease rentals	96,000	85,000	257,332
Auditors remuneration:			
– audit of the annual accounts of the Group	16,500	24,250	28,000
– regulatory and tax audits	17,900	24,000	18,450
– corporation tax services	3,900	4,700	5,500
	<u>45,133</u>	<u>396,859</u>	<u>409,434</u>

#### 5. DIRECTORS AND EMPLOYEES

	Year ended 31 December		
	2012	2013	2014
	£	£	£
Wages and salaries	1,472,940	3,102,063	3,884,255
Social security costs	158,626	308,336	397,398
Other pension costs	44,750	154,863	142,678
	<u>1,676,316</u>	<u>3,565,262</u>	<u>4,424,331</u>

Wages and salaries for the year ended 31 December 2014 includes £1,211 relating to an EMI scheme set up during the year. See note 21 for further details.

The average number of employees during the year was:

Directors	4	5	5
Administration	39	109	128
	<u>43</u>	<u>114</u>	<u>133</u>

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

	Year ended 31 December		
	2012 £	2013 £	2014 £
Total emoluments paid to:			
Directors:			
wages and salaries	261,616	444,074	517,875
pension costs	7,695	11,169	12,218
Key management personnel (excluding directors):			
wages and salaries	220,069	258,041	466,255
pension costs	–	1,313	3,072
	<u>489,380</u>	<u>714,597</u>	<u>999,420</u>
Emoluments of highest paid director	<u>117,420</u>	<u>142,140</u>	<u>154,500</u>

Wages and salaries for the year ended 31 December 2014 includes £576 relating to an EMI scheme set up during the year. See note 21 for further details.

## 6. FINANCE COSTS

	Year ended 31 December		
	2012 £	2013 £	2014 £
Interest payable on bank loans	–	120,302	134,800
Interest payable on shareholder loans	16,138	437	2,698
Lease finance charges	767	3,446	4,020
	<u>16,905</u>	<u>124,185</u>	<u>141,518</u>

## 7. FINANCE INCOME

	Year ended 31 December		
	2012 £	2013 £	2014 £
Interest income	<u>2,466</u>	<u>6,991</u>	<u>14,136</u>

## 8. TAXATION

	Year ended 31 December		
	2012 £	2013 £	2014 £
<b>Domestic current period tax</b>			
UK corporation tax	–	652,308	638,068
Total current tax	–	652,308	638,068
<b>Deferred tax</b>			
Origination and reversal of temporary differences	32,380	61,617	27,331
Deferred tax adjustments arising in previous periods	(5,468)	276	–
	26,912	714,201	665,399
<b>Factors affecting the tax credit for the period</b>			
Profit before tax	736,735	3,037,046	3,104,023
Profit before tax multiplied by standard rate of UK corporation tax of 24.50%, 23.25%, 21.50%	180,500	706,113	667,365
Effects of:			
Non-deductible expenses	10,483	9,007	14,201
Depreciation	25,084	2,400	38,185
Capital allowances	(14,966)	(26,950)	(89,261)
Tax losses utilised	(110,860)	(2,554)	–
Group adjustments	–	(550)	–
Other tax adjustments	(90,241)	(35,158)	7,578
	(180,500)	(53,805)	(29,297)
Current tax charge	–	652,308	638,068

## 9. INTANGIBLE ASSETS

	Client portfolios £	Computer software £	Total £
<b>Cost</b>			
At 1 January 2012	390,691	102,397	493,088
Additions	–	–	–
At 31 December 2012	390,691	102,397	493,088
Additions	–	20,631	20,631
Arising on acquisitions	7,116,442	–	7,116,442
At 31 December 2013	7,507,133	123,028	7,630,161
Arising on acquisitions	4,476,638	–	4,476,638
At 31 December 2014	11,983,771	123,028	12,106,799
<b>Amortisation</b>			
At 1 January 2012	13,790	7,015	20,805
Charge for the year	19,535	25,598	45,133
At 31 December 2012	33,325	32,613	65,938
Charge for the year	361,251	35,608	396,859
At 31 December 2013	394,576	68,221	462,797
Charge for the year	378,677	30,757	409,434
At 31 December 2014	773,253	98,978	872,231
<b>Carrying value</b>			
At 31 December 2012	357,366	69,784	427,150
At 31 December 2013	7,112,557	54,807	7,167,364
At 31 December 2014	11,210,518	24,050	11,234,568

## Computer software

Computer software represents CashFac Banking, a banking system to improve the efficiency of treasury facilities within the Company and generate higher levels of interest, with a carrying value as at 31 December 2012, 2013 and 2014 of £69,784, £54,807 and £24,050 respectively. This is being amortised over its useful economic life of four years on a straight line basis.

## Client portfolios

Client portfolios represent individual client portfolios acquired through business combinations.

The brought forward balance as at 1 January 2012 relates to the purchase of the trade and assets of Montpelier Pension Administration Services Limited on 13 May 2011, which has been accounted for under the acquisition method of accounting. The directors have considered the carrying value of the client portfolio and have concluded that no impairment is required. The client portfolio is being amortised over a period of 20 years and had a remaining expected useful economic life as at 31 December 2014 of 16 years and four months.

The additions during the years ended 31 December 2012, 2013 and 2014 consist of the acquisition of the full SIPP business from Alliance Trust Savings Limited on 18 January 2013, the SIPP business and certain assets from Pointon York SIPP Solutions Limited on 31 October 2014 and the SIPP business acquired from Rathbone Pension & Advisory Services Limited on 31 December 2014. These have been accounted for under the acquisition method of accounting. For further information on these transactions see note 12.

The remaining expected useful economic life as at 31 December 2014 of the businesses acquired from Alliance Trust Savings Limited, Pointon York SIPP Solutions Limited, and Rathbone Pension & Advisory Services Limited were 18 years, 19 years and 10 months, and 20 years respectively.

The amortisation charge on client portfolios and computer software is included within administrative expenses in the consolidated statements of comprehensive income.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Computer equipment £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2012	–	141,769	20,283	–	162,052
Additions	–	36,720	1,989	11,765	50,474
At 31 December 2012	–	178,489	22,272	11,765	212,526
Additions	–	327,143	54,637	–	381,780
At 31 December 2013	–	505,632	76,909	11,765	594,306
Additions	–	378,305	5,731	–	384,036
Additions from acquisitions	53,910	64,035	12,055	–	130,000
Disposals	–	–	–	(11,765)	(11,765)
At 31 December 2014	53,910	947,972	94,695	–	1,096,577
<b>Depreciation</b>					
At 1 January 2012	–	44,810	5,743	–	50,553
Charge for the year	–	42,178	5,326	2,940	50,444
At 31 December 2012	–	86,988	11,069	2,940	100,997
Charge for the year	–	109,684	17,739	2,943	130,366
At 31 December 2013	–	196,672	28,808	5,883	231,363
Charge for the year	1,123	152,212	23,291	980	177,606
On disposals	–	–	–	(6,863)	(6,863)
At 31 December 2014	1,123	348,884	52,099	–	402,106
<b>Carrying value</b>					
At 31 December 2012	–	91,501	11,203	8,825	111,529
At 31 December 2013	–	308,960	48,101	5,882	362,943
At 31 December 2014	52,787	599,088	42,596	–	694,471

Included in the carrying values above are assets held under finance leases and hire purchase contracts for the years ended 31 December 2012, 2013 and 2014 amounting to £7,074, £86,633 and £58,139 respectively. Depreciation has been charged of £1,470, £25,873 and £28,494 respectively.

Included within the cost of additions during the year ended 31 December 2014 is £53,910 of leasehold improvements, £64,035 of computer equipment and £12,055 of plant and equipment that was acquired as part of the acquisition of the full SIPP business and certain assets from Pointon York SIPP Solutions Limited, as further described in note 12.

The addition to computer equipment in the year ended 31 December 2014 relates to a software package for SIPP administration, with a carrying value of £224,387. As at 31 December 2014 this was still under construction therefore is not yet being depreciated.

## 11. NON-CURRENT ASSET INVESTMENTS

	£
<b>Cost</b>	
At 1 January 2012	101
Additions	—
At 31 December 2012	101
Additions	401
At 31 December 2013	502
Additions	5
At 31 December 2014	507
<b>Carrying value</b>	
At 31 December 2012	101
At 31 December 2013	502
At 31 December 2014	507

The directors are satisfied that no impairment has occurred in the carrying value of the non-current asset investments at 31 December 2012, 2013 and 2014. Details of the investments are as follows:

Name of entity	Principal activity	Country of Incorporation	Percentage of Ordinary Shares held by parent company	Percentage of Ordinary Shares held by group
Curtis Banks Limited	Provision of pension administration services	England and Wales	100.00	100.00
Curtis Banks Investment Management Limited	Provision of financial advice	England and Wales	90.00	90.00
Colston Trustees Limited	Dormant	England and Wales	100.00	100.00
Montpelier Pension Trustees Limited	Dormant	England and Wales	100.00	100.00
Tower Pension Trustees Limited	Dormant	England and Wales	100.00	100.00
Curtis Banks Pension Services Limited	Dormant	England and Wales	100.00	100.00
Crescent Trustees Limited	Dormant	England and Wales	100.00	100.00
Finalpursuit Limited	Dormant	England and Wales	100.00	100.00
Tower Pension (S-B) Trustees Limited	Dormant	Scotland	100.00	100.00
Bridgewater Pension Trustees Limited	Pension administration	England and Wales	100.00	100.00
Temple Quay Pension Trustees Limited	Dormant	England and Wales	100.00	100.00

On 18 January 2013, Curtis Banks Limited acquired 400 ordinary £1 shares of Alliance Trust Pensions Limited (renamed Tower Pension Trustees Limited) and 1 ordinary £1 share of Alliance Trust (SIPP-Baillie) Limited (renamed Tower Pension Trustees (S-B) Limited) for its nominal values under the acquisition method of accounting, providing the Company with a 100 per cent. shareholding. Tower Pension Trustees Limited and Tower Pension Trustees (S-B) Limited had no assets or liabilities other than those associated with the share capital issued on incorporation.

On 31 October 2014, Curtis Banks Limited acquired 1 ordinary £1 share in Crescent Trustees Limited and 1 ordinary £1 share in Finalpursuit Limited for their nominal values under the acquisition method of accounting, providing the Company with a 100 per cent. shareholding. Crescent Trustees Limited and Finalpursuit Limited had no assets or liabilities other than those associated with the share capital issued on incorporation.

On 31 October 2014, Curtis Banks Limited also acquired 75,001 ordinary £1 shares in Bridgewater Pension Trustees Limited for a purchase price of £350,000 and associated acquisition costs of £1,750, under the acquisition method of accounting, providing the Company with a 100 per cent. shareholding. Bridgewater Pension Trustees Limited had net assets of £70,308 on acquisition.

On 31 December 2014, Curtis Banks Limited acquired 1 ordinary £1 share in Temple Quay Trustees Limited for its nominal value under the acquisition method of accounting, providing the Company with a 100 per cent. shareholding. Temple Quay Trustees Limited had no assets or liabilities other than those associated with the share capital issued on incorporation.

## 12. BUSINESS COMBINATIONS

### Full SIPP business of Alliance Trust Savings Limited

On 18 January 2013 the Group acquired the full SIPP business of Alliance Trust Savings Limited and the entire issued share capital of Alliance Trust Pensions Limited for cash consideration of £5,500,000 upon completion and a one year anniversary payment of either £1,500,000 or £500,000 (dependent on certain performance criteria being met). The anniversary payment of £1,500,000 was paid during the year ended 31 December 2014. This business purchase added approximately 5,800 SIPPs to the Group's existing book of SIPPs under administration. The acquisition has been accounted for using the acquisition method. The fair value of the identifiable assets and liabilities of the business as at the date of acquisition were as follows:

	Fair value recognised on acquisition £
Client portfolios	7,116,441
Cash	1,802,361
Deferred income	(1,802,361)
<b>Fair value of net assets acquired</b>	<b>7,116,441</b>
Goodwill arising on acquisition	–
<b>Total acquisition costs</b>	<b>7,116,441</b>

Acquisition costs are analysed as follows:

Fair value of initial consideration	5,500,000
Fair value of deferred consideration	1,500,000
Transaction costs	116,441
<b>Total acquisition costs</b>	<b>7,116,441</b>

The net cash outflow arising from this acquisition was as follows:

	£
Initial consideration paid	(5,500,000)
Cash acquired	1,802,361
Transaction costs	(116,441)
<b>Net cash outflow in the year ended 31 December 2013</b>	<b>(3,814,080)</b>
Deferred consideration paid	(1,500,000)
<b>Net cash outflow in the year ended 31 December 2014</b>	<b>(1,500,000)</b>
<b>Total net cash outflow</b>	<b>(5,314,080)</b>

The directors have not determined the post-acquisition operating results of the acquisition for the year ended 31 December 2013 or 2014, as many of the support and general overhead costs for the acquired business are carried out by existing staff of the Group.

Reorganisation costs, totalling £269,496 in the year ended 31 December 2013 and £105,750 in the year ended 31 December 2014, would not have otherwise been incurred had the acquisition not completed and are disclosed separately on the face of the consolidated statements of comprehensive income.

Revenue of £3,837,814 and £5,359,944 has been recognised in relation to the acquired business in the years ended 31 December 2013 and 2014 respectively. The revenue as though the acquired business had been held for the full year ended 31 December 2013 is not materially different from the figure recognised in the financial information as disclosed above.

#### **SIPP business of Pointon York SIPP Solutions Limited**

On 31 October 2014 the SIPP business and certain assets of Pointon York SIPP Solutions Limited were acquired for a cash consideration of £1,100,000 upon completion (including £350,000 for the share capital of Bridgewater Pension Trustees Limited (BPT)), a one year anniversary payment of £1,000,000 and a payment of £760,000 due either on the second year anniversary or earlier if certain conditions are fulfilled. The directors expect these conditions to be fulfilled in the year ended 31 December 2015.

This purchase added approximately 7,800 SIPPs to the Group's existing book of SIPPs under administration. The acquisition has been accounted for using the acquisition method. The fair value of the identifiable assets and liabilities of the business as at the date of acquisition were as follows:

	Fair value recognised on acquisition £
Client portfolios	3,655,745
Receivables	8,584
Payables	(50,965)
Cash	112,689
Non-current assets	130,000
Crescent Trustees Limited	1
Finalpursuit Limited	1
Deferred income	(892,092)
<b>Fair value of net assets acquired</b>	<b>2,963,963</b>
Goodwill arising on acquisition	–
<b>Total acquisition costs</b>	<b>2,963,963</b>

Acquisition costs are analysed as follows:

Fair value of initial consideration	1,100,000
Fair value of deferred consideration	1,760,000
Share options granted with acquisitions	30,768
Transaction costs	73,195
<b>Total acquisition costs</b>	<b>2,963,963</b>

The net cash outflow arising from this acquisition was as follows:

	£
Initial consideration paid	(1,100,000)
Cash acquired	112,689
Transaction costs	(73,195)
<b>Net cash outflow in the year ended 31 December 2014</b>	<b>(1,060,506)</b>
Deferred consideration payable	(1,760,000)
<b>Net cash outflow expected in the year ended 31 December 2015</b>	<b>(1,760,000)</b>
<b>Total net cash outflow</b>	<b>(2,820,506)</b>

Included in total consideration is £2 for the share capital of Crescent Trustees Limited and Finalpursuit Limited, both of which are dormant with no assets or liabilities held.

The deferred consideration has been included within creditors falling due within one year and has been accounted for at fair value.

The post-acquisition operating results of the acquisition for the year ended 31 December 2014 was a profit of £267,323. Revenue of £536,449 has been recognised in relation to the business during the year ended 31 December 2014. The revenue and profit as though the business had been held for the full year ended 31 December 2014 were £2,924,678 and £828,681 respectively.

#### **SIPP business of Rathbone Pension & Advisory Services Limited**

On 31 December 2014 the SIPP business of Rathbone Pension & Advisory Services Limited was acquired for a cash consideration of £800,000 paid upon completion. This purchase added approximately 1,100 SIPPs to the Group's existing book of SIPPs under administration. The acquisition has been accounted for by the acquisition method of accounting. The fair value of the identifiable assets and liabilities of the business as at the date of acquisition were as follows:

	Fair value recognised on acquisition £
Temple Quay Pension Trustees Limited	1
Client portfolios	819,576
<b>Fair value of net assets acquired</b>	<b>819,577</b>
Goodwill arising on acquisition	–
<b>Total acquisition costs</b>	<b>819,577</b>
Acquisition costs are analysed as follows:	
Fair value of consideration	800,001
Transaction costs	19,576
<b>Total acquisition costs</b>	<b>819,577</b>

The net cash outflow arising from this acquisition was as follows:

	£
Consideration paid	(800,001)
Transaction costs	(19,576)
<b>Net cash outflow in the year ended 31 December 2014</b>	<b>(819,577)</b>

Due to the acquisition occurring on the final day of the year ended 31 December 2014, there has been no impact upon the statement of comprehensive income.

The revenue as though the business had been held for the full year ended 31 December 2014 was £562,703. The directors have not determined the post-acquisition operating results of the acquisition for the year ended 31 December 2014, as many of the support and general overhead costs for the business are carried out by existing staff of the Group.

Included in total consideration is £1 for the share capital of Temple Quay Pension Trustees Limited (formerly Rathbone Pension & Advisory Services (Trustees) Limited), which is dormant with no assets or liabilities held.

### 13. TRADE AND OTHER RECEIVABLES

	As at 31 December		
	2012	2013	2014
	£	£	£
Trade receivables	274,037	690,822	1,018,167
Other receivables	211,273	282,479	480,837
Prepayments and accrued income	238,870	144,991	369,079
	<u>724,180</u>	<u>1,118,292</u>	<u>1,868,083</u>

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

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

	As at 31 December		
	2012	2013	2014
	£	£	£
Brought forward	–	–	35,000
Charged in year	–	35,000	–
Released in year	–	–	–
Carried forward	<u>–</u>	<u>35,000</u>	<u>35,000</u>

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

	Total	< 30 days	30 – 60 days	60 – 90 days	> 90 days
	£	£	£	£	£
31 December 2012	<u>274,037</u>	<u>102,446</u>	<u>53,554</u>	<u>18,517</u>	<u>99,520</u>
31 December 2013	<u>690,822</u>	<u>185,131</u>	<u>101,110</u>	<u>66,577</u>	<u>338,004</u>
31 December 2014	<u>1,018,167</u>	<u>435,521</u>	<u>140,543</u>	<u>100,949</u>	<u>341,154</u>

### 14. CASH AND CASH EQUIVALENTS

As at 31 December 2012, 2013 and 2014 cash and cash equivalents balances for the Group were as follows.

	As at 31 December		
	2012	2013	2014
	£	£	£
Cash at bank and in hand	<u>941,139</u>	<u>2,543,795</u>	<u>2,698,782</u>

All cash at bank is held on overnight deposit.

## 15. TRADE AND OTHER PAYABLES (CURRENT)

	As at 31 December		
	2012	2013	2014
	£	£	£
Trade payables	47,509	116,905	269,895
Amounts owed to group undertakings	100	100	–
Directors current account	150,000	–	–
Taxes and social security costs	153,068	349,167	518,303
Other payables	162,500	21,305	65,646
Accruals	116,690	191,861	212,983
Declared dividends	24,000	137,250	14,000
<b>Trade and other payables (current)</b>	<b>653,867</b>	<b>816,588</b>	<b>1,080,827</b>
Deferred income	676,807	2,432,624	3,587,012
<b>Total trade and other payables (current)</b>	<b>1,330,674</b>	<b>3,249,212</b>	<b>4,667,839</b>

The fair value of trade and other payables approximates to book value at 31 December 2014.

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

Accruals are normally settled monthly throughout the financial year.

## 16. BORROWINGS

	As at 31 December		
	2012	2013	2014
	£	£	£
<b>Current</b>			
Bank loans	–	660,000	1,195,000
Finance lease liabilities	37,660	37,660	22,555
	<u>37,660</u>	<u>697,660</u>	<u>1,217,555</u>
<b>Non current</b>			
Bank loans	–	2,083,115	3,168,292
Finance lease liabilities	60,633	22,556	–
	<u>60,633</u>	<u>2,105,671</u>	<u>3,168,292</u>
<b>Total borrowings</b>	<b>98,293</b>	<b>2,803,331</b>	<b>4,385,847</b>

The bank loan is secured on the shares of Curtis Banks Limited. Finance leases and hire purchase agreements are secured on the assets funded by the specific funding agreements.

### Bank borrowings

Bank borrowings mature between December 2017 and December 2019 and bear average coupons of 3.5 per cent. plus LIBOR per annum. Total borrowings include secured liabilities of £nil, £2,743,115 and £4,363,292 as at 31 December 2012, 2013 and 2014. The directors consider that the carrying amounts and fair value of the non-current borrowings closely equate to each other at the levels shown above.

The Group bank borrowings are repayable as follows:

	As at 31 December		
	2012	2013	2014
	£	£	£
Within 1 year	–	660,000	1,195,000
Between 1 year and 2 years	–	660,000	1,195,000
Between 2 years and 5 years	–	1,423,115	1,973,292
In more than 5 years	–	–	–
	<u>–</u>	<u>2,743,115</u>	<u>4,363,292</u>

## Finance leases

Since 1 January 2012, the only finance leases held by the Group have been for computer equipment. All of these are due to be fully repaid in 2015. As per note 10, these had a total net book value of £7,074, £86,633 and £58,139 at 31 December 2012, 2013 and 2014 respectively. The directors consider that the total minimum lease payments approximate to the present value at the statement of financial position dates.

The finance leases are repayable as follows:

	As at 31 December		
	2012 £	2013 £	2014 £
Within 1 year	37,660	37,660	22,555
Between 1 year and 2 years	37,660	22,556	–
Between 2 years and 5 years	22,973	–	–
In more than 5 years	–	–	–
	<u>98,293</u>	<u>60,216</u>	<u>22,555</u>

## 17. SHAREHOLDER LOANS

### Shareholder loans repayable after 1 year

	As at 31 December		
	2012 £	2013 £	2014 £
Shareholder loans	110,000	110,000	–
Accrued interest	9,625	12,375	–
	<u>119,625</u>	<u>122,375</u>	<u>–</u>

Shareholder loans consist of subordinated loans from Christopher Banks, a director of the Group amounting to £110,000, £110,000 and £nil for the years ended 31 December 2012, 2013 and 2014 respectively. These loans attracted interest at the Bank of England Base Rate plus 2 per cent.

## 18. PROVISIONS FOR LIABILITIES

### Deferred taxation

As a result of the taxation position set out in note 8, a deferred tax provision has arisen for the Group as follows:

	As at 31 December		
	2012 £	2013 £	2014 £
Deferred tax on temporary differences	34,940	59,430	79,689
Tax losses available	(44,475)	(7,072)	–
	<u>(9,535)</u>	<u>52,358</u>	<u>79,689</u>

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

	As at 31 December		
	2012 £	2013 £	2014 £
Temporary differences on plant and equipment	35,467	59,430	79,689
Other temporary differences	(527)	–	–
	<u>34,940</u>	<u>59,430</u>	<u>79,689</u>

### Other

	As at 31 December		
	2012 £	2013 £	2014 £
Balance brought forward at 1 January	42,000	20,000	–
Statement of comprehensive income	(22,000)	(20,000)	–
Balance carried forward at 31 December	<u>20,000</u>	<u>–</u>	<u>–</u>

The other provision has been made in connection with a lease acquired as part of the acquisition of the trade and assets of Montpelier Pensions Administrations Services Limited which became onerous following the acquisition. The provision is released in line with the rent charged to the consolidated statements of comprehensive income.

## 19. SHARE CAPITAL

	As at 31 December		
	2012 £	2013 £	2014 £
<b>Allotted, called up and fully paid (attributable to owners of the parent)</b>			
Ordinary shares of £1 each	100,000	200,000	200,000
Preference shares of £1 each	600,000	–	–
	<u>700,000</u>	<u>200,000</u>	<u>200,000</u>

Curtis Banks Limited has allotted, called up and fully paid 600,000, 4,635,000 and 7,085,000 4 per cent. non-cumulative, non-redeemable preference shares of £1 each as at 31 December 2012, 2013 and 2014 respectively. Curtis Banks Group plc held 3,235,000 and 5,685,000 of this preference share capital as at 31 December 2013 and 2014 respectively, with 1,400,000 held by certain individual shareholders of Curtis Banks Group plc. This forms part of non-controlling interest in this financial information. The preference shares do not hold any voting rights in the Group. The large majority of the Group's assets relate to the assets and liabilities of Curtis Banks Limited. All of the preference share capital also relates to Curtis Banks Limited.

See note 1 for further details regarding the group reorganisation in the year ended 31 December 2013 which resulted in the reclassification of the above 600,000 of preference share capital to non-controlling interest.

During the year ended 31 December 2013 100,000 ordinary shares of £1 each were allotted and paid at par value. A further 800,000 of preference shares of £1 each were issued at par value by Curtis Banks Limited.

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

## 20. RESERVES

	Equity share based payments £	Retained earnings £	Total £
At 1 January 2012	–	(740,734)	(740,734)
Profit for the year	–	709,180	709,180
Preference dividends declared	–	(24,000)	(24,000)
At 31 December 2012	–	(55,554)	(55,554)
Profit for the year	–	2,266,910	2,266,910
Ordinary dividends declared	–	(1,000,000)	(1,000,000)
At 31 December 2013	–	1,211,356	1,211,356
Profit for the year	–	2,379,784	2,379,784
Share based payments	31,979	–	31,979
At 31 December 2014	<u>31,979</u>	<u>3,591,140</u>	<u>3,623,119</u>

## 21. SHARE BASED PAYMENTS

### EMI share option scheme

No options were held or granted throughout 2012 or 2013. The Company set up an EMI scheme during the year ended 31 December 2014 by which certain employees and directors are able to subscribe to ordinary shares in the Company. As at the year end 26 employees (including key management personnel) held options as follows:

Date of grant	Number of shares under option at 31 December 2013	Granted during the year	Number of shares under option at 31 December 2014	Exercise price £	Expiry date
24 October 2014	–	3,111	3,111	20.22	24 October 2017
	–	3,111	3,111		

No share options were exercisable during the year ended 31 December 2014. One third of the EMI scheme share options will vest on 24 October 2015, or earlier if certain conditions are fulfilled. The directors consider these conditions likely to occur before 24 October 2015. Of the remaining shares, half will vest on 24 October 2016 and half on 24 October 2017.

### Third party share options

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

Date of grant	Number of shares under option at 31 December 2013	Granted during the year	Number of shares under option at 31 December 2014	Exercise price £	Expiry date
31 October 2014	–	400	400	1.00	30 September 2024
31 October 2014	–	3,600	3,600	1.00	30 September 2024
	–	4,000	4,000		

No share options were exercisable during the year ended 31 December 2014. The third party share options will only vest on the fulfilment of specific conditions. The directors consider these conditions likely to occur during the year ended 31 December 2015.

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

The weighted average exercise price for all options at 31 December 2014 was £9.41.

### Share based payments expenses

The fair values of the options at the date of grant were determined by using the Black Scholes model. The model inputs were a risk free rate of 0.5 per cent., expected volatility of 24 per cent., zero dividend yield, and a share price at 24 October and 31 October 2014 of £20.22. Expected volatility was based upon historical information from similar entities.

Date of grant	Exercise price £	Latest exercise date	Number of shares under option at 31 December 2014	Estimated fair value per option £
<b>Director and employee options</b>				
24 October 2014	20.22	24 October 2017	3,111	4.26
<b>Third party options</b>				
31 October 2014	1.00	30 September 2024	400	19.23
31 October 2014	1.00	30 September 2024	3,600	19.23
			7,111	

The total charge to the consolidated statements of comprehensive income arising from equity-settled share-based payment transactions for the year ended 31 December 2014 was £1,211. The total increase in equity arising from equity-settled share-based payment transactions for the year ended 31 December 2014

was £31,979 as reflected in note 20. The difference of £30,768 is included within intangible assets as an addition to client portfolios.

## 22. NON-CONTROLLING INTERESTS

The non-controlling interests reflect the relevant amounts of the trading results and net assets or liabilities attributable to the non-controlling shareholders in Curtis Banks Investment Management Limited (see note 11) and Curtis Banks Limited (see note 1).

	As at 31 December		
	2012 £	2013 £	2014 £
Share of net (liabilities)/ assets brought forward	(47)	596	1,401,956
Movement in the year – share of profits	643	55,935	58,840
Reorganisation adjustment (see note 1)	–	600,000	–
Proceeds from preference shares issued by subsidiary undertaking	–	800,000	–
Preference dividends declared	–	(54,575)	(56,000)
Share of net assets	<u>596</u>	<u>1,401,956</u>	<u>1,404,796</u>

## 23. FINANCIAL COMMITMENTS

The lease expenditure charged to the consolidated statements of comprehensive income during the year is disclosed in note 4.

The amount of other lease payments is subject to renegotiation on an annual basis.

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

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

	As at 31 December		
	2012 £	2013 £	2014 £
<b>Land and buildings</b>			
Within 1 year	45,500	76,081	128,195
Within 2 – 5 years	32,592	95,058	1,197,924
	<u>78,092</u>	<u>171,139</u>	<u>1,326,119</u>
<b>Other</b>			
Within 1 year	85,000	257,332	325,934
Within 2 – 5 years	127,500	128,666	–
	<u>212,500</u>	<u>385,998</u>	<u>325,934</u>

## 24. PENSION COSTS – DEFINED CONTRIBUTION

	Year to 31 December		
	2012 £	2013 £	2014 £
Contributions payable by the Group for the year	<u>44,750</u>	<u>154,863</u>	<u>142,678</u>

## 25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Year to 31 December		
	2012 £	2013 £	2014 £
Profit for the year	709,823	2,322,845	2,438,624
Profit attributable to non-controlling interests	643	55,935	58,840
Profit attributable to the equity holders of the Company	709,180	2,266,910	2,379,784
Weighted average number of basic ordinary shares in issue	200,000	200,000	200,000
Weighted average number of diluted ordinary shares in issue	200,000	200,000	201,248

The weighted average number of ordinary shares in issue has been restated for 2012 and 2013 as if the number of shares issued in 2013 were always held. These shares were issued at par to all shareholders in proportions equal to their existing holdings.

Earnings per share:

Basic	3.55	11.33	11.90
Diluted	3.55	11.33	11.83

See note 21 for further details of the share options issued during the year ended 31 December 2014.

## 26. DIVIDENDS

	Year to 31 December		
	2012 £	2013 £	2014 £
Ordinary final proposed	–	123,250	–
Ordinary final paid	–	876,750	–
	–	1,000,000	–

## 27. CAPITAL COMMITMENTS

A capital commitment of £400,000 plus VAT for new software was in place as at the year ended 31 December 2014.

There were no capital commitments as at the years ended 31 December 2012 and 2013.

## 28. RELATED PARTIES

Curtis Banks Investment Management Limited owed the Group £45,839, £31,408 and £6,834 at the year ended 31 December 2012, 2013 and 2014 respectively. Of this £11,000, £11,000 and £11,000 respectively relates to a long term subordinated loan. For the year ended 31 December 2014 this was offset by an amount due to Curtis Banks Investment Management Limited of £4,166 that relates to expenses paid by Curtis Banks Investment Management Limited on behalf of Curtis Banks Limited. For the years ended 31 December 2012 and 2013 respectively, additional expenses were paid by Curtis Banks Limited on Curtis Banks Investment Management Limited's behalf of £34,839 and £20,408. The total amount of expenses recharged by Curtis Banks Limited in the year to 31 December 2012, 2013 and 2014 amounted to £60,347, £60,000 and £76,061 respectively. During the year ended 31 December 2012, 2013 and 2014 respectively, Curtis Banks Investment Management Limited was charged £360, £275 and £275 interest in relation to the subordinated loan provided by Curtis Banks Limited. This amount remains payable at 31 December 2014 and is included within amounts owed by group undertakings in the financial statements of Curtis Banks Limited.

At 31 December 2012, 2013 and 2014 respectively, the Group owed Christopher Banks, a director, £110,000, £110,000 and £nil in relation to subordinated loans and £150,000, £nil and £nil in relation to other loans. The maximum owing to Christopher Banks during the year to 31 December 2012, 2013 and 2014 was £260,000, £260,000 and £110,000 respectively. The subordinated loans attract an interest rate of the Bank of England Base Rate plus 2 per cent. Other loans are not subject to interest. Preference share dividends totalling £nil, £15,034 and £16,480 were paid to Christopher Banks during the year ended 31 December 2012, 2013 and 2014 respectively. Preference share dividends owed to Christopher Banks at the year ended 31 December 2012, 2013 and 2014 respectively totalled £2,490, £4,413 and £3,827. The amounts owed at 31 December 2012 and 2013 were paid to Christopher Banks during the years ended 31 December 2013 and 2014 respectively. Ordinary share dividends totalling £nil, £621,750 and £nil

respectively were paid to Christopher Banks during the year ended 31 December 2012, 2013 and 2014. Final dividends declared but unpaid to Christopher Banks at the year ended 31 December 2012, 2013 and 2014 respectively totalled £nil £123,250 and £321,250.

At 31 December 2012, 2013 and 2014 respectively, the Group owed Berkeley Charterhouse Limited, a company which is controlled and directed by Christopher Banks, £12,500, £nil and £nil in relation to subordinated loans and £nil, £39,892 and £nil in relation to other loans. The maximum owing to Berkeley Charterhouse Limited during the year ended 31 December 2012, 2013 and 2014 was £115,000, £52,392 and £39,892 respectively. The subordinated loans attract an interest rate of the Bank of England Base Rate plus 2 per cent. Other loans are not subject to interest. Preference share dividends totalling £nil, £26,807 and £20,230 were paid to Berkeley Charterhouse Limited during the year ended 31 December 2012, 2013 and 2014 respectively. Preference share dividends owed to Berkeley Charterhouse Limited at 31 December 2012, 2013 and 2014 totalled £12,000, £5,058 and £5,058 respectively. The amounts owed at 31 December 2012 and 2013 were paid to Berkeley Charterhouse Limited during the years ended 31 December 2013 and 2014 respectively.

Preference share dividends totalling £nil, £1,952 and £1,433 respectively were paid to Colston Trustees Limited – S Hart SIPP during the year ended 31 December 2012, 2013 and 2014. Preference share dividends owed to Colston Trustees Limited – S Hart SIPP account totalled £900, £358 and £358 respectively. Steven Hart is a director of Curtis Banks Limited. The amounts owed at 31 December 2012 and 2013 were paid to Colston Trustees Limited – S Hart SIPP during the years ended 31 December 2013 and 2014 respectively. Ordinary share dividends totalling £nil, £33,335 and £nil were paid to Steven Hart during the year ended 31 December 2012, 2013 and 2014 respectively.

Preference share dividends totalling £nil, £15,637 and £10,750 respectively were paid to Colston Trustees Limited – R Curtis SIPP during the year ended 31 December 2012, 2013 and 2014. Preference share dividends owed to Colston Trustees Limited – R Curtis SIPP account totalled £7,710, £2,688 and £2,688 respectively. Preference share dividends totalling £nil, £nil and £1,170 were paid to Rupert Curtis during the year ended 31 December 2012, 2013 and 2014 respectively. Preference share dividends owed to Rupert Curtis at 31 December 2012, 2013 and 2014 totalled £nil, £nil and £585 respectively. Rupert Curtis is a director of Curtis Banks Group Limited. The amounts owed at 31 December 2012 and 2013 were paid to Colston Trustees Limited – R Curtis SIPP during the years ended 31 December 2013 and 2014 respectively. Ordinary share dividends totalling £nil, £95,000 and £nil were paid to Rupert Curtis during the year ended 31 December 2012, 2013 and 2014 respectively.

Preference share dividends totalling £nil, £3,318 and £4,687 respectively were paid to Colston Trustees Limited – P Tarran SIPP during the year ended 31 December 2012, 2013 and 2014. Preference share dividends owed to Colston Trustees Limited – P Tarran SIPP account totalled £nil, £1,172 and £1,172 respectively. Paul Tarran is a director of Curtis Banks Group Limited.

Preference share dividends totalling £nil, £938 and £nil were paid to Paul Tarran during the year ended 31 December 2012, 2013 and 2014 respectively. Preference share dividends owed to Paul Tarran at the year end totalled £900, £nil and £nil respectively. Ordinary share dividends totalling £nil, £101,665 and £nil were paid to Paul Tarran during the year ended 31 December 2012, 2013 and 2014 respectively.

Preference share dividends totalling £nil, £564 and £800 were paid to Colston Trustees Limited – K Morgans SIPP during the year ended 31 December 2012, 2013 and 2014 respectively. Preference share dividends owed to Colston Trustees Limited – K Morgans SIPP account totalled £nil, £200 and £200 respectively. Kristian Morgans is a director of Curtis Banks Limited.

Preference share dividends totalling £nil, £338 and £450 were paid to Kristian Morgans during the year ended 31 December 2012, 2013 and 2014 respectively. Preference share dividends owed to Kristian Morgans, a director, totalled £nil, £113 and £200 respectively. Ordinary share dividends totalling £nil, £25,000 and £nil were paid to Kristian Morgans during the year ended 31 December 2012, 2013 and 2014 respectively.

During the year ended 31 December 2014, the Group set up an EMI scheme under which the following share options in aggregate were granted to members of key management personnel:

Date of grant	Number of shares under option at 31 December 2013	Granted during the year	Number of shares under option at 31 December 2014	Exercise price £	Expiry date
24 October 2014	–	1,479	1,479	20.22	24 October 2017
	–	1,479	1,479		

The estimated fair value of each of these options, as further described in note 21, was £4.26.

## 29. FINANCIAL RISK MANAGEMENT

### Market risk

#### *Interest rate risk*

Interest rate risk is the risk that the Group will generate losses from adverse movements on interest bearing assets or liabilities. The Group is exposed to interest rate risk because it has borrowed funds at floating interest rates. The risk is monitored by the ongoing review of gearing levels (which is reducing due to quarterly principal repayments being made) and an ongoing review of forward interest rates over the duration of the borrowings.

For floating rate bank borrowings, the following sensitivity analysis is based on the year end liability being outstanding for the entire financial year. A 1 per cent. increase or decrease is deemed to be a reasonable possible change in interest rates for the purpose of carrying out a sensitivity analysis. If interest rates had been 1 per cent. higher or lower (all other variables being constant), the Group's profits would have decreased or increased by £nil, £27,432 and £43,633 for the years ended 31 December 2012, 2013 and 2014 respectively.

#### *Foreign currency risk*

Foreign exchange risk is the risk that the Group will generate losses from adverse movements in foreign currency exchange rates. As the Group operates exclusively in the UK, it is not exposed to any foreign currency risk.

### Liquidity risk

Liquidity risk is the risk of the Group being unable to meet its liabilities as they fall due.

The Group monitors this risk by maintaining sufficient cash balances to fund foreseeable trading requirements, monitoring projected cash flows from operations and regularly reviewing the maturity of financial assets. In addition, the Group is a cash generative business with income being received regularly over the course of the year.

The tables below summarise the maturity profile of the Group's financial liabilities as at 31 December 2012, 2013 and 2014.

	Note	6 months or less £	6-12 months £	1-2 years £	2-5 years £	Total £
<b>At 31 December 2012</b>						
Trade and other payables	15	653,867	–	–	–	653,867
Shareholder loans	17	–	–	119,625	–	119,625
<b>Total</b>		<b>653,867</b>	<b>–</b>	<b>119,625</b>	<b>–</b>	<b>773,492</b>
<b>At 31 December 2013</b>						
Deferred consideration	12	1,500,000	–	–	–	1,500,000
Trade and other payables	15	816,588	–	–	–	816,588
Borrowings	16	330,000	330,000	660,000	1,423,115	2,743,115
Shareholder loans	17	–	122,375	–	–	122,375
<b>Total</b>		<b>2,646,588</b>	<b>452,375</b>	<b>660,000</b>	<b>1,423,115</b>	<b>5,182,078</b>

At 31 December 2014	Note	6 months or less £	6-12 months £	1-2 years £	2-5 years £	Total £
Deferred consideration	12	–	1,760,000	–	–	1,760,000
Trade and other payables	15	1,080,826	–	–	–	1,080,826
Borrowings	16	597,500	597,500	1,195,000	1,973,292	4,363,292
<b>Total</b>		<u>1,678,326</u>	<u>2,357,500</u>	<u>1,195,000</u>	<u>1,973,292</u>	<u>7,204,118</u>

### Credit risk

Credit risk is the risk of financial loss to the Group resulting from counterparties failing to discharge their obligations to the Group. The Group's principal financial assets are trade and other receivables and cash and cash equivalents.

Credit risk is considered to be low and the Group monitors its receivables balances on a regular basis. The Group's maximum exposure to credit risk is equal to the carrying value of these instruments.

### Capital management

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

Calculations are carried out at the end of each month to ensure there is sufficient regulatory capital within the Group. Current requirements for the Group are based on a percentage of the level of overheads of the regulated operating company and are approximately £1.5 million. The regulatory rules on capital requirements for SIPP operators are to change from September 2016 from which date requirements will be based on the value of assets under administration within the SIPPs administered by the Group.

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

## 30. POST BALANCE SHEET EVENTS

After the year end, and on expiry of an existing lease, the Group moved its Bristol office to a new location at Ground Floor, 3 Temple Quay, Bristol BS1 6DZ. The Group's registered office has consequently changed to this address.

The trade and assets of Bridgewater Pension Trustees Limited, a trading subsidiary of the Group, were hived up into Curtis Banks Limited on 1 January 2015. Consequently, Bridgewater Pension Trustees Limited became dormant from 1 January 2015.

After the year end, but before this financial information was authorised for issue, ordinary dividends of £500,000 were proposed and paid, equating to £2.50 per ordinary share held.

### Acquisition of a SIPP book from Friends Life Limited

On 13 March 2015, Curtis Banks Limited, a subsidiary company of the Group, acquired a book of 2,300 SIPPs from Friends Life Limited. Consideration was agreed in the form of a share of the fees received from the book of SIPPs for a five year period from 13 March 2015.

Based on historical annual revenues for the book of SIPPs acquired, and an estimated attrition rate of 5 per cent., revenues from the acquisition for the five year period are estimated at £11,070,800, resulting in deferred consideration payable at 30 per cent. of fees, totalling £3,321,240.

The fees are payable to Friends Life every six months for five years. The first payment will be due a month after 30 September 2015, based on revenues invoiced to that date.

It is not practicable for the directors to determine the post-acquisition operating results of the acquisition, as many of the support and general overhead costs for the SIPPs acquired will be carried out by existing staff of the Group.

## 31. CONTROL

The ultimate controlling party for the years ended 31 December 2012, 2013 and 2014 was Christopher Banks as a result of his majority shareholding.

## PART 5

### ADDITIONAL INFORMATION

#### 1. THE COMPANY

- 1.1 The Company was incorporated and registered as a private limited company in England and Wales under the Act on 2 February 2012 with the name Curtis Banks Pension Services Limited and with registered number 07934492. On 23 October 2012, the Company changed its name to Curtis Banks Group Limited. On 29 April 2015, the Company was re-registered as a public company with the name Curtis Banks Group plc.
- 1.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations, and the issue of the Placing Shares, are principally regulated by the Act and the regulations made thereunder.
- 1.3 The Company is domiciled in England and Wales and its registered office is at 3 Temple Quay, Temple Back East, Bristol BS1 6DZ. The telephone number of the Company is + 44 117 910 7910.

#### 2. SHARE CAPITAL AND LOAN CAPITAL

- 2.1 On 2 February 2012, the Company was incorporated with an issued share capital of £1,000 made up as follows:

Class of shares	Number Issued	Amount	Description
Ordinary shares of £1.00	1,000	£1,000	Fully Paid

- 2.2 On 15 January 2013, the Company issued 199,000 ordinary shares of £1.00 each, after which the issued share capital of the Company was made up as follows:

Class of shares	Number Issued	Amount	Description
Ordinary shares of £1.00	200,000	£200,000	Fully Paid

- 2.3 On 28 April 2015, each ordinary share of £1.00 in the capital of the Company was sub-divided into 200 Ordinary Shares, after which the issued share capital of the Company was made up as follows:

Class of shares	Number Issued	Amount	Description
Ordinary Shares (0.5 pence)	40,000,000	£200,000	Fully Paid

- 2.4 On 30 April 2015, 800,000 Ordinary Shares were issued at par for cash upon the exercise of options over such shares which were granted by the Company in connection with the acquisition by Curtis Banks of the Pointon York business (in respect of which see paragraph 10.2(b) below).

- 2.5 The issued share capital of the Company as at the date of publication of this document is as follows:

Class of shares	Number Issued	Amount	Description
Ordinary Shares (0.5 pence)	40,800,000	£204,000	Fully Paid

- 2.6 The issued share capital of the Company as it is expected to be immediately following Admission is as follows:

Class of shares	Number Issued	Amount	Description
Ordinary Shares (0.5 pence)	44,747,369	£223,736.845	Fully Paid

- 2.7 Pursuant to the Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and accordingly there is no limit on the maximum amount of shares that may be allotted by the Company.

- 2.8 Pursuant to an ordinary resolution of the Company dated 28 April 2015, the Directors are generally and unconditionally authorised pursuant to section 551 of the Act to allot further shares and grant rights to subscribe for or to convert any security into further shares (such shares and rights to subscribe for or to convert any security into shares being “relevant securities”) up to an aggregate nominal amount of £105,426.79, such authority to be limited to the allotment of:

- (a) 3,947,369 Ordinary Shares pursuant to the Placing;
- (b) 2,222,200 Ordinary Shares pursuant to the grant of options over Ordinary Shares;

- (c) relevant securities other than pursuant to sub-paragraphs (a) and (b) above, having an aggregate nominal value equal to £74,578.945,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 15 months from the date of passing of the resolution, except that the Directors can during such period make offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period.

- 2.9 Pursuant to a special resolution of the Company dated 28 April 2015, the Directors are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by paragraph 2.8 above, and/or by way of a sale of treasury shares by virtue of section 573 of the Act, as if the provisions of section 561 of the Act did not apply to such allotment provided that this power is limited to:

- (a) the allotment of equity securities which fall within sub-paragraphs (a) and (b) of paragraph 2.8 above; and
- (b) the allotment of equity securities in connection with an invitation or offer of equity securities to the Shareholders (excluding any shares held by the Company as treasury shares (as defined in section 724(5) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal, regulatory or practical problems arising under the laws of or the requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever); and
- (c) the allotment (other than pursuant to the power referred to in sub-paragraphs (a) and (b) (inclusive) above) of equity securities up to an aggregate nominal value equal to £22,373.685,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 15 months from the date of passing of the resolution, except that the Directors can during such period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period.

- 2.10 The provisions of section 561 of the Act (to the extent not disapplied pursuant to section 570 of the Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are, or are to be, paid up in cash and apply to the unissued equity share capital of the Company. These provisions have been disapplied to the extent referred to in paragraph 2.9 above.

- 2.11 At Admission, Curtis Banks (the Company's wholly owned subsidiary) will hold 90 per cent. of the issued share capital of Curtis Banks Investment Management Limited. 10 per cent. of the issued share capital of Curtis Banks Investment Management Limited is and will be held by Adrian Harding.

- 2.12 Save as set out in this paragraph 2:

- (a) no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (b) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- (c) there are no outstanding convertible securities issued by the Company; and
- (d) no share capital or loan capital of the Company or any of its subsidiaries (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.

- 2.13 Certain of the Ordinary Shares currently in issue will be sold as part of the Placing. Details of such sales are contained in paragraphs 6.1 and 6.14 below.

- 2.14 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.

- 2.15 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 21 May 2015. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00BW0D4R71.
- 2.16 The Placing Price of 190 pence per Ordinary Share represents a premium of 189.5 pence over the nominal value of 0.5 pence per Ordinary Share and is payable in full on Admission under the terms of the Placing.

### 3. SUBSIDIARY UNDERTAKINGS

- 3.1 At Admission, the Company will be the holding company of the Group.
- 3.2 At Admission, the Group will comprise the Company, subsidiary undertakings which are each registered in England and Wales (details of which are set out in paragraph 3.3), and a subsidiary undertaking registered in Scotland (details of which are set out in paragraph 3.4).
- 3.3 The following subsidiary undertakings of the Company are registered in England and Wales and each of them has its registered office at 3 Temple Quay, Temple Back East, Bristol BS1 6DZ:

Subsidiary	Activity	Percentage of issued share capital directly or indirectly held by the Company
Curtis Banks Limited <sup>(1)</sup>	Trading company – provision of SIPP and SSAS administration services	100
Curtis Banks Pension Services Limited	Dormant	100
Curtis Banks Investment Management Limited	Independent Financial Advisor	90
Bridgewater Pension Trustees Limited	Trustee company for certain of the Group's SIPP products	100
Colston Trustees Limited	Trustee company for certain of the Group's SIPP and SSAS products	100
Crescent Trustees Limited	Trustee company for certain of the Group's SIPP products	100
Finalpursuit Limited	Trustee company for certain of the Group's SIPP products	100
Montpelier Pension Trustees Limited	Trustee company for certain of the Group's SIPP and SSAS products	100
Temple Quay Pension Trustees Limited	Trustee company for certain of the Group's SIPP products	100
Tower Pension Trustees Limited	Trustee company for certain of the Group's SIPP products	100

(1) As stated in paragraph 6.2, 1.4 million preference shares of £1 each in Curtis Banks are, as at the date of this document, held by certain of the Selling Shareholders which, immediately following (and conditional upon) Admission, will be acquired by the Company for cash for their nominal value out of the proceeds of the Placing received by the Company.

- 3.4 The following subsidiary undertaking of the Company is registered in Scotland and has its registered office at Floor 10 City House, Overgate Centre, Dundee DD1 1UQ:

Subsidiary	Activity	Percentage of issued share capital directly or indirectly held by the Company
Tower Pension Trustees (S-B) Limited	Trustee company for certain of the Group's SIPP products	100

### 4. SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles, which were adopted by a special resolution of the Company passed on 28 April 2015, contain, amongst other things, provisions to the effect as set out in this paragraph 4.

#### 4.1 **Objects**

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles. The Articles do not contain any restrictions on the objects of the Company.

#### 4.2 **Rights attaching to Ordinary Shares – Voting rights**

Subject to the provisions of the Act and the Articles and to any rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands, every member who (being an individual) is present in person or by proxy or (being a corporation) by a duly authorised representative has one vote. On a poll, every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share of which he is the holder. A member of the Company shall not be entitled, in respect of any share held by him, to vote (either personally or by proxy) at any general meeting of the Company unless all amounts payable by him in respect of that share in the Company have been paid or credited as having been paid.

#### 4.3 **Rights attaching to Ordinary Shares – Dividends**

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may, by ordinary resolution, declare that dividends be paid to members of the Company out of profits available for distribution according to their respective rights and interests in the profits of the Company.

However, no such dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except as otherwise provided by the Articles or by the rights attached to shares, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Unless otherwise provided by the rights attached to any share, no dividends payable by the Company shall bear interest as against the Company.

The Board may, with the prior authority of an ordinary resolution of the Company, (or in the case of an interim dividend without such authority), direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular, of fully paid shares or debentures of any other company.

The Board may, with the prior authority of an ordinary resolution of the Company and provided the Company has sufficient undistributed profits or reserves to give effect to it, offer the holders of ordinary shares the right to elect to receive ordinary shares credited as fully paid in whole or in part instead of cash in respect of the whole or some part of any dividend specified in the resolution.

All dividends unclaimed for a period of 12 months may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The Company shall not be a trustee in respect of such unclaimed dividends and will not be liable to pay interest on it.

Any dividend unclaimed for a period of 12 years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

#### 4.4 **Rights attaching to Ordinary Shares – Return of capital**

On a winding-up of the Company, the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the capital which, at the commencement of the winding up, is paid up on their respective shares or the liquidator may, with the sanction of a special resolution of the Company (and any other sanction required by law), divide amongst the members in specie the whole or any part of the assets of the Company in such manner as shall be determined by the liquidator.

#### 4.5 **Transfers of shares**

Save in the case of shares which have become participating securities for the purposes of the CREST Regulations, title to which may be transferred by means of a relevant system such as CREST without a written instrument, all transfers of shares held in certificated form must be effected by an

instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system in such manner as is provided for in the uncertificated securities regulations.

The Board may, in its absolute discretion, refuse to register any transfer of certificated shares unless it is:

- (a) in respect of a share which is fully paid up;
- (b) in respect of a share on which the Company has no lien;
- (c) in respect of only one class of shares;
- (d) in favour of a single transferee or not more than four joint transferees;
- (e) duly stamped (if so required); and
- (f) delivered for registration to the registered office of the Company (or such other place as the Board may from time to time determine) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

The Board shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to AIM on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

The Board shall register a transfer of title to any uncertificated share, except the Board may refuse (subject to any relevant requirements of the London Stock Exchange) to register the transfer of an uncertificated share in circumstances permitted by the CREST Regulations.

If the Board refuses to register a transfer of a share it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reasons for refusal.

There are no provisions in the Articles that would delay, defer or prevent a change in control of the Company.

#### 4.6 **Disclosure of interests in shares**

The provisions of rule 5 of the Disclosure and Transparency Rules govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. This requires, amongst other things, a person who is interested in three per cent. or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to one per cent. or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

Pursuant to the Articles, if a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the "default shares") to give the Company the information thereby required within 14 days from the date of the notice or, in purported compliance with such notice, has made a statement which is false or inadequate in a material particular, then the following sanctions shall apply unless the Board determines otherwise:

- (a) the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by proxy) at any general meeting or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (b) where the default shares represent at least 0.25 per cent. in nominal value of their class:
  - (i) any dividend or other money payable in respect of the shares shall be withheld by the Company which shall not have any obligation to pay interest on it and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and

- (ii) no transfer, other than an excepted transfer, of any shares held by the member shall be registered unless: (i) the member is not himself in default as regards supplying the information required; and (ii) the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer. An excepted transfer is a transfer pursuant to acceptance of a takeover offer, a transfer as a result of a sale made through a recognised investment exchange or a transfer to a person unconnected to the member and any other person interested in the shares.

#### 4.7 **Changes in share capital**

The Company may alter its share capital as follows:

- (a) it may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts, cancel any shares which have not been taken or agreed to be taken by any person and sub-divide its shares or any of them into shares of smaller amounts;
- (b) subject to any consent required by law and to any rights for the time being attached to any shares, it may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner; and
- (c) subject to the provisions of the Act and to any rights for the time being attached to any shares it may with the sanction of an ordinary resolution enter into any contract for the purchase of its own shares.

#### 4.8 **Variation of rights**

Subject to the provisions of the Act and of the Articles, if at any time the share capital of the Company is divided into shares of different classes, any of the rights attached to any share or class of share in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class duly convened and held as provided in the Articles (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation.

The quorum for such separate general meeting of the holders of the shares of the class shall be not less than two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question.

#### 4.9 **General meetings**

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. The Board may convene any other general meeting whenever it thinks fit. A general meeting shall also be convened by the Board on the requisition of members in accordance with the Act.

A general meeting of the Company (other than an adjourned meeting) shall be called by notice of:

- (a) in the case of an annual general meeting, at least 21 clear days; and
- (b) in any other case, at least 14 clear days.

The accidental omission to give notice of general meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy or the non-receipt of any of them by, any person(s) entitled to receive the same shall not invalidate the proceeding at that meeting and shall be disregarded for the purpose of determining whether the notice of the meeting, instrument of proxy or resolution were duly given.

No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and vote on the business to be transacted, each being a member present in person or a proxy for a member, shall be a quorum.

With the consent of any general meeting at which a quorum is present the chairman may, and shall if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place

to place as he shall determine. The chairman may, without consent of the meeting, interrupt or adjourn any general meeting if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting or to ensure that the business of the meeting is otherwise properly disposed of.

Notice of adjournment or of the business to be transacted at the adjourned meeting is not required unless the meeting is adjourned indefinitely or for more than three months, in which case notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting. No business shall be dealt with at any adjourned meeting, the general nature of which was not stated in the notice of the original meeting.

#### **4.10 Board authorisation of conflicts**

Subject to and in accordance with the Act and the provisions of the Articles, the Board may authorise any matter or situation proposed to them by a Director which would if not authorised involve the Director in breaching his duty under the Act to avoid conflicts of interest. Any such authorisation shall be effective only if:

- (a) any requirement as to the quorum at any meeting of the Directors at which the matter is considered is met without counting either the conflicted Director or any other interested Director;
- (b) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the conflicted Director and without counting the votes of any other interested Director; and
- (c) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles.

#### **4.11 Directors' interests**

Provided it is permitted by the Act and provided that he has disclosed to the Board the nature and extent of his interest in accordance with the Act, a Director, notwithstanding his office:

- (a) may be party to or otherwise interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
- (b) may hold any other office or position of profit with the Company (except that of auditor) and may act by himself or through his firm in a professional capacity for the Company;
- (c) may be a member of or a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment.

A Director shall not, by reason of his office, be liable to account to the Company for any benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or receiving any remuneration or benefit.

#### **4.12 Directors' ability to vote and count for quorum**

A Director shall not vote on or be counted in the quorum in relation to, any resolution which may give rise to a conflict of interest, save that a Director shall be entitled to vote and be counted in the quorum in respect of any resolution at such meeting if the resolution relates to one of the following matters:

- (a) giving him any security, guarantee or indemnity for any money or any liability which he, or any other person, has lent or obligations he or any other person has undertaken at the request, or for the benefit, of the Company or any of its subsidiary undertakings;
- (b) giving any security, guarantee or indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings, to that other person if the Director has taken responsibility for some or all of that debt or obligation;

- (c) a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings, if the Director takes part because he is a holder of shares, debentures or other securities, or if he takes part in the underwriting or sub-underwriting of the offer;
- (d) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which only gives him benefits which are also generally given to employees to whom the arrangement relates;
- (e) any arrangement involving any other company if the Director (together with any person connected with him) has to his knowledge an interest of any kind representing 1 per cent. or more of any class of the equity share capital or voting rights in that company;
- (f) a contract relating to insurance which the Company can buy or renew for the benefit of the Directors or a group of people which includes Directors; and
- (g) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the Director benefits which are also generally given to the employees to whom the scheme relates.

A Director may not vote or be counted in the quorum on any resolution concerning his own appointment or the settlement or variation of the terms of his appointment as the holder of any office or positions of profit with the Company or any company in which the Company is interested.

Where proposals are under consideration concerning the appointments or the settlement or variation of the terms or the termination of the appointments (including fixing or varying the terms of the appointment) of two or more Directors to offices or positions of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case, each such Director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

#### 4.13 **Directors**

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two and there is no maximum.

Subject to the Act, to the Articles and to any directions given by special resolution of the Company in general meeting, the business of the Company will be managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business or not.

The Board or any committee authorised by the Board may delegate or entrust to and confer on any Director holding executive office such of its powers, authorities and discretions for such time, on such terms and subject to such conditions as it thinks fit and may withdraw, revoke or vary any such powers. The Board may also delegate any of its powers, authorities and discretions for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons.

The salary or remuneration of any executive director may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board.

The Directors shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £250,000 per annum in aggregate or such higher sum as the Company in general meeting shall from time to time determine).

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as Director. If, by arrangement with the Board, any Director performs any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

#### 4.14 **Pensions and benefits**

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or who has at any time been a Director

or employee or any director or employee of a subsidiary company of the Company or allied to or associated with the Company or such subsidiary or predecessor in business of the Company or any such subsidiary (and for any member of his family including a spouse or former spouse).

#### 4.15 **Appointment and retirement of Directors**

Subject to the Act and to the provisions of the Articles, the Company may by ordinary resolution appoint a person who is willing to act as a Director either to fill a vacancy or as an additional Director.

Subject to the Articles, the Board may appoint a person who is willing to act as a Director, either to fill a vacancy or as an additional Director. A Director so appointed shall hold office only until the next following annual general meeting when he shall retire from office and be eligible for reappointment.

#### 4.16 **Retirement of Directors by rotation**

Each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which he was previously appointed.

Any Director who has held office with the Company, other than employment or executive office, and who, at the date of the annual general meeting, has held such office for nine years or more, shall be subject to reappointment at each annual general meeting.

A Director retiring at a meeting who is not reappointed shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting or of any adjournment thereof.

#### 4.17 **Eligibility of new Directors**

No person other than a Director retiring at the meeting shall be appointed or reappointed as a Director at any general meeting unless:

- (a) he is recommended by the Board; or
- (b) not less than seven nor more than 42 clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of his intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person confirming his willingness to be appointed or reappointed.

#### 4.18 **Vacation of office**

The office of a Director shall be vacated if:

- (a) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (b) he becomes incapable by reason of physical incapacity or mental disorder of discharging his duties as a Director and the Board resolves that his office be vacated;
- (c) he is absent from meetings of the Board during a continuous period of six months without permission of the Board and the Board resolves that his office be vacated;
- (d) he ceases to be a Director by virtue of any provision of the Act, is removed from office or becomes prohibited by law from being a Director;
- (e) he resigns his office by notice to the Company or offers to resign his office by notice which is accepted by the Board; or
- (f) he is removed from office by notice in writing signed by all the other Directors.

#### 4.19 **Board meetings**

Any Director may call a meeting of the Board. Notice of a board meeting may be given to a Director personally, by word of mouth, or by being sent to him at such address as he may specify for this purpose (including by electronic communication). Unless otherwise specifically requested, it shall not be necessary to give notice of a board meeting to any Director who is for the time being absent from the United Kingdom. A Director may waive notice of any meeting either prospectively or retrospectively.

Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

#### 4.20 Indemnification of Directors

Subject to, and to the fullest extent permitted by, law, every Director, former director and officer of the Company or any associated company (other than an auditor) may (at the discretion of the Board) be indemnified out of the assets of the Company against all or any part of any losses and liabilities incurred by him in relation to that officers duties or powers in relation to the Company or any associated company or any pension fund or employee share scheme of the company or an associated company.

#### 4.21 Borrowing powers

Subject to the provisions of the Act and to the provisions set out in the Articles, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property assets (present or future) and uncalled capital, or any part or parts thereof, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

The aggregate principal amount outstanding from time to time in respect of monies borrowed or secured by the Company and its subsidiaries (excluding intra-group borrowings) shall not at any time without the previous sanction of an ordinary resolution of the Company, exceed the greater of £10,000,000 and an amount equal to two times the aggregate of:

- (a) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company; and
- (b) the amount outstanding to the credit of the reserves of the Company and its subsidiaries (including any profit and loss account, share premium account or capital redemption reserve),

all as shown in the relevant balance sheet of the Company and its subsidiaries but after any adjustments, exclusions and deductions as set out in the Articles.

### 5. DIRECTORS AND EMPLOYEES

5.1 Details of the Directors and each of their respective functions are set out on page 11 of this document.

5.2 The business address of each of the Directors is 3 Temple Quay, Temple Back East, Bristol BS1 6DZ.

5.3 Details of the length of service of each of the Directors to date in their current office are set out below:

Director	Age	Commencement date in office
Christopher Charles Banks	65	2 February 2012
Rupert Morris Curtis	61	6 February 2012
Paul James Tarran	58	11 February 2013
Louis Jules Hydleman	58	17 April 2015
Christopher Antony James Macdonald	53	14 April 2015
William John Rattray	56	29 April 2015

5.4 Details of: (i) any directorship that is or was in the last five years held by any of the Directors; and of (ii) any partnership of which any of the Directors is or was in the last five years a member, in addition to their directorships of the Company and its subsidiary undertakings, are set out below:

Director	Current directorships and partnerships	Previous directorships and partnerships
Christopher Banks	Berkeley Charterhouse Limited IPS Financial Services Limited Pieceline Limited	Cobalt Capital (2005) Limited Cobalt Capital LLP (dissolved) Curtis Banks Group PLC (company number 7303514, dissolved 5 June 2012) Old Sorting Office Limited
Rupert Curtis		Curtis Banks Group PLC (company number 7303514, dissolved 5 June 2012)
Paul Tarran	Cranfield Court Limited IPS Capital LLP IPS Financial Services Limited IPS Wealth Management Limited Old Sorting Office Limited	Avidus Wealth Management Limited Raffles Club Limited

<b>Director</b>	<b>Current directorships and partnerships</b>	<b>Previous directorships and partnerships</b>
Jules Hydleman	Britkit Productions Limited ECF & M Limited Gro-Group Holdings Limited Jacobson Group Limited	Associated British Hat Manufacturers Limited (dissolved) Christys By Design Limited Christy & Co Limited Christy Dressup Limited Christy Garments & Accessories Limited Christys of London Limited Coole Solutions Limited (dissolved) Corporate Xpression Limited (dissolved) CW Headdress Limited Euphoria Cocktails Limited Formerly G Limited (in liquidation) Formerly H Limited (in liquidation) T1 2010 Limited (dissolved) T3 2010 Limited (dissolved) T4 2010 Limited (dissolved) T5 2010 Limited (dissolved) Trutex Limited Vermillion Corporate Trustee Limited (dissolved)
Chris Macdonald	Amati VCT 2 plc Braemar Group Limited Brooks Macdonald Asset Management (International) Limited Brooks Macdonald Asset Management (Tunbridge Wells) Limited Brooks Macdonald Financial Consulting Limited Brooks Macdonald Funds Limited Brooks Macdonald Group plc Brooks Macdonald Investment Services Limited Brooks Macdonald Nominees Limited Cobalt Data Centre 3 LLP JGHP Limited JPAM Limited Levitas Investment Management Services Limited	Brooks Macdonald Asset Management Limited Brooks Macdonald Retirement Services (International) Limited Moulsford Preparatory School Trust Limited Plastic Propaganda Limited Victory VCT plc (dissolved)
Bill Rattray	Aberdeen Asset Management PLC Aberdeen Finance Jersey (II) Limited Aberdeen Finance Jersey (III) Limited Aberdeen Investments Jersey Limited Aberdeen Pension Trustees Limited Maven Capital (Llandudno) LLP Maven Capital (Telfer House) LLP Tenon Nominees Limited	Aberdeen US Finance Limited (dissolved) Aberdeen US Holdings Limited (dissolved)

5.5 Save as disclosed in paragraphs 5.6 to 5.10 below, at the date of this document none of the directors named in this document:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- (c) was a director of a company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- (d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

- (e) has had assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor have been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 5.6 Christopher Banks is a director of Pieceline Limited which appointed a property receiver/manager on 21 July 2011 who ceased to act on 22 July 2013.
- 5.7 Christopher Banks was a designated member of Cobalt Capital LLP in respect of which an administration order was granted in March 2009. Cobalt Capital LLP was dissolved on 3 September 2013.
- 5.8 Rupert Curtis was a director of R.J. Shrubbs & Company Limited (and its wholly owned subsidiary Union Pension and Estate Trustees Limited), in respect of which an administration order was granted on 14 December 1990 (following the collapse of British & Commonwealth Bank) and which was eventually dissolved (having changed its name to Bristol Pensions Limited) on 5 January 2010. Union Pension and Estate Trustees Limited was dissolved on 5 January 2010. Rupert Curtis resigned as a director of R.J. Shrubbs & Company Limited and of Union Pension & Estate Trustees Limited in 1991.
- 5.9 As a result of Rupert Curtis' involvement with RJ Shrubbs & Company Limited, he was suspended by the Institute of Actuaries for a period of six months in 1995.
- 5.10 Paul Tarran was a non-executive director of Direct Force (UK) Limited, an early-stage company in which he was an investor, which appointed a liquidator on 11 August 2000 and which was dissolved on 16 March 2004.

## 6. DIRECTORS' AND OTHER INTERESTS

- 6.1 The interests of the Directors and of the directors of other companies in the Group, their immediate families and any persons connected with them (within the meaning of section 252 of the Act) (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document, the number of Ordinary Shares being sold by them pursuant to the Placing, and the interests as they are expected to be immediately following Admission are as follows:

Director	As at the date of this document		Immediately upon Admission		
	Number of Ordinary Shares	Percentage of issued Ordinary Shares	Number of Ordinary Shares being sold	Number of Ordinary Shares	Percentage of issued Ordinary Shares
Christopher Banks <sup>(1)</sup>	25,700,000	62.99	5,263,157	20,436,843	45.67
Rupert Curtis <sup>(2)</sup>	7,900,000	19.36	578,947	7,321,053	16.36
Paul Tarran	4,066,600	9.97	289,473	3,777,127	8.44
Steven Hart	1,333,400	3.27	157,894	1,175,506	2.63
Kristian Morgans	1,000,000	2.45	184,210	815,790	1.82
Jules Hydleman	–	–	–	39,473	0.09
Chris Macdonald	–	–	–	7,894	0.02
Bill Rattray	–	–	–	7,894	0.02

(1) Includes 4,000,000 Ordinary Shares held by Christopher Banks on trust for his spouse, Alison Banks.

(2) Includes 3,200,000 Ordinary Shares held by Sally Curtis, Rupert Curtis' spouse.

- 6.2 In addition, certain of the Directors have at the date of this document an interest in preference shares in the capital of Curtis Banks which, immediately following (and conditional upon) Admission, will be acquired by the Company for their aggregate nominal value of £1,400,000, as follows:

Director	Shareholder (if different to Director)	Number of Curtis Banks preference shares of £1 as at the date of this document	Number of Curtis Banks preference shares of £1 immediately upon Admission
Christopher Banks	Berkeley Charterhouse Limited, a company wholly owned by Christopher Banks	505,750	–
Christopher Banks		382,750	–
Rupert Curtis		58,500	–
Rupert Curtis	Rupert Curtis and Colston Trustees Limited	268,750	–
Paul Tarran	Paul Tarran and Colston Trustees Limited	117,167	–
Steven Hart	Steven Hart and Colston Trustees Limited	35,833	–
Kristian Morgans		11,250	–
Kristian Morgans	Kristian Morgans and Colston Trustees Limited	20,000	–
Total		1,400,000	

- 6.3 Following the acquisition of the preference shares in Curtis Banks referred to above, all of the preference shares in Curtis Banks held by the Company will be converted into ordinary shares in the capital of Curtis Banks.
- 6.4 The total number of options over Ordinary Shares granted to individuals who are directors of other companies in the Group but who are not Directors comprise 0.65 per cent. of all issued and unissued Ordinary Shares and Ordinary Shares to be issued pursuant to the Placing.
- 6.5 Save as disclosed in this paragraph 6, none of the Directors nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act), holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.
- 6.6 In addition to the interests of the Directors set out in paragraphs 6.1 to 6.5 above, as at the date of this document, insofar as is known to the Company, the following persons are, or will at Admission be, interested in three per cent. or more of the issued share capital of the Company:

Name	As at the date of this document		Immediately upon Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Shares	Number of Ordinary Shares	Percentage of issued Ordinary Shares
Liontrust Investment Partners LLP	–	–	1,902,000	4.3

- 6.7 Save as disclosed in paragraphs 6.1 to 6.6 above, there are no persons, so far as the Company is aware, who are or will be immediately following Admission, interested in three per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 6.8 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.
- 6.9 The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.
- 6.10 No Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 6.11 There are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of any of the Directors.
- 6.12 Save as disclosed in this paragraph 6 and in Section B of Part 4 of this document, there have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 that the Group has entered into since 31 December 2014.

- 6.13 Neither any Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.
- 6.14 In addition, to the persons mentioned in paragraph 6.1 above, each of Pointon York Group Limited and GN Pointon and Company Limited are Selling Shareholders and will be selling, respectively, 72,000 Ordinary Shares and 8,000 Ordinary Shares pursuant to the Placing.

## 7. DIRECTORS' REMUNERATION AND SERVICE AGREEMENTS

7.1 On 14 April 2015, new service agreements were entered into between the Company and each of the executive Directors (Christopher Banks, Rupert Curtis and Paul Tarran).

7.2 The principal terms of each of those service agreements are as follows:

- (a) The agreements are terminable by either party on six months' written notice, with the Company having the option to place the executive Director on garden leave or to make a payment in lieu of notice.
- (b) The agreements include restrictive covenants following the termination of employment for the period of six months as regards non-competition and solicitation of staff, and 12 months for the solicitation of clients. The executive Directors are also prohibited from encouraging IFAs to move business away from Curtis Banks or to cease to refer clients to Curtis Banks.
- (c) All rights to intellectual property created by the executive Director remain the property of Curtis Banks.
- (d) Each executive Director can be required to work from any of Curtis Banks' locations and undertake varying duties.
- (e) The table below sets out the basic gross annual salary payable to each executive Director under his agreement:

<b>Director</b>	<b>Gross Salary (per annum)</b>
Christopher Banks	£130,000
Rupert Curtis	£190,000
Paul Tarran	£150,000

- (f) Employer pension contributions are set at 3 per cent. of gross salary.
  - (g) A death in service benefit is provided at 4x gross salary.
  - (h) Annual leave entitlement is 30 days plus bank holidays.
  - (i) Curtis Banks has a right to terminate the employment of the executive Director if he is no longer recognised by the FCA as an approved person.
  - (j) In the cases of Christopher Banks and Paul Tarran, the relevant agreements provide for an accommodation allowance of £2,000 per annum (Christopher Banks) and £1,500 per annum (Paul Tarran).
  - (k) Each executive Director is entitled to a car allowance of £6,000 per annum.
  - (l) Save as set out in this paragraph 7.2, there are no benefits payable to any of the executive Directors upon the termination of his employment.
- 7.3 Letters of appointment have been entered into between the Company and each of the non-executive Directors, Jules Hydleman, Chris Macdonald and Bill Rattray. The principal terms of each of those letters of appointment are as follows:

- (a) The initial appointment is for a term of three years from, in each case, the date referred to in relation to the relevant director in column 3 of the table in paragraph 5.3 above.
- (b) Each non-executive Director agrees to devote a minimum of one day per month to the Company's affairs.
- (c) The annual fees payable to each non-executive Director are as follows:

<b>Director</b>	<b>Annual Fees (gross)</b>
Jules Hydleman	£25,000
Chris Macdonald	£50,000
Bill Rattray	£25,000

- (d) The Company is to maintain directors' and officers' liability insurance, and will grant to the non-executive Director indemnities against certain liabilities to the extent permitted by section 234 of the Act; and
- (e) Save as set out in this paragraph 7.3, there are no other benefits payable to any non-executive Director upon termination of his appointment.

## **8. SHARE OPTION SCHEMES**

- 8.1 The Company adopted the EMI Option Scheme on 14 October 2014 to incentivise certain of its senior managers and employees. Where applicable, and subject to the limits applied by relevant legislation, the EMI Option Scheme will benefit from the tax advantages applying to options which qualify for *Enterprise Management Incentive status*.
- 8.2 On 24 October 2014, the Company granted to certain of its employees options, pursuant to the EMI Option Scheme, over a total of 3,111 ordinary shares of £1.00 each with an exercise price (based on a valuation of the Company which was agreed with HMRC) of £20.22 per ordinary share. No consideration was given by any grantee in respect of the grant of the options.
- 8.3 As a consequence of the subdivision of the Company's ordinary shares from shares of £1.00 each to Ordinary Shares, as referred to in paragraph 2.3, and pursuant to rule 9 of the rules governing the EMI Option Scheme, the options granted on 24 October 2014 have been adjusted so as to be over a total of 622,200 Ordinary Shares with an exercise price of 10.11 pence per share.
- 8.4 On 8 April 2015, the Company granted to an employee options pursuant to the EMI Option Scheme over a total of 4,000 ordinary shares of £1.00 each with an exercise price (based on a valuation of the Company which was agreed with HMRC) of £125.08 per share. No consideration was given by the grantee in respect of the grant of the options. 1,816 of those options over Ordinary Shares will qualify for *Enterprise Management Incentive status*. The balance of such options over Ordinary Shares will be in excess of the limits for *Enterprise Management Incentive status* and will be unapproved options.
- 8.5 As a consequence of the subdivision of the Company's ordinary shares from shares of £1.00 each to Ordinary Shares, as referred to in paragraph 2.3, and pursuant to rule 9 of the rules governing the EMI Option Scheme, the options granted on 8 April 2015 have been adjusted so as to be over a total of 800,000 Ordinary Shares with an exercise price of 62.54 pence per share.
- 8.6 The Ordinary Shares which are the subject of the options granted pursuant to the EMI Option Scheme comprise 3.1 per cent. of all issued and unissued Ordinary Shares and Ordinary Shares to be issued pursuant to the Placing.
- 8.7 The options granted pursuant to the EMI Option Scheme are exercisable in three equal tranches, 12 months (or upon a listing if earlier, which will be triggered by the Admission), 24 months and 36 months after the date of grant (or on a sale or reconstruction if earlier), subject always to the option holder's continuing employment with a Group company.
- 8.8 The options granted pursuant to the EMI Option Scheme will lapse 10 years after the date of grant, if not exercised before that date.
- 8.9 No further options will be granted under the EMI Option Scheme.

## **9. TAXATION**

The following paragraphs are intended as a general guide only for Shareholders who are resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HMRC practice. Any shareholder who is also an employee may also be subject to the employment related securities rules.

Any prospective subscriber for, or purchaser of, Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

### **9.1 The Company**

The Company will be regarded as resident in the United Kingdom for United Kingdom corporation tax purposes. Accordingly, the Company will be liable to account for United Kingdom corporation tax on its income and/or chargeable gains, as appropriate.

## 9.2 **Taxation on dividends**

Under current UK tax legislation, no amounts in respect of tax will be withheld at source from dividend payments made by the Company.

A dividend paid to a non-corporate Shareholder is treated as being paid with a tax credit equal to one ninth of the net dividend. Thus there will be a tax credit of 10 per cent. on the gross dividend, that gross dividend being equal to the sum of the net dividend and the accompanying tax credit.

Individual Shareholders whose income is within the basic rate band will be liable to tax at 10 per cent. on their gross dividend income and the tax credit will therefore satisfy their income tax liability on UK dividends.

Individual Shareholders who are liable to income tax at the higher rate will be charged to tax at 32.5 per cent. on their gross dividend income. After taking account of the 10 per cent. tax credit, this will represent additional tax of 25 per cent. of the net dividend received.

Individual Shareholders who are liable to income tax at the additional rate, and the trustees of UK trusts, will be charged to tax at 37.5 per cent. on their gross dividend income. After taking account of the 10 per cent. tax credit, this will represent additional tax of circa 30.6 per cent. of the net dividend received.

Subject to certain exceptions for certain insurance companies, for companies which hold shares as trading stock, and for tax avoidance arrangements, a UK resident corporate Shareholder that receives a dividend paid by the Company will not be taxed on the dividend.

Persons who are not resident in the UK should consult their own tax advisers on whether or not they can benefit from all or part of any tax credit and what relief or credit may be claimed in the jurisdiction in which they are resident.

## 9.3 **Taxation on chargeable gains**

If a Shareholder who is a UK individual or a trustee of a UK trust disposes of all or some of his Ordinary Shares, a liability to UK capital gains tax may arise. The extent of the tax liability on any gains which may arise will depend on the availability of the annual capital gains tax exemption and any other tax relief such as existing capital losses.

A UK resident corporate Shareholder holding shares as an investment will be subject to corporation tax on any gain arising, subject to potential mitigation by indexation allowance and losses available for relief.

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their Ordinary Shares are connected). Individual Shareholders who are temporarily not UK resident may also be liable to UK capital gains tax on chargeable gains realised on their return to the UK.

## 9.4 **Inheritance tax (“IHT”)**

The value of the shareholding will be subject to IHT in the event of death or a chargeable lifetime transfer at rates up to 40 per cent., subject to any available exemptions or other reliefs. In particular, business property relief may be available provided the shares are held for the required holding period, and are not also listed on another exchange.

## 9.5 **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

Under current law, no stamp duty or SDRT will be payable on the issue of ordinary shares pursuant to the Placing.

Since 28 April 2014, neither stamp duty nor SDRT applies to trades in ordinary shares made on a recognised growth market, such as AIM provided they are not also listed on another exchange which is not a recognised growth market. Accordingly, no stamp duty or SDRT will be payable on the transfer of the 7,273,681 Sale Shares to Placees pursuant to the Placing.

If you are in any doubt as to your position, or are subject to taxation in a jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser without delay.

## 10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group: (i) within the period of two years immediately preceding the date of this document and which are, or may be, material; or (ii) which contain any provision under which any member of the Group has an obligation or entitlement which is material to the Group as at the date of this document.

### 10.1 Agreements connected with the Placing and Admission

#### (a) *Placing Agreement*

A placing agreement dated 1 May 2015 and made between: (1) the Company; (2) the Directors; (3) other Selling Shareholders; and (4) Peel Hunt pursuant to which Peel Hunt has agreed, subject to certain conditions, to act as agent for the Company and the Selling Shareholders and to use its reasonable endeavours to procure subscribers for the New Ordinary Shares and purchasers for the Sale Shares at the Placing Price, or failing which to subscribe for or purchase itself, as principal, the Placing Shares and the Sale Shares at the Placing Price.

The Placing Agreement is conditional upon, amongst other things, Admission occurring on or before 8.00 a.m. on 7 May 2015 (or such later time and date as the Company and Peel Hunt may agree, being not later than 8.00 a.m. on 21 May 2015).

The Placing Agreement contains warranties from the Company, the Directors and the other Selling Shareholders in favour of Peel Hunt in relation to, amongst other things (as applicable), the accuracy of the information in this document, other matters relating to the Group and its business and the Placing. In addition, the Company and the Selling Shareholders have agreed to indemnify Peel Hunt in respect of certain matters in connection with the Placing. The warranties and indemnities given by the Directors and the Selling Shareholders are subject to certain limitations customary for an agreement of this nature.

Peel Hunt has the right to terminate the Placing Agreement in certain circumstances prior to Admission, including, amongst other circumstances, in the event of a material adverse change in the financial or trading condition or prospects of the Group or a material breach of the warranties in the Placing Agreement or following a *force majeure* event.

Under the Placing Agreement, and subject to it becoming unconditional and not having been terminated in accordance with its terms prior to Admission:

- (i) the Company has agreed to pay to Peel Hunt: (i) a corporate finance fee of £200,000; and (ii) a commission of 4 per cent. on the value at the Placing Price of the New Ordinary Shares placed with subscribers. The Company may, in its sole discretion, also pay to Peel Hunt a further discretionary commission of up to 0.25 per cent. on the value at the Placing Price of the New Ordinary Shares placed with subscribers; and
- (ii) the Selling Shareholders have agreed to pay to Peel Hunt, out of the proceeds of the sale of their Sale Shares, a commission of 4 per cent. on the value at the Placing Price of the Sale Shares placed with purchasers. The Board may, in its sole discretion, pay to Peel Hunt, on behalf of Selling Shareholders, out of the proceeds of the sale of the Sale Shares, a further discretionary commission of up to 0.25 per cent. on the value at the Placing Price of the Placing Shares placed with purchasers.

In certain circumstances, and subject to certain limitations, if the Placing Agreement is terminated before Admission, an abort fee of between £50,000 and £150,000 may be payable to Peel Hunt.

Additionally, save in relation to the commissions referred to above payable by or on behalf of the Selling Shareholders, the Company has agreed to pay all other costs and expenses (including any applicable VAT) incurred in connection with the Placing and Admission (including all reasonable costs and expenses of Peel Hunt, in connection with the Placing and Admission).

#### (b) *Lock-in and orderly market agreements*

Lock-in and orderly market agreements dated 1 May 2015 and made between: (1) the Company; (2) Peel Hunt; and (3) each Selling Shareholder, pursuant to which each of the Executive Directors and the other Selling Shareholders, being interested in, in aggregate, 74.9 per cent. of the Enlarged Share Capital, has undertaken to the Company and to Peel

Hunt (subject to certain limited exceptions including, *inter alia*, in the case of transfers to family members and certain other permitted transferees and disposals by way of the acceptance of a takeover offer for the entire issued share capital of the Company) not to dispose of (and procure that their connected persons do not dispose of) the Ordinary Shares in which each of them are interested (the “Restricted Shares”) following Admission, or any other securities issued in exchange for or convertible into, or substantially similar to, Ordinary Shares (or any interest in them) at any time prior to the first anniversary of Admission without the prior written consent of Peel Hunt and the Company. In addition, each of the Directors and other Selling Shareholders has undertaken to the Company and Peel Hunt not to dispose of the Restricted Shares for a period of two years following Admission, otherwise than through Peel Hunt, and in circumstances where an orderly market in the Company’s shares can be maintained in effecting such disposals, for such time as Peel Hunt shall remain nominated adviser and broker to the Company.

James Scott, an employee and holder of options over 800,000 Ordinary Shares in the Company, has entered into a lock-in and orderly market agreement dated 1 May 2015 with the Company and Peel Hunt on substantially identical terms to the above.

(c) ***Nominated adviser and broker agreement***

A nominated adviser and broker agreement dated 1 May 2015 and made between: (1) the Company; and (2) Peel Hunt pursuant to which the Company has appointed Peel Hunt to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies. The Company has agreed to pay Peel Hunt an annual fee of £75,000 plus VAT for its services as nominated adviser and broker under this agreement and to reimburse Peel Hunt’s reasonable costs and expenses in connection with its services. The agreement contains certain undertakings and indemnities given by the Company to Peel Hunt. The agreement is terminable upon not less than 30 days’ prior written notice by either the Company or Peel Hunt. Each of the Company and Peel Hunt also has the right to terminate the agreement with immediate effect if the other party breaches a material obligation, and does not remedy the breach within 7 days of being required to do so by written demand. Peel Hunt has the right to terminate the agreement with immediate effect in certain other limited circumstances.

(d) ***Relationship agreement***

Christopher Banks will, on Admission, be the registered holder of 20,436,843 Ordinary Shares (of which he is beneficially interested in 16,436,843 such shares), representing approximately 45.7 per cent. of the total number of votes capable of being cast on a poll at general meetings of the Company.

The Company, Mr. Banks and Peel Hunt have entered into a relationship agreement governing certain aspects of the continuing relationship between the Company and Mr. Banks, pursuant to which the parties have agreed, among other things, that conditional upon Admission:

- (i) Mr. Banks will (and Mr. Banks will procure, so far as he is able do so, that each of his associates will) conduct all transactions, agreements and relationships with any member of the Group on arm's length terms and on a normal commercial basis and with the prior approval of the Independent Directors (as defined in the relationship agreement) of the Company;
- (ii) Mr. Banks will (and Mr. Banks will procure, so far as he is able do so, that each of his associates will): (i) exercise his/its voting rights or other rights and powers to ensure that each member of the Group is at all times capable of carrying on its business independently of Mr. Banks and each of his associates and to procure (to the extent possible by the exercise of such voting rights) that there will always be a majority of Independent Directors (as defined in the relationship agreement) on the Board and any committee of the Board; (ii) not exercise any of his voting or other rights and powers in such a manner as to procure any amendment to the Articles which would result in the Articles being inconsistent with the terms of the relationship agreement; and (iii) not exercise any of his voting or other rights and powers in such a manner as to procure or result in the cancellation of the admission of the Ordinary Shares to trading on AIM (save where the Ordinary Shares are to be traded instead on the London Stock Exchange’s main market for listed securities);

- (iii) Mr. Banks will, and undertakes to procure that his associates will, abstain from voting at any general meeting in respect of any resolution which is required pursuant to the AIM Rules, including, but not limited to any required by Rule 13 of the AIM Rules, and which concerns any contract, arrangement or transaction with a related party of Mr. Banks or any of his associates;
- (iv) the Company will, and will exercise all powers vested in it to procure that each other member of the Group will, conduct all transactions, agreements and relationships (whether contractual or otherwise) with Mr. Banks and any member of the Group on arm's length terms and on a normal commercial basis and in accordance with the related party rules set out in the AIM Rules;
- (v) Mr. Banks will, to the extent that it is within his power to do so, procure that any director of the Company who is not an Independent Director will not vote or participate in any discussion at any meeting of the Directors in relation to any actual or proposed transaction, agreement or matter which is the subject of any conflict or potential conflict of interests between Mr. Banks and each of his associates on the one hand and the Company (or any other member of the Group) on the other hand; and
- (vi) for a period of 12 months after the date upon which Mr. Banks and/or his associates cease to be entitled to exercise, or control the exercise of, 20 per cent. or more of the votes capable of being cast on a poll at general meetings of the Company, Mr. Banks has agreed to provide restrictive covenants (including but not limited to non-compete covenants and non-solicitation of clients and certain employees of the Group) for the benefit of the Company and each member of the Group.

The relationship agreement will terminate in the following circumstances:

- (i) if Mr. Banks and each of his associates together cease to be entitled to exercise, or control the exercise of, 20 per cent. or more of the votes capable of being cast on a poll at general meetings of the Company, subject to Mr. Banks having first notified the Company and Peel Hunt in writing that such is the case and having provided reasonable evidence to the Company and Peel Hunt to demonstrate that that is the case (although the relationship agreement will subsequently revive if Mr. Banks and any associate of Mr. Banks together subsequently increase their interest in the Ordinary Shares to 20 per cent. or more); or
- (ii) the Ordinary Shares cease to be admitted to trading on AIM or the main market of the London Stock Exchange.

## 10.2 Acquisitions made by the Group

### (a) *Alliance Trust*

A sale and purchase agreement dated 18 October 2012 pursuant to which Curtis Banks acquired the business of providing and operating the Alliance Trust SIPPs and the St James's Place SIPP as carried on by Alliance Trust Savings Limited (together with the entire issued share capital of Alliance Trust Pensions Limited, the relevant trustee company (subsequently renamed Tower Pension Trustees Limited) and associated business assets), which was completed on 17 January 2013. The consideration payable in respect of this acquisition was £7,000,000, by way of an initial payment of £5,500,000 and an anniversary payment £1,500,000.

A Deed of Amendment and Assumption of Claim dated 7 October 2014 in respect of the sale and purchase agreement dated 18 October 2012 was entered into in the course of litigation following completion of the acquisition with no liability on the part of Curtis Banks.

### (b) *Pointon York*

An asset and share purchase agreement dated 31 October 2014 (and completed on such date) between Pointon York SIPP Solutions Limited and others, Curtis Banks and Christopher Banks, pursuant to which Curtis Banks acquired the business and assets of the Pointon York business of the provision and management and administration of SIPPs and the entire issued share capital of Crescent Trustees Limited and Bridgewater Pension Trustees Limited for a cash consideration of £2,860,000. £1,000,000 of such consideration was payable on Completion. £1,000,000 of such consideration is payable in instalments over the year following completion. The balance of £760,000 (subject to adjustment downwards in the

event of a fall in gross annual fees in the year following completion) is payable on the second anniversary of completion (with provision for such payment to be made 15 months following completion following a listing, if sooner, which will be triggered by the Admission). The obligations of Curtis Banks under the agreement were guaranteed by Christopher Banks.

(c) ***Rathbones***

An agreement dated 6 November 2014 between Rathbone Pension & Advisory Services Limited, Curtis Banks and Rathbone Brothers plc, pursuant to which Curtis Banks acquired the business and assets of the administration of the Rathbones SIPP and the entire issued share capital of Rathbone Pension & Advisory Services (Trustees) Limited (since renamed Temple Quay Pension Trustees Limited) for a cash consideration of £800,001 subject to adjustment downwards if the cumulative gross fees generated by the SIPP book acquired by Curtis Banks in the 12 months after completion (which took place on 31 December 2014) is less than 95 per cent. of the cumulative gross fees generated by such SIPP book for the 12 months prior to completion.

(d) ***Friends Life***

An agreement dated 18 February 2015 pursuant to which Curtis Banks Limited agreed with Friends Life Limited to acquire a book of 2,300 SIPPs from Friends Life Limited in consideration for the payment to Friends Life Limited of a share of the fees received from the book of SIPPs for a five period following completion of the transaction. Completion of this acquisition took place on 13 March 2015.

### 10.3 **The Group's banking arrangements**

- (a) Two Facility Letters dated 16 January 2013 and entered into between the Company and Santander UK plc pursuant to which Santander UK plc made available to the Company variable rate term loan facilities of up to £3,300,000 and £900,000 respectively.

The first such Facility Letter provided for the loan to be drawn down by the Company in January 2013 and used by Curtis Banks in connection with the initial payment in respect of the acquisition by the Group of the Alliance Trust business and assets associated therewith, which completed on 18 January 2013.

The principal amount of the loan provided pursuant to this facility is repayable in 20 quarterly instalments of £165,000 each.

The second such Facility Letter provided for the relevant loan to be drawn down by the Company in January 2014 and used by Curtis Banks in connection with the anniversary payment in respect of the acquisition by the Group of the Alliance Trust business and assets associated therewith.

The principal amount of the loan provided pursuant to this facility is repayable in 16 quarterly instalments of £56,250 each.

- (b) A Facility Letter dated 29 October 2014 and entered into between the Company and Santander UK plc pursuant to which Santander UK plc made available to the Company a variable rate term loan facility of up to £750,000. The Facility Letter provided for the loan to be drawn down by the Company and used by Curtis Banks in connection with the acquisition by the Group of the Pointon York SIPP Solutions business and assets associated therewith (see paragraph 10.2(c)).

The capital of the loan provided pursuant to this facility is repayable in 20 quarterly instalments of £37,500 each.

- (c) A Facility Letter dated 19 December 2014 and entered into between the Company and Santander UK plc pursuant to which Santander UK plc made available to the Company a variable rate term loan facility of up to £800,000. The Facility Letter provided for the loan to be drawn down by the Company and used by Curtis Banks in connection with the acquisition by the Group of the Rathbone Pension & Advisory Services business and assets associated therewith (see paragraph 10.2(c)).

The capital of the loan provided pursuant to this facility is repayable in 20 quarterly instalments of £40,000 each.

Each Facility Letter incorporates the standard Commercial Banking Loan Facility Terms and Conditions of Santander UK plc.

The loans provided pursuant to the Facility Letters may be repayable on any Event of Default (as defined in the Commercial Banking Loan Facility Terms and Conditions referred to above) and on any two of Christopher Banks, Rupert Curtis and Paul Tarran ceasing to devote his full required time and attention to the business at any time during the period of two years following Admission and no replacement who is approved by the Lender having accepted an offer of employment within 270 days of such cessation.

Interest is payable in respect of the loans provided pursuant to these Facility Letters quarterly at an annual rate of 3.5 per cent. plus LIBOR.

The Facility Letters contain financial and information undertakings in favour of Santander UK plc.

Repayment of the loans provided pursuant to the Facility Letters is secured by a limited cross-guarantee from Curtis Banks, debentures granted by each of the Company and Curtis Banks, share charges in respect of shares held by Curtis Banks in each of its trustee company subsidiaries other than Tower Pension Trustees (S-B) Limited and Finalpursuit Limited, which are themselves subsidiaries of other trustee companies, and share charges in respect of shares held by the Company in Curtis Banks.

#### **10.4 Development of the Group's Computer Systems**

A Software Licence, Ongoing Support and Customisation Agreement dated 7 November 2014 pursuant to which a third party software provider will supply, customise and support a software product offered by it for use by the Group.

### **11. WORKING CAPITAL**

In the opinion of the Directors, having made due and careful enquiry, taking into account the net proceeds of the Placing payable to the Company, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

### **12. LITIGATION**

Save as disclosed in this document, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company and/or the Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

### **13. SIGNIFICANT CHANGES**

Save in respect of the agreement entered into with Friends Life Limited (see paragraph 10.2(d) above), there has been no significant change in the financial or trading position of the Group since 31 December 2014, being the end of the period to which the latest audited accounts of the Company relate.

### **14. CONSENTS**

14.1 Peel Hunt LLP of Moor House, 120 London Wall, London EC2Y 5ET is authorised and regulated in the United Kingdom by the FCA. Peel Hunt has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and in the context in which it is included.

14.2 Saffery Champness, Chartered Accountants and registered auditors, of Saint Catherines Court, Berkeley Place, Bristol BS8 1BQ, have given and have not withdrawn their consent to the issue of this document with the inclusion of their name and their report in Part 4 of this document and the references to such report and their name, in the forms and contexts in which they appear.

### **15. GENERAL**

15.1 The net proceeds of the Placing payable to the Company are expected to be approximately £6.3 million (net of expenses of the Placing which are estimated at £1.2 million, excluding VAT, and are payable by the Company). The net proceeds of the Placing payable to Selling Shareholders will total in aggregate approximately £13.3 million.

- 15.2 Save for Ashfords LLP and TLT LLP who have provided certain legal services to the Company in connection with the Placing, and the fees payable to whom are included in the estimated amount of expenses of the Placing referred to in paragraph 15.1 above, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- (a) fees totalling £10,000 or more;
  - (b) securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 15.3 The Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 15.4 The Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 15.5 The Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 15.6 There are no investments in progress and there are no future investments on which the Directors have already made firm commitments.
- 15.7 The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 15.8 The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when: (i) a person acquires interests in shares which, when taken together with shares in which he or persons acting in concert with him (as defined in the City Code) are already interested, carry 30 per cent. or more of the voting rights of a company subject to the City Code; or (ii) any person who, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires interests in additional shares which increases his percentage interest in the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.
- 15.9 The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Act. Under section 979 of the Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not acquired the offer on the terms of the offer.
- 15.10 Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.
- 15.11 The current accounting reference period of the Company will end on 31 December 2015.
- 15.12 The financial information contained in Part 4 of this document does not constitute statutory accounts within the meaning of section 434 of the Act.
- 15.13 The auditors of the Company are, and have been throughout the period covered by the financial information on the Company in this document, Saffery Champness. Saffery Champness is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. A copy of the audited statutory accounts of the Company for the period ended 31 December 2014 has been delivered to the Registrar of Companies in England and Wales.
- 15.14 Where information which appears in this document has been sourced from a third party, the Directors confirm that the relevant party has been named and that the information has been accurately reproduced and that, as far as the Directors are aware, and are able to ascertain from

information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**16. AVAILABILITY OF THIS DOCUMENT**

A copy of this document will be available, free of charge, during normal business hours on any weekday (except Saturdays, Sundays and public holidays), at the offices of Peel Hunt LLP at Moor House, 120 London Wall, London EC2Y 5ET, and from the registered office of the Company at 3 Temple Quay, Temple Back East, Bristol BS1 6DZ, for a period of one month from the date of Admission. The document will also be available at the Company's website, [www.curtisbanks.co.uk/investor\\_relations.html](http://www.curtisbanks.co.uk/investor_relations.html).

Dated 1 May 2015

## PART 6

### DEFINITIONS

<b>Act</b>	Companies Act 2006.
<b>Admission</b>	the admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules.
<b>AIM</b>	the Alternative Investment Market of the London Stock Exchange.
<b>AIM Rules</b>	the rules for companies governing admission to and trading on AIM, published by the London Stock Exchange.
<b>Articles</b>	the articles of association of the Company.
<b>CBIM</b>	Curtis Banks Investment Management Limited, a company incorporated in England and Wales, with registered number 07020940.
<b>City Code</b>	the City Code of Takeovers and Mergers.
<b>Company</b>	Curtis Banks Group plc, a company incorporated in England and Wales with registered number 07934492.
<b>CREST</b>	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form operated by Euroclear.
<b>CREST Regulations</b>	means the Uncertificated Securities Regulations 2001, including: (i) any enactment or subordinate legislation which amend or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force.
<b>Curtis Banks</b>	Curtis Banks Limited, a company incorporated in England and Wales, with registered number 06758825.
<b>Disclosure and Transparency Rules</b>	means the rules made by the Financial Conduct Authority relating to the disclosure of information in respect of financial instruments which have been admitted to the trading on a regulated market or for which a request for admission to trading on such a market has been made.
<b>Directors or the Board</b>	the directors of Curtis Banks Group plc.
<b>EMI Option Scheme</b>	the Curtis Banks Group Limited EMI Option Scheme adopted by the Company on 14 October 2014, further details of which are set out in paragraph 8 of Part 5 of this document.
<b>Enlarged Share Capital</b>	the Existing Ordinary Shares as enlarged by the allotment and issue of the New Ordinary Shares.
<b>Euroclear</b>	Euroclear UK & Ireland Limited (formerly named CRESTCo Limited), the operator of CREST.
<b>Existing Ordinary Shares or Existing Shares</b>	the 40,800,000 Ordinary Shares which were in issue on 30 April 2015 (being the date prior to the publication of this document).
<b>Executive Directors</b>	Christopher Banks, Rupert Curtis and Paul Tarran.
<b>Financial Conduct Authority or FCA</b>	the UK Financial Conduct Authority, an independent non-governmental body, given statutory powers by the FSMA.
<b>Financial Services Authority or FSA</b>	an independent non-governmental body, which has been succeeded by the FCA and which, prior to such succession, was vested in statutory powers by the FSMA.
<b>FSMA</b>	the Financial Services and Markets Act 2000.
<b>Group</b>	Curtis Banks Group plc and its subsidiary undertakings.

<b>London Stock Exchange</b>	London Stock Exchange plc.
<b>New Ordinary Shares</b>	the 3,947,369 New Ordinary Shares to be allotted and issued by the Company to subscribers for such shares procured by Peel Hunt pursuant to the Placing Agreement.
<b>Ordinary Shares</b>	ordinary shares of 0.5 pence each in the capital of the Company.
<b>Placing</b>	the placing of the Placing Shares at the Placing Price.
<b>Peel Hunt</b>	Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET.
<b>Placing Agreement</b>	the conditional agreement dated 1 May 2015 between Peel Hunt, the Company, the Selling Shareholders and the Directors, more particularly described in paragraph 10 of Part 5 of this document.
<b>Placing Price</b>	190 pence per Ordinary Share.
<b>Placing Shares</b>	the 3,947,369 New Ordinary Shares and the 7,273,681 Sale Shares.
<b>Prospectus Directive</b>	the Prospectus Directive (2003/71/EC) as implemented by Prospectus Regulations 2005 (SI 2005/1433).
<b>Prospectus Rules</b>	the prospectus rules published by the FCA from time to time.
<b>Sale Shares</b>	7,273,681 of the Existing Ordinary Shares to be sold by the Selling Shareholders to purchasers of such shares procured by Peel Hunt pursuant to the Placing Agreement.
<b>Selling Shareholders</b>	Christopher Banks, Rupert Curtis, Paul Tarran, Kristian Morgans, Steve Hart, GN Pointon & Company Limited and Pointon York Group Limited.
<b>Shareholders</b>	the holders of Ordinary Shares.

## PART 7

### GLOSSARY

<b>eSIPP</b>	a low cost simple SIPP product with a limited range of allowable assets, namely cash and discretionary investment portfolios.
<b>Full SIPP</b>	a SIPP which provides a saver with a greater flexibility as to the type of investments that can be included in the SIPP and the manner in which benefits can be drawn.
<b>IFA</b>	independent financial adviser.
<b>ISA</b>	individual savings account.
<b>SIPP</b>	Self Invested Personal Pension.
<b>SSAS</b>	Small Self Administered Scheme.

