APPLERIGG LIMITED

(Registered No: 4265943)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2017

APPLERIGG LIMITED

Report and financial statements
for the year ended 31 December 2017

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Directors

F Alexander Scott	*Executive Chairman*
Sir Christopher Scott, Bt.	*Non-executive Director*
Bruce Offergelt	*Executive Director*
Mark Houghton-Berry	*Non-executive Director*
Stephen Hill	*Non-executive Director*
Mark Fuller	*Non-executive Director*

Secretary and registered office
Amanda Bateman

105 Wigmore Street
London
W1U 1QY

Company number
04265943

Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

Business Review

Sandaire Investment Office ("SIO) (the combined business of Sand Aire Limited, Northbridge Management Limited and Lord North Street Limited) delivered an operating loss of £145,000 (2016: £1,301,000 profit) for the year. The aggregated operating loss of the combined businesses included a profit of £1,446,000 (2016: £2,402,000) for Lord North Street Limited and losses of £1,578,000 (2016: £1,078,000), £5,000 (2016: £12,000) and £9,000 (2016: £11,000) for Sand Aire Limited, Northbridge Management Limited and Northbridge UK Limited respectively reflecting that the combined establishment costs were not fully allocated across the companies. The decrease in the operating profit reflects both the reduction in income from the lower funds under management and also an increase in costs. The latter includes expenses with respect to the implementation of the core operating model that is designed to deliver a long term efficient and scalable platform to support the growth of SIO and the cost of dealing with legacy issues arising out of the merger in 2014.

Yealand Group Limited was formed in 2016 as the holding company for the Group's interest in Yealand Administration Limited and Carvetian Capital Management Limited to reflect that these businesses provide complimentary services.

Yealand Administration Limited ("Yealand") reported an increase in profit to £674,000 (2016: £611,000) which reflects the continued growth in assets under administration.

Carvetian Capital Management Limited ("Carvetian") reported an increase in profit to £417,000 (2016: £268,000) which includes the annualised income from the ACD business of Sand Aire Limited that was transferred to the company in August 2016.

Sandaire (Singapore) (Pte) Ltd ("Sandaire Singapore") delivered a loss of £564,000 (2016: £579,000) which reflects that the development of the business to reach a break even result is a slower process than anticipated.

Applerigg and its subsidiaries ("the Group") continued to explore other strategic opportunities which could add long term value for shareholders. In some instances this may require the absorption of costs incurred to evaluate such opportunities.

Risks and uncertainties

Risk	Impact on Company	Assessment of change in risk year-on-year	Mitigation of risk
Loss of large client	Loss of revenue and hence lower profitability.	Retention of the larger clients remains good with relatively few losses.	Client relationships are closely monitored on a regular basis to ensure that all clients are satisfied with the services provided. The business model is to grow the client base so that the loss of any single client has a lesser effect.
Long term market downturn and volatility	Reduction in revenue and hence lower profitability.	Global equity markets, although volatile, rose in 2017.	Sandaire's investment processes facilitate swift reaction to market movements and action to reallocate across the asset classes as necessary. Yealand is not able to control the impact of market movements upon its revenues but ensures that its costs are managed to accommodate significant volatility in income.

Risks and uncertainties (continued)

Unexpected increase in costs	Reduction in profitability.	BAU ("business as usual") costs were closely managed and kept in line with expectations during 2017. Other exceptional and project costs were managed and controlled.	Monthly management accounts are prepared against detailed forecasts and reviewed by management on a monthly basis. The Applerigg Board reviews actual and latest forecast results at each Board Meeting.
Failure to satisfy regulatory requirements	Fine or removal of permissions.	Permissions were changed to reflect all current business activities	Periodic review by internal and external compliance or business activities and permissions.

Activities and Financial Objectives

The Applerigg Limited ("the Company") acts as a holding company and its principal investments are in its subsidiaries Sandaire Investment Office and Yealand Group Limited (which comprises Yealand Administration Limited ("Yealand") and Carvetian Capital Management Limited ("Carvetian")). The Company is committed to delivering increasing long term value to its shareholders by pursuing a strategy of investing in companies and businesses that it believes will produce increasingly attractive returns over the medium to long term.

Sand Aire Limited and Lord North Street Limited ("the Sandaire Investment Office") are all authorised and regulated by the Financial Conduct Authority (the "FCA") to undertake investment activities. Sandaire Investment Office provides investment management and associated services to Stramongate SA, a related party, and other clients.

In 2017 Yealand provided services to OEICs where the Authorised Corporate Director ("ACD") was either Sand Aire Limited, Carvetian Capital Management Limited or an externally owned and managed FCA regulated company.

Carvetian is regulated by the FCA and provided Authorised Corporate Director ("ACD") services to 41 investment funds.

Sandaire Singapore holds a Capital Markets Services Licence issued by the Monetary Authority of Singapore for conducting the regulated activity of fund management in Singapore.

Review of Operations

Sandaire Investment Office provides advisory and discretionary investment management services to a small number of families, ultra high net worth individuals, university endowments and charitable institutions who seek the long term preservation and growth of their wealth. The business acts as the Manager for 14 funds across 8 UK OEICs/Authorised Unit Trusts ("AUT") that are authorised by the FCA. Sandaire Investment Office, which invests on behalf of clients across all asset classes, has a multi-manager approach and remains deeply committed to providing unbiased expert advice and independence in investment.

Sandaire Investment Office remains focused on delivering a bespoke service to a relatively small number of compatible clients so that it is able to both meet their needs and share ideas, opportunities and best practices among them.

Yealand provides administration and registration services to OEICs, which have a relatively small number of shareholders with a requirement for a premium level of service.

Carvetian is an ACD for forty one investment funds.

Sandaire Singapore offers Multi-Family Office services to Asia based clients that are tailored to suit their individual needs but which leverage off Sandaire Investment Office's core common investment process and global operations infrastructure. As a result of an impairment review carried out during the year, the

Review of Operations (continued)

value of the Company's investment in Sandaire Singapore, including the subscription for an additional SGD1,100,000 shares by the Company to provide additional funding to reflect that expenses exceeded income in 2017, was written down to £407,363.

Financial Review

Turnover
Turnover for the year of £13,969,000 (2016: £14,528,000) represented a 3.8% decrease over the 2016 figure.

Expenses
Expenses for the year of £15,144,000 (2016: £13,993,000) represented an increase of 8.2% over the 2016 figure.

Goodwill
Goodwill arose on the acquisition of Lord North Street in 2014. The goodwill is being amortised over the ten year period from acquisition.

Intangible Asset
The intangible asset related to the acquisition of Lord North Street Limited and Carvetian Capital Management Limited. During the year an impairment review was carried out which resulted in an impairment of the carrying value of the Lord North Street intangible by £2,137,000.

Key Performance Indicators
Performance can be assessed by reference to the annual profit on ordinary activities before goodwill amortisation and taxation, the total funds that are managed and advised by Sandaire Investment Office and the total funds that are administered by Yealand.

	2017	2016 Restated	Change
	£'000	£'000	%
Operating (loss)/profit on ordinary activities (before goodwill)	(1,167)	539	-316.5
Funds managed and advised by Sandaire Investment Office	2,646,657	2,837,006	-6.7
Funds administered by Yealand	2,483,429	2,296,424	8.1

The Consolidated profit and loss result includes the actual losses reported by the Sandaire Investment Office, the profit for Yealand, the profit for Carvetian Capital Management and the loss for Sandaire Singapore and the net expenses of the Company.

The operating loss after goodwill amortisation that is shown in the consolidated profit and loss account can be analysed as follows:

	2017	2016
	£'000	£'000
Sandaire Investment Office – operating (loss)/profit	(145)	1,301
Sandaire Singapore – operating loss	(565)	(579)
Sandaire Group	**(710)**	**722**
Yealand – operating profit	674	611
Carvetian – operating profit	417	268
Yealand Group	**1,091**	**879**
Applerigg – operating loss	(1,548)	(1,062)
Consolidated operating (loss)/profit before goodwill amortisation	**(1,167)**	**539**
Goodwill amortisation	(3,740)	(2,846)
Consolidated operating loss after goodwill amortisation	**(4,907)**	**(2,307)**

The decrease in Sandaire Investment Office's profit reflects the reduction in income from the lower funds under management, the resolution of legacy issues arising from the merger and the investment in the longer term development of the business. The later includes the implementation of the core operating model which is designed to deliver a long term efficient and scalable platform to support the effective growth of the business.

Sandaire Singapore's losses reflect the additional investment in the business to support its operation while additional clients are acquired.

Within Yealand Group the increase in Yealand's profits reflects the continued growth in the number and subsequent value of the funds under administration. The increase in Carvetian's profits reflects the annualised impact of the ACD business transferred from Sand Aire Limited in August 2016 and new business in 2017.

The increase in Applerigg's net expenses reflects the full expensing of the development costs relating to a joint venture opportunity that did not proceed. Business as usual costs were in line with expectations.

Directors and their interests

The names of the Company's directors at the date of this report are listed on page 5.

In accordance with Article 82, Mr Mark Fuller and Mr Stephen Hill will retire by rotation and, being eligible, will seek reappointment at the forthcoming Annual General Meeting.

No director held any material interest during the year in any contract of significance relating to the business of the Company other than those disclosed in note 17.

Corporate governance

As part of the reconstruction of the Stramongate group at the end of 2001, the Company was established as a separate entity from its founder client, Stramongate Limited. Whilst the Company and Stramongate are related parties in so far as they are owned by common shareholders they are managed as separate businesses with independent boards of directors. All contractual relationships between the Company and its subsidiaries and Stramongate are on an "arm's length" basis so that all clients of the Company and its subsidiaries enjoy the same status and service.

Similarly, Sand Aire Limited and Carvetian Capital Management Limited, as the ACDs of the OEICs and Unit Trusts, have both appointed Yealand to provide administration and other services and Carvetian Capital Management has appointed Sand Aire Limited as Investment Manager for some OEICs and Unit Trusts. The contractual relationships between Sand Aire Limited and Yealand and between Carvetian Capital Management Limited and Yealand and between Sand Aire Limited and Carvetian Capital Management Limited are on an "arm's length" basis to ensure that all clients of Yealand enjoy the same status and service.

The FCA authorised and regulated firms within the Group all have processes and procedures to identify, manage and control the potential conflicts of interest.

This Strategic Report was approved by order of the Board on 25 May 2018.

Amanda Bateman
Company Secretary

Directors

The directors of the company throughout the year were:

F Alexander Scott	*Executive Chairman*
Sir Christopher Scott, Bt.	*Non-executive Director*
Bruce Offergelt	*Executive Director*
Mark Houghton-Berry	*Non-executive Director*
Stephen Hill	*Non-executive Director*
Mark Fuller	*Non-executive Director*

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for the directors of Applerigg Limited.

Auditor

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the Company's auditor is unaware.

In accordance with section 485 of the Companies Act 2006, a resolution proposing to appoint BDP LLP will be put at a General Meeting.

Dividends

The directors do not recommend the payment of a dividend on the ordinary shares for the period under review (2016: nil).

Likely future developments in the business of the company

Information on likely future developments in the business of the Company has been included in the Strategic Report on page 1.

Financial risk management

Business risk

The key business risks faced by Sandaire Investment Office are a reduction in the profit earned, which could result from a significant downturn in the market, the loss of one or more clients, or the failure to control costs. To address these risks management prepares a strategic plan and a detailed annual budget against which performance is monitored. This also enables management to take the appropriate action to manage its expenses and capital adequacy over the medium term.

The key business risk for the Yealand Group is not growing or maintaining revenues to provide cover for its fixed costs in the event of a reduction in income from either a significant downturn in the market or the loss of one or more clients. To address this risk Yealand has produced a detailed business plan against which performance will be measured.

Approval

This Directors' Report was approved by order of the Board on 25 May 2018.

Amanda Bateman
Company Secretary

Statement of directors' responsibilities

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

To the members of Applerigg Limited

Opinion
We have audited the financial statements of Applerigg Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the Parent Company statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in equity, the Parent Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's loss and the Parent Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

BDO LLP

Michelle Carroll (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London
W1U 7EU
25 May 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income
for the year ended 31st December 2017

	Notes	Total 2017 £'000	Total 2016 restated £'000
Turnover	3	13,969	14,528
Administrative expenses		(15,144)	(13,993)
Other operating income	4 (a)	8	4
Operating (loss)/profit before amortisation		(1,167)	539
Other operating expenses	4 (b)	(3,740)	(2,846)
Operating loss		(4,907)	(2,307)
Interest payable and similar charges		(164)	(152)
Interest receivable and similar income		2	7
Loss on ordinary activities before taxation	5	(5,069)	(2,452)
Tax on ordinary activities	6	(49)	(247)
Loss on ordinary activities after taxation		(5,118)	(2,699)
Minority interests		-	-
Retained loss for the year		(5,118)	(2,699)
Currency translation differences		(15)	34
Total comprehensive loss for the year		(5,133)	(2,665)

Notes on pages 15 to 28 form part of these financial statements.

Consolidated statement of financial position
as at 31st December 2017

	Notes	2017	2016 Restated
		£000	£000
Fixed Assets			
Intangible assets	9	8,249	11,850
Tangible assets	10	346	460
Other investments	11	60	27
		8,655	12,337
Current Assets			
Debtors - due within one year	12	6,195	5,562
Cash at bank and in hand		6,792	8,386
		12,987	13,948
Creditors: amounts falling due within one year	13	(3,870)	(6,041)
Net current assets		9,117	7,907
Total assets less current liabilities		17,772	20,244
Creditors: amounts falling due after more than one year	14	(2,330)	(1,335)
Provisions for liabilities and charges	15	(1,739)	(73)
Net Assets		13,703	18,836
Capital and Reserves			
Called up share capital	17	4,642	4,642
Share premium account		23,158	23,158
Profit and loss reserve		(14,097)	(8,964)
Equity attributable to owners of the Company		13,703	18,836

Notes on pages 15 to 29 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2018.

F Alexander Scott
Executive Chairman

Bruce Offergelt
Director

Applerigg Limited registered number 4265943

Company statement of financial position
as at 31st December 2017

	Notes	2017 £000	2016 £000
Fixed Assets			
Shares in subsidiary undertakings	11	22,967	22,919
Other investments	11	36	-
		23,003	22,919
Current Assets			
Debtors			
- due within one year	12	265	692
Cash at bank and in hand		317	443
		582	1,135
Creditors: amounts falling due within one year	13	(621)	(314)
Net current assets		(39)	821
Total assets less current liabilities		22,964	23,740
Creditors: amounts falling due after more than one year	14	(2,330)	(1,335)
Net Assets		20,634	22,405
Capital and Reserves			
Called up share capital	17	4,642	4,642
Share premium account		23,158	23,158
Profit and loss account		(7,166)	(5,395)
Equity attributable to owners of the Company		20,634	22,405

Notes on pages 15 to 29 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2018.

F Alexander Scott
Executive Chairman

Bruce Offergelt
Director

Applerigg Limited registered number 4265943

Consolidated cash flow statement
for the year ended 31st December 2017

	Notes	2017 £000	2016 Restated £000
Cash flows from operating activities			
Loss for the financial year before taxation		(5,069)	(2,452)
Adjustments for:			
Depreciation	10	135	155
Amortisation and impairment		3,743	2,846
Financial income		(2)	(7)
Financial expenses		164	152
Increase in debtors		(603)	(1,314)
(Decrease)/Increase in creditors		(369)	520
Cash from Operations		(2,001)	(100)
Interest paid		(142)	(19)
Interest received		2	7
Taxation paid		(241)	(450)
Net cash generated from operating activities		(2,382)	(562)
Cash flows from investing activities			
Purchase of tangible fixed assets	10	(21)	(62)
Purchase of fixed asset investment		(176)	-
Net cash from investing activities		(197)	(62)
Cash flows from financing activities			
Loan received		1,000	1,250
Net cash from financing activities		1,000	1,250
Net (decrease)/increase in cash and cash equivalents		(1,579)	626
Cash and cash equivalents at beginning of year		8,386	7,726
Foreign exchange gains and losses		(15)	34
Cash and cash equivalents at end of year		6,792	8,386
Cash and cash equivalents comprise:			
Cash at bank and in hand		6,792	8,386

Notes on pages 15 to 29 form an integral part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2017

	Share capital	Share premium account	Profit and loss account restated	Total equity
	£'000	£'000	£'000	£'000
1 January 2016	4,642	23,158	(6,299)	21,501
Loss for the year (restated)	-	-	(2,699)	(2,699)
Exchange adjustments offset in reserves	-	-	34	34
31 December 2016 (restated)	4,642	23,158	(8,964)	18,836

	Share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
1 January 2017	4,642	23,158	(9,198)	18,602
Prior year adjustment	-	-	234	234
1 January 2017 restated	4,642	23,158	(8,964)	18,836
Loss for the year	-	-	(5,118)	(5,118)
Exchange adjustments offset in reserves	-	-	(15)	(15)
31 December 2017	4,642	23,158	(14,097)	13,703

Company statement of changes in equity
For the year ended 31 December 2017

	Share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
1 January 2016	4,642	23,158	(4,785)	23,015
Profit for the year	-	-	(610)	(610)
31 December 2016	4,642	23,158	(5,395)	22,405

	Share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
1 January 2017	4,642	23,158	(5,395)	22,405
Loss for the year	-	-	(1,771)	(1,771)
31 December 2017	4,642	23,158	(7,166)	20,634

Notes on pages 15 to 29 form part of these financial statements.

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General notes

Income statement related notes

Balance Sheet related notes

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Applerigg Limited has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the period from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Goodwill
Goodwill arises on the acquisition of subsidiary undertakings and businesses. It represents the amount paid for the business over the value of the tangible assets, the intangible assets that are identified and the liabilities purchased. The goodwill is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any permanent impairment.

Intangible assets
Identifiable and measurable intangible assets acquired as part of the purchase of a business are capitalised separately from goodwill. Intangible assets are stated at their initial cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life.
The useful economic lives of intangible assets are as follows:

Contract Value	1 year
Relationship Value	10 years

Deferred consideration
Deferred consideration is discounted to present value using the applicable borrowing rate. The discounted amount is added back to the consideration on a straight line basis up to the point when the consideration becomes payable.

Investments – current assets
Investments denominated as current assets represent the OEIC shares held by the Authorised Corporate Director (Sand Aire Limited), as a manager's box and are valued at the lower of cost and cancellation price.

Investments – fixed assets
Shares in Group undertakings in the Company balance sheet are stated at cost less provision for impairment. The directors review the carrying value of investments at each balance sheet date. Where it is considered that a diminution in value has occurred the value of the investment is written down and charged to the profit and loss account.

Investments - associates
In the Group financial statements investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of associates' profits less losses while the Group's share of the net assets of the associates is shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any amortised balance of goodwill is included in the carrying value of the investment in associates.

1 Accounting policies (continued)

Tangible assets - depreciation
Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.
Depreciation is provided to write off the cost of computer equipment, office refurbishment and office furniture and fittings by equal instalments over their estimated useful economic life, as follows:

Computer equipment	2 to 3 years
Office refurbishment	10 years
Office furniture	5 years

Foreign currencies
Transactions involving foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Foreign exchange differences arising on the translation of foreign subsidiaries are shown as a movement to reserves.

Operating leases
Costs of operating leases are charged to the profit and loss account on an accruals basis.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed as and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Classification of financial instruments issued by the Company
Financial assets
Trade and other receivables are classified as loans and receivables and are measured at cost less any impairment.

Financial liabilities
Financial liabilities are carried at amortised cost, calculated on an accruals basis.

Borrowings
Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance fees are accounted for in the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument.

Turnover
Turnover represents management and administration fees recognised on an accruals basis.

1 Accounting policies (continued)

Pension

The Company operates one defined contribution pension scheme. The assets of this scheme are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to this scheme in respect of the accounting period.

Share option scheme

The Sand Aire Limited Long Term Incentive Plan provides the participants with the opportunity to purchase shares in Sand Aire Limited. These are issued at the full unrestricted market value but are subject to vesting conditions as set out in Sand Aire Limited's Articles.

Unaudited trading subsidiaries

Both Yealand Group Limited and The Private Investment Office Limited were entitled to exemption from audit in accordance with section 479a of the Companies Act 2006.

Provisions

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

Termination benefits

Employee benefits provided in exchange for the termination of an employee's employment as a result of either (i) an entity's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits are charged to profit or loss in the year in which they become payable.

Prior period adjustment

As a result of an error by the Administrator of one of the funds for which the Sand Aire Limited acts as investment manager, no provision had been made in 2016 for performance fees due. It was subsequently determined that a fee of £234,076 was due for that year. This amount has been treated as a prior year adjustment and adjusted in turnover for 2016.

2 Judgements and key sources of estimation and uncertainty

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In preparing these financial statements, the Directors have made the following judgements and estimations, which have the most significant effect on the amounts recognised in the financial statements:

- Determine whether there are indicators of impairment of the Company's unlisted investments. The Directors use discounted cash flow techniques to determine whether there has been an impairment of the asset.
- Determine the value of any provisions. Where a provision arises the Directors assess all the relevant facts available to them, which may include input from third parties to calculate the amount provided.

3 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services.

	2017	2016
	£000	£000
Investment Management Fees	10,440	11,598
Administration and Consultancy fees	3,529	2,930
	13,969	14,528

	2017	2016
	£000	£000
United Kingdom	13,786	14,308
Singapore	183	220
	13,969	14,528

Turnover is generated within the United Kingdom and Singapore.

4 Other operating income and expenses

		2017	2016
		£000	£000
(a)	*Other income*		
	Rental income	7	3
	Other income	1	1
		8	4
(b)	*Other operating expenses*		
	Amortisation of goodwill	(1,378)	(1,378)
	Amortisation of relationship value	(86)	(341)
	Amortisation of contract value	-	(53)
	Impairment	(2,276)	(1,074)
		(3,740)	(2,846)

5 Operating loss

	2017	2016
This is arrived at after charging:	£000	£000
Depreciation and amounts written off tangible fixed assets – owned	135	152
Amortisation	1,464	1,772
Impairment	2,276	1,074
Operating lease rentals - land and building	683	562
Operating lease rentals – other	9	9
Fees payable to the Company's auditor for the audit of the Company's annual accounts	12	9
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries	81	103
- CASS audit	32	36
- Other services	50	23
- Tax services	19	23

6 Taxation

		2017 £000	2016 £000
(a)	*UK corporation tax*		
	Corporation tax at 19.25% (2016: 20%)	57	243
	Deferred Tax		
	Origination and reversal of timing differences	(8)	4
	Total deferred tax	(8)	4
	Total tax on profit on ordinary activities	49	247

(b) *Factors affecting tax charge for the year*

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19.25%). The differences are explained below:

	2017 £000	2016 £000
(Loss)/Profit on ordinary activities before tax	(5,069)	(2,452)
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	(976)	(490)
Effects of:		
Expenses not deductible for tax purposes	876	633
Other timing differences	(9)	(15)
Prior year adjustments	45	(47)
Difference between depreciation and capital allowances for tax purposes	7	21
Utilisation of brought forward tax losses		
Effect of unutilised current year tax losses	109	117
Adjustments to tax charge in respect of previous periods	5	24
Group current tax charge for the year	57	243

Tax losses not utilised are carried forward to be offset against future profits. The adjustment in respect of prior years reflects the correction of estimates made in prior years.

(c) *Deferred Tax*

The Group has unrecognised deferred tax assets carried forward of £357,000 (2016: £420,000) in respect of unutilised losses. The Group has unrecognised tax losses carried forward of £1,856,000 (2016: £2,099,000).

7 Remuneration of directors

	2017	2016
	£000	£000
Directors emoluments – executive directors	405	575
Directors emoluments – non-executive directors	160	159
Company contribution to money purchase pension scheme	38	38
Other benefits in kind	9	10
	612	782

Emoluments of the highest paid director

	2017	2016
	£000	£000
Director's emoluments	205	320
Total emoluments	205	320
Company contribution to defined contribution pension scheme		
- Paid by other Group companies	18	20

2 directors (2017: 2) accrue retirement benefits under defined contribution pension schemes.

8 Employees

	2017	2016
Average number of persons, including executive directors, employed by the Group	71	78
	£000	£000
Wages and salaries	5,608	6,289
Social security costs	608	709
Compensation for loss of office	75	14
Pension costs	417	489
Aggregate remuneration paid and payable	6,708	7,501

9 Intangible assets

Group	Contract value	Relationship value	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of year	183	4,710	15,137	20,030
Additions	-	-	-	-
At end of year	183	4,710	15,137	20,030
Accumulated amortisation				
At beginning of year	183	2,182	5,815	8,180
Charge for the year	-	86	1,378	1,464
Impairment	-	1,847	290	2,137
At end of year	183	4,115	7,483	11,781
Net book value at 31 December 2017	-	595	7,654	8,249
Net book value at 31 December 2016	-	2,528	9,322	11,850

During the year an impairment review was carried out and as a result the value of the investment in Lord North Street Limited was written down by £2,137,000.

10 Tangible fixed assets

	2017 £000	2016 £000
Group		
Fixtures, fittings, tools and equipment		
Cost		
At beginning of year	1,986	1,924
Additions	21	62
Disposals	-	-
At end of year	2,007	1,986
Depreciation		
At beginning of year	1,526	1,374
Charge for the year	135	152
Disposals	-	-
At end of year	1,661	1,526
Net book value at end of year	346	460
Net book value at beginning of year	460	550

11 Fixed asset investments

	2017 £000	2016 £000
Company		
Subsidiary undertakings		
Cost		
At beginning of year	25,324	23,340
Additions	627	1,984
At end of year	25,951	25,324
Provision for impairment		
At beginning of year	2,405	1,858
Written off	579	547
At end of year	2,984	2,405
Net book value	22,967	22,919

On 31 March 2017 Sand Aire (Singapore) (Pte.) Ltd issued an additional 500,000 shares to the Company for £291,530 representing 8.5% of the issued share capital. On 1 November 2017 Sand Aire (Singapore) (Pte.) Ltd issued an additional 600,000 shares to the Company for £335,390 representing 9.2% of the issued share capital.

During the year the Company carried out an impairment review of its investment in Sand Aire (Singapore) (Pte.) Ltd. and as a result wrote down its value.

11 Fixed asset investments (continued)

Other investments Group	2017 £000	2016 £000
Cost		
At beginning of year	48	48
Additions	176	-
At end of year	224	48
Provision for impairment		
At beginning of year	21	18
Written off	143	3
At end of year	164	21
Net book value	60	27
Works of art	10	10
Debentures	14	17
Mount Kendal	36	-
	60	27

The Group holds debentures that have rights maturing on 31 August 2022. The debentures are amortised on a straight line basis to this maturity date.

Other Investments Company	2017 £000	2016 £000
At beginning of year	-	-
Additions	176	-
At end of year	176	-
Provision for impairment		
At beginning of year	-	-
Written off	140	-
At end of year	140	-
Net book value	36	-

During the year the Company made a strategic investment in Mount Kendal.

During the year the Company made a strategic investment Horizons Next Gen Limited. During the year the Company carried out an impairment review of its investment in Horizons Next Gen Limited and as a result wrote down its value.

11 Fixed asset investments (continued)

Subsidiary undertaking	*Country of Incorporation*	*Principal Activity*	*Percentage of ordinary shares held*
Sand Aire Limited	England	Investment Management	100
Northbridge Management Limited	England	In Liquidation	100
Northbridge UK Limited *	England	In Liquidation	100
Lord North Street Limited	England	Investment Management	100
The Private Investment Office Limited *	England	Intellectual Property	100
Sand Aire Investment Management Limited *	England	Dormant	100
Sand Aire Services Limited *	England	Administration Services	100
Sand Aire Client Nominees Limited *	England	Nominee Holding	100
Sand Aire Client (1) Nominees Limited *	England	Nominee Holding	100
Sand Aire Client (2) Nominees Limited *	England	Nominee Holding	100
Sand Aire Client (3) Nominees Limited *	England	Nominee Holding	100
Sand Aire Client (4) Nominees Limited *	England	Nominee Holding	100
Sand Aire Client (5) Nominees Limited *	England	Nominee Holding	100
Yealand Administration Limited	England	Administration Services	100
Sand Aire (Singapore) (Pte.) Ltd	Singapore	Investment Management	100
Carvetian Capital Management Limited	England	Authorised Corporate Director	100
Sand Aire International Limited *	England	Dormant	100
Yealand Group Limited *	England	Dormant	100
Carvetian Nominees Limited *	England	Dormant	100

* Exempt from audit.

12 Debtors

Amounts falling due within one year	2017 £000	2016 £000
Group		
Trade debtors	2,812	3,408
Corporation tax	189	5
Other debtors	1,939	977
Prepayments and accrued income	1,255	1,172
	6,195	5,562

Other debtors include moneys recoverable from third parties in respect of the potential client compensation claim.

Company		
Amounts due from Group undertakings	4	11
Corporation tax	192	204
Other debtors	57	456
Prepayments and accrued income	12	21
	265	692

During 2017 the Company provided a loan of £48,000 to Mount Kendal Limited which is included in Other debtors. The loan has no fixed repayment term and is repayable on demand.

13 Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Amounts falling due within one year		
Group		
Trade creditors	1,301	1,191
Other taxation and social security	312	548
Other creditors	653	2,209
Accruals and deferred income	1,604	2,093
	3,870	6,041

Deferred consideration of £2 million is included in Other creditors in the prior year and was paid to the vendors of Lord North Street in January 2017.

	2017 £000	2016 £000
Company		
Trade creditors	6	34
Amounts owed to Group undertakings	423	68
Other creditors	115	170
Accruals and deferred income	77	42
	621	314

14 Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Amounts falling due after more than one year		
Group		
Other loans	2,330	1,335
	2,330	1,335
Company		
Other loans	2,330	1,335
	2,330	1,335

On 27 July 2016 the Company entered into an arrangement with Stramongate SA ("Stramongate") whereby Stramongate would provide loan facilities to the Company of up to £3 million and $6.75 million. The rate of interest is 5% above the LIBOR rate. Repayment of the loan will commence on the 5th anniversary but may be repaid earlier.

15 Provisions for liabilities and charges

	Other	Dilapidations	Rent review	Client compensation	Deferred tax provision	Total
	£000	£000	£000	£000	£000	£000
At beginning of year	-	13	47	-	13	73
Additions	203	-	-	1,722	-	1,925
Release to the profit and loss account	(203)	(1)	(47)	-	(8)	(259)
At end of year	-	12	-	1,722	5	1,739

The deferred tax liability in the current year relates to the timing of pension payments and capital writing down allowances.

The provision for client compensation reflects the estimate of the Group's liability with respect to the settlement of potential claims for compensation from the Group. These are stated gross of any expected recoveries which are included within Other debtors.

The rent review provision in the prior year relates to a rent review which was effective from 29 September 2016.

The provision for dilapidations reflects the expected cost of reinstating the office leased by Sand Aire Singapore when the lease expires in August 2019.

The other provision relates to the pursuit of the settlement of a dispute relating to an investment made on behalf of some of the clients where all the legal and associated costs incurred by the Group may not be recovered, which was reported as a contingent liability in 2016. The negotiations, which were ongoing as at 31 December 2016, have now been concluded and an arrangement has been agreed but is not yet finally settled. During 2017 the Group received £9.3m from and paid £9.5m to third parties with respect to this dispute. All costs, net of any recoveries, incurred in 2017 are included in Administrative Expenses in the Income Statement.

16 Operating Leases

The Group had minimum lease payments under non-cancellable operating leases as set out below:

	2017		2016	
	Land and Buildings	Other	Land and Buildings	Other
Operating leases which expire:	£000	£000	£000	£000
Within one year	802	10	590	5
In the second to fifth years inclusive	2,050	15	1,810	1
More than five years	-	-	-	-
	2,852	25	2,400	6

17 Share capital

	2017	2016
	£000	£000
Issued:		
292,558,620 (2016:292,558,620) ordinary shares of 1 pence each fully paid	2,925	2,925
3,773,625 (2016:3,773,625) ordinary shares of 1 pence each partly paid	38	38
167,892,099 (2016:167,892,099) deferred shares of 1 pence each fully paid	1,679	1,679
	4,642	4,642
Shares classified as equity	4,642	4,642
	4,642	4,642

The deferred shares shall have the following rights and be subject to the following restrictions:

17 Share capital (continued)

Income
Deferred shares shall have no right to participate in any dividend or other distribution of income of the Company.

Capital
On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities, costs and expenses shall be distributed among the holders of ordinary shares in proportion to the numbers of ordinary shares held by them, provided that, after the sum of £10,000 has been paid in respect of each ordinary share, the next £100 of any remaining balance shall be distributed among the holders of the deferred shares in proportion to the numbers of deferred shares held by them in full satisfaction of their rights in respect of such surplus.

Voting
The holders of deferred shares shall not in that capacity have any right to receive notice of or to attend meetings of the Company and the deferred shares shall carry no right to vote.

Transfer
None of the restrictions on the transfer of shares shall apply to deferred shares, but the directors of the Company shall instead have absolute discretion whether to approve any proposed transfer of deferred shares and no such transfer shall be made or registered without such approval.

Compulsory Transfer
Compulsory transfer shall not apply to deferred shares, but on completion of a qualifying sale the Purchaser shall be entitled to purchase and be registered as the holder of all the deferred shares in consideration for payment of the sum of £100 which shall be paid to the Company to be held on behalf of the holders of the deferred shares and, if more than one, as nearly as possible in proportion to their respective holdings.

18 Related party disclosures

Sir Christopher Scott, Bt., Mr Mark Houghton-Berry and Mr Bruce Offergelt are directors of Sand Aire Limited, which received £1,422,372 (2016: £1,432,295) from Stramongate S.A. with respect to investment management and administration services provided. At the year end £363,871 (2016: £368,010) of this total was yet to be received.

Deferred considerations of £nil (2016: £328,000) is due to Mr George de Courcy-Wheeler in respect of the acquisition of Lord North Street. Mr George de Courcy-Wheeler is a director of Lord North Street Limited and Sand Aire Limited.

During the year the Company paid £16,471 (2016: £16,471) to Mr Stephen Cooke and £53,529 (2016: £53,529) to the CFG Pension Scheme of which Mr Stephen Cooke is the sole beneficiary in relation to deferred consideration on the acquisition of 85% of the share capital of Carvetian Capital Management Limited. An additional amount of £70,000 (2016: £140,000) deferred consideration is payable to Mr Stephen Cooke and included in other creditors. Mr Stephen Cooke is a director of Carvetian Capital Management Limited.

During the year the Company made a strategic investment to acquire a 24% stake in Mount Kendal Limited for £36,000. In addition the Company provided a loan of £48,000 to Mount Kendal which is repayable on demand. Mr F Alexander Scott is a director of Mount Kendal Limited.

During the year the Company acquired 140,000 redeemable deferred shares and 3 ordinary shares in Horizons Next Gen Limited. The Company also provided a loan of £5,222 which remains outstanding at 31 December 2017. Mr Kydd Boyle, who is a director of Horizons Next Gen Limited, is a shareholder in Applerigg Limited. During the year an impairment review was carried out and the investment was fully written off.

During 2017 Sand Aire Limited acted as Authorised Corporate Director ('ACD') for certain OEICs and can be regarded as a related party by virtue of having the ability to act in respect of the operations of the Funds.

18 Related party disclosures (continued)

For all Funds the fee is calculated on a monthly basis as a percentage of the value of the fund for that month.

In addition to the ACD fee, Sand Aire Limited received a management fee on some of the OEICs in the prior year. The annual management fees payable to Sand Aire Limited in respect of ACD and investment management are disclosed below. Sand Aire Limited can also receive performance fees in respect of the Capital fund if certain performance targets are achieved.

During the year Sand Aire Limited transferred the remainder of its ACD business to Carvetian Capital Management Limited and the latter now acts as ACD.

Where Sand Aire Limited acted as both the ACD and the investment manager the maximum fee ranged between 0.50% and 2.00% and the retained fee (excluding performance fees) ranged from between 0.40% and 0.80%. The Company received £nil (2016: £1,545,697) of fees during the year. At the year end £nil (2016: £ nil) of this balance was outstanding.

Funds for which Sand Aire Limited acts as ACD only:

The maximum management fee where Sand Aire Limited acted as the ACD only ranged between 0.10% and 1.5% and the retained fee after the above adjustments ranged between 0.10% and 0.15%. The Company received £907,271 (2016: £959,662) of fees during the year. At the year end £nil (2016: £73,469) of this balance was outstanding.

19 Contingent liabilities

The Company has agreed to act as 'Authorised Guarantor' for the rent on the lease for the premises that Yealand Administration Limited has entered into an arrangement with Anglo Scandinavian Estates III LLP who is the owner of the building. The contingent liability is £75,583 (2016: £44,090).

20 Pensions

During the year 73 (2016:73) staff participated in defined contribution pension schemes.

The total pension cost for the Group was £416,711 (2016: £488,838). At the year end £19,666 (2016: £21,136) of contributions were outstanding and included in creditors. Of this total, £1,283 (2016: £764) represents contributions accrued for employees who have not joined a pension scheme at year end.

21 Share option scheme

The Long Term Incentive Plan ("LTIP") was introduced by Sand Aire Limited in 2009 was wound up in 2015.
The partly paid shares in issue as at 31 December 2017 are held by the Company.

		2017		2016
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Part paid shares subject to vesting held at the beginning of the year	40,889	£5.15	40,889	£5.15
Issued during the year	-	-	-	-
Made fully paid during the year	-	-	-	-
Part paid shares subject to vesting held at the end of the year	40,889	£5.15	40,889	£5.15

22 Post balance sheet events

Following the year end the Company acquired an additional 500,000 shares in Sand Aire Singapore.