



HARWOOD

WEALTH MANAGEMENT GROUP PLC

Admission to trading on AIM

March 2016

N+1 SINGER

Nominated Adviser and Broker

THIS ADMISSION DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Admission Document, or the action you should take, you are recommended immediately to seek your own financial advice from an independent financial adviser, for example: your stockbroker, bank manager, solicitor, accountant or other financial adviser who specialises in advising on the acquisition of shares and securities and is authorised under the Financial Services and Markets Act 2000, as amended (“FSMA”) (or, if you are a person outside the UK, a person otherwise similarly qualified in your jurisdiction). This Admission Document, which comprises an AIM admission document, has been prepared in connection with the proposed application for admission of the issued and to be issued share capital of the Company to trading on AIM, a market operated by London Stock Exchange plc. This Admission Document is an admission document drawn up in accordance with the AIM Rules for Companies.

This Admission Document does not constitute a prospectus within the meaning of section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority (“FCA”) and a copy has not been, and will not be, approved or filed with the FCA. This Admission Document does not constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise.

The Company and each of the Directors, whose names, business addresses and functions appear on page 6 of this Admission Document, individually and collectively accept full responsibility for the information contained in this Admission Document, including for its compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the whole of the Company’s issued and to be issued ordinary share capital to be admitted to trading on AIM. 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 UK 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. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Admission Document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any recognised investment exchange and no such applications have been made.

Investment in the Company is speculative and involves a high degree of risk. For a discussion of the risks and other factors which should be considered in connection with an investment in the Company, particular attention is drawn to the section entitled “Risk Factors” set out in Part II of this Admission Document. Prospective investors should read the whole of this Admission Document.

It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on AIM at 8.00 a.m. on 29 March 2016. The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

HARWOOD WEALTH MANAGEMENT GROUP PLC

(incorporated and registered in England and Wales with company number 4987966)

Acquisition of Wellian Investment Solutions Limited

Placing of 16,666,672 Ordinary Shares at 81 pence per share and admission to trading on AIM

Nominated Adviser and Broker

N+1 SINGER

N+1 Singer, which is authorised and regulated in the UK by the FCA, is acting as nominated adviser and broker to the Company. It will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any part of this Admission Document. The responsibilities of N+1 Singer as the Company’s nominated adviser and broker under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or any Director or Shareholder or to any other person, in respect of any decision to acquire Ordinary Shares in reliance on any part of this Admission Document or otherwise. N+1 Singer is not making any representation or warranty, express or implied, as to the contents of this Admission Document.

The whole text of this Admission Document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed “Risk Factors” in Part II of this Admission Document which sets out certain risk factors relating to an investment in the Ordinary Shares. All statements regarding the Enlarged Group’s business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this Admission Document.

For the purpose of section 21 of FSMA, this Admission Document constitutes a financial promotion which has been issued by the Company, but the content of which is exempt by virtue of article 67 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”). Use of this Admission Document other than in accordance with this restriction is not permitted and may contravene FSMA. No representation or warranty, express or implied, is made by the Company or N+1 Singer to prospective subscribers for or purchasers of Ordinary Shares as to the contents of this Admission Document (without limiting the statutory rights of any person to whom this Admission Document is issued). The information contained in this Admission Document is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly, to the extent permitted by law, no duty of care is accepted by the Company or N+1 Singer in relation to any of them.

IMPORTANT INFORMATION

No legal, business, tax or other advice is provided in this Admission Document. Prospective investors should consult their professional advisers as needed on the potential consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence. This Admission Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, this Admission Document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The distribution of this Admission Document in other jurisdictions may be restricted by law. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan and, subject to certain exceptions, may not be offered, sold, re-sold, renounced, taken up or delivered, directly or indirectly, in, into or from the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to any national of the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan. This Admission Document should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, in, and in particular, should not be distributed to persons with addresses in, the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. No action has been taken by the Company or N+1 Singer that would permit an offer of Ordinary Shares or possession or distribution of this Admission Document where action for that purpose is required. Persons into whose possession this Admission Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law or other laws of any such jurisdictions.

In making any investment decision in respect of Admission, the Placing or a subscription for or purchase of Ordinary Shares, no information or representation should be relied upon in relation to Admission, the Placing or in relation to the Ordinary Shares other than as contained in this Admission Document. No person has been authorised to give any information or make any representation other than that contained in this Admission Document and, if given or made, such information or representation must not be relied upon as having been authorised.

It should be remembered that the price of securities and the income from them can go down as well as up and this Admission Document contains references to past performance of the Company and its subsidiaries. Past performance is not a reliable indication of future results.

FORWARD LOOKING STATEMENTS

This Admission Document includes statements that are, or may be deemed to be, “forward-looking statements”. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Enlarged Group’s future prospects, developments and business strategies.

These forward-looking statements can be identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this Admission Document but may also appear elsewhere throughout it.

The forward-looking statements in this Admission Document, including statements concerning projections of the Enlarged Group’s future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Enlarged Group are specifically described in Part II of this Admission Document headed “Risk Factors”. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Enlarged Group’s actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Admission Document are based on certain factors and assumptions, including the Directors' current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Enlarged Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available to them, they may prove to be incorrect. Accordingly, prospective investors are cautioned not to place undue reliance on any forward-looking statements and should specifically consider the risk factors contained in Part II of this Admission Document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this Admission Document that may occur as a result of any change in the Directors' expectations or to reflect events or circumstances after the date of this Admission Document.

BASIS ON WHICH FINANCIAL INFORMATION IS PRESENTED

Unless otherwise indicated, financial information in this Admission Document, including the historical financial information on the Enlarged Group appearing in Parts III, IV and V has been prepared in accordance with IFRS.

Various figures and percentages in tables in this Admission Document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this Admission Document may vary slightly from the actual arithmetical totals of such data. In this Admission Document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

MARKET, ECONOMIC AND INDUSTRY DATA

This Admission Document contains information regarding the Enlarged Group's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this Admission Document originates from a third party source, it is identified where it appears together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has obtained the third party data in this document from industry studies, forecasts, reports, surveys and other publications.

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ADMISSION AND PLACING STATISTICS AND EXPECTED TIMETABLE OF PRINCIPAL EVENTS

ADMISSION AND PLACING STATISTICS

Number of Ordinary Shares in issue at the date of this Admission Document	40,000,000
Number of New Ordinary Shares being subscribed for	12,345,684
Number of Sale Shares to be sold by the Selling Shareholders	4,320,988
Total number of Placing Shares	16,666,672
Total number of Consideration Shares	3,243,243
Number of Ordinary Shares in issue immediately following Admission	55,588,927
New Ordinary Shares as a percentage of the Enlarged Share Capital	22.21 per cent.
Placing Price	81 pence
Market capitalisation of the Company at the Placing Price on Admission	£45 million
Gross proceeds of the Placing	£10 million
Estimated net proceeds of the placing of New Ordinary Shares for the Company	£8.74 million
ISIN	GB00BYYWB172
SEDOL	BYYWB17
TIDM	HW.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission Document publication date	15 March 2016
Admission effective and commencement of dealings in the Ordinary Shares on AIM	8.00 a.m. on 29 March 2016
CREST accounts to be credited (where applicable)	8.00 a.m. on 29 March 2016
Dispatch of definitive share certificates	by 8 April 2016

All future times and/or dates referred to in this Admission Document are subject to change at the discretion of the Company and N+1 Singer and if any of the above times or dates should change, the revised times and/or dates will be notified by an announcement on a regulatory information service. All times are UK times.

DIRECTORS, SECRETARY AND ADVISERS

Directors	<p><u>Peter</u> Mann (<i>Non-Executive Chairman</i>) <u>Alan</u> Richard Durrant (<i>Joint Chief Executive Officer</i>) <u>Neil</u> Dunkley (<i>Joint Chief Executive Officer</i>) <u>Mark</u> Philip Howard (<i>Executive Director</i>) <u>Christopher</u> Harwood Bernard Mills (<i>Non-Executive Director</i>) <u>Paul</u> Adam Edward Tuson (<i>Non-Executive Director</i>)</p> <p>all of:</p> <p>5 Lancer House Hussar Court Westside View Waterlooville Hampshire PO7 7SE</p>
Company Secretary	Laura Somers
Registered office	5 Lancer House Hussar Court Westside View Waterlooville Hampshire PO7 7SE
Website	www.harwoodwealth.co.uk
Nominated Adviser and Broker	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
Legal advisers to the Company	Blake Morgan LLP New Kings Court Tollgate Chandler's Ford Eastleigh Hampshire SO53 3LG
Legal advisers to the Nominated Adviser and Broker	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Reporting Accountants to the Company	RSM Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Auditors to the Company	RSM UK Audit LLP Highfield Court Tollgate Chandler's Ford Eastleigh Hampshire SO53 3TY

**Public relations adviser to the
Company**

Victoria Sheridan Consulting Limited
115 Alexandra Park Road
London
N10 2DP

Registrars

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Admission Document:

“Acquisition”	the proposed acquisition of the entire issued share capital of Wellian in consideration of the issue and allotment of the Consideration Shares, further details of which are set out at paragraph 12.7 of Part VII of this Admission Document;
“Act”	the UK Companies Act 2006, as amended from time to time;
“Admission”	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules;
“Admission Document”	this Admission Document;
“AFP”	Active Financial Partners Limited, a company incorporated in England and Wales with company number 04266233;
“AIM”	AIM, a market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies issued by the London Stock Exchange and those of its other rules which govern the admission to trading of, and the operation of companies on, AIM;
“Articles”	the articles of association of the Company as at the date of Admission, a summary of which is set out in paragraph 5 of Part VII of this Admission Document;
“Audit and AIM Rules Compliance Committee”	the audit and AIM Rules compliance committee of the Board, the function and composition of which are set out in paragraph 19 of Part I of this Admission Document;
“Board”	the board of directors of the Company, from time to time;
“certificated” or “in certificated form”	the description of a share or other security that is not in uncertificated form (that is, not in CREST);
“Companies Acts”	the Act and, where the context requires, every other statute from time to time in force concerning companies and affecting the Company;
“Company” or “Harwood Wealth”	Harwood Wealth Management Group plc (formerly known as Compass Wealth Management Group plc), a company incorporated in England and Wales with company number 4987966;
“Concert Party”	the Founders, Sian Dunkley, Alan Durrant, Richard Philbin, Christopher Mills, Lynne Mills, Nicholas Mills, Charles Mills, Michael Jordan, Chandra Sethia, Bruno Callaghan and David Ingram together with their respective families and other connected persons and HCM and Oryx International Growth Fund;
“Consideration Shares”	the 3,243,243 Ordinary Shares to be issued immediately prior to Admission, pursuant to the Acquisition, such shares representing 7.5 per cent. of the Existing Ordinary Shares;
“Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council, as the same may be varied or amended;

“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as also defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time);
“CWMC”	Compass Wealth Management Consultants Limited, a company incorporated in England and Wales with company number 4214267;
“Directors”	the directors of the Company as at the date of this Admission Document whose names appear on page 6 against the heading “Directors”, and “Director” means any one of them;
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FCA in the exercise of its function as competent authority pursuant to Part VI of FSMA;
“Enlarged Group”	the Company and its subsidiaries as at Admission and following completion of the Acquisition (which will take place immediately prior to Admission);
“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission and following completion of the Acquisition, comprising the Existing Ordinary Shares and the New Ordinary Shares;
“Euroclear”	Euroclear UK & Ireland Limited;
“Existing Ordinary Shares”	the 43,243,243 Ordinary Shares in issue prior to the Placing (but following the issue of the Consideration Shares);
“Financial Conduct Authority” or “FCA”	the United Kingdom Financial Conduct Authority, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry;
“FCA Rules”	the FCA Handbook of Rules and Guidance;
“FOS”	the UK Financial Ombudsman Service;
“Founders”	Neil Dunkley and Mark Howard;
“FSMA”	the UK Financial Services and Markets Act 2000, as amended;
“Group”	the Company and its subsidiaries as at the date of this Admission Document (excluding Wellian);
“Harwood Capital”	Harwood Capital LLP, a limited liability partnership incorporated in England and Wales with number OC 304213;
“HCM”	Harwood Capital Management Limited, a company incorporated in England and Wales with company number 7667924;
“HMRC”	Her Majesty’s Revenue and Customs;
“IFRS”	International Financial Reporting Standards;
“ISIN”	international security identification number;
“IMS”	IMS Capital Limited, a company incorporated in England and Wales with company number 7324558;

“Listing Rules”	the listing rules relating to admission to the Official List made by the UKLA pursuant to Part IV of FSMA, as amended from time to time;
“Lock-In Agreement”	the lock-in and orderly marketing agreement dated 15 March 2016 entered into between the Directors, Sian Dunkley, Richard Philbin, HCM, the Company and N+1 Singer, details of which are set out in paragraph 12.2 of Part VII of this Admission Document;
“London Stock Exchange”	London Stock Exchange plc;
“Model Code”	the Model Code on directors’ dealings in securities set out in the Listing Rules;
“MVFP”	Meon Valley Financial Planning Limited, a company incorporated in England and Wales with company number 3415179 and which was acquired by the Company on 1 February 2016;
“New Ordinary Shares”	the 12,345,684 new Ordinary Shares to be issued by the Company pursuant to the Placing;
“N+1 Singer”	Nplus1 Singer Advisory LLP and its affiliates, nominated adviser and broker to the Company;
“Official List”	the Official List of the UK Listing Authority;
“Ordinary Shares”	ordinary shares of 0.25 pence each in the capital of the Company;
“Placing”	the conditional placing by N+1 Singer of the Placing Shares at the Placing Price pursuant to and on the terms and conditions set out in the Placing Agreement;
“Placing Agreement”	the conditional agreement to be dated on or about 24 March 2016 relating to the Placing between the Company, the Directors, the Selling Shareholders and N+1 Singer, further details of which are set out in paragraph 12.1 of Part VII of this Admission Document;
“Placing Price”	81 pence per Placing Share;
“Placing Shares”	together, the New Ordinary Shares and the Sale Shares;
“Registrars”	Computershare Investor Services plc;
“Relationship Agreement”	the relationship agreement dated 15 March 2016 entered into between the Company, the Founders, Sian Dunkley, Alan Durrant, HCM, Christopher Mills, Richard Philbin and N+1 Singer, further details of each of which are set out in paragraph 12.4 of Part VII of this Admission Document;
“Remuneration Committee”	the remuneration committee of the Board, the function and composition of which are set out in paragraph 19 of Part I of this Admission Document;
“Sale Shares”	the 4,320,988 Existing Ordinary Shares to be sold by the Selling Shareholders which have been conditionally placed by N+1 Singer pursuant to the Placing;
“SEDOL”	Stock Exchange Daily Official List;
“Selling Shareholders”	the Founders;
“Shareholders”	holders of Ordinary Shares;

“Takeover Code”	the UK City Code on Takeovers and Mergers;
“Takeover Panel”	the Panel on Takeovers and Mergers;
“TIDM”	Tradeable Instrument Display Mnemonic;
“UK Listing Authority” or “UKLA”	the United Kingdom Listing Authority of the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“uncertificated” or “in uncertificated form”	Ordinary Shares held in uncertificated form in CREST, title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“VAT”	Value Added Tax;
“Wellian”	Wellian Investment Solutions Limited, a company incorporated in England and Wales with company number 4280232 to be acquired by the Company immediately prior to Admission in consideration of the issue and allotment of the Consideration Shares;
“WHL”	Wellian Holdings Limited, a company incorporated in England and Wales with company number 7839033 being the parent company of Wellian as at the date of this Admission Document and being itself owned and controlled by HCM;
“WIFA”	Waterside Independent Financial Advisers Ltd, a company incorporated in England and Wales with company number 4184825; and
“4M”	4 Most Limited, a company incorporated in England and Wales with company number 4805244.

Note: Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

GLOSSARY OF TECHNICAL TERMS

“AUA”	assets under advice, being client assets in respect of which one or more of the Enlarged Group’s FCA-regulated entities has been appointed as an adviser;
“AUI”	assets under influence, being client assets under the influence or potential influence of one or more of the Enlarged Group’s FCA-regulated entities (including, but not limited to, AUA and AUM);
“AUM”	assets under management, being client assets either under management by one or more of the Enlarged Group’s FCA-regulated entities or, in the case of IMS, following one of its five model driven portfolios;
“FAMR”	the Financial Advice Market Review, announced by the FCA on 3 August 2015;
“ISA”	individual savings accounts;
“mass affluent”	individuals with between £200,000 and £500,000 of liquid financial assets or net assets (excluding their main residence);
“RDR”	the Retail Distribution Review, implemented by the UK Financial Services Authority (being the predecessor regulatory body to the FCA) on 1 January 2013;
“regulated financial adviser”	an ‘approved person’ within the meaning of the FCA Rules; and
“SIPP”	self-invested pension plan.

KEY INFORMATION

The following is a summary of certain information appearing elsewhere in this Admission Document and should be read as an introduction to this Admission Document only. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed financial and other information appearing elsewhere in this Admission Document. Any decision to invest in Ordinary Shares should be based on a consideration of this Admission Document as a whole. Prospective investors should consider the factors and risks attaching to an investment in the Ordinary Shares and in particular the risk factors set out in Part II of this Admission Document.

- Harwood Wealth is the parent company of a leading UK-based financial planning and discretionary wealth management group focused on the provision of investment advice, management and administration to its clients through a vertically-integrated model.
- The Enlarged Group will focus on the provision of financial advice to the mass affluent market (namely individuals with £200,000 to £500,000 of liquid financial assets or net assets, excluding main residence) through its core revenue generating services of advice and arrangement together with investment management.
- The Enlarged Group will have more than 80 FCA-regulated financial advisers and seven investment professionals, supported by an experienced administration and back-office team and AUI in excess of £1.25 billion.
- The Enlarged Group has an experienced management team to be led by its Joint Chief Executives, Alan Durrant and Neil Dunkley, who together have over 40 years of financial planning and investment management experience.
- Over the past 25 years, a number of key events and developments in legislation, corporate strategy and the financial services industry have increased the complexity of personal wealth management. The Directors anticipate that this trend will continue.
- The Directors believe that further legislative changes, including the proposed extension of pension freedoms to people with annuities, will create a secondary market and present additional opportunities for advice.
- At the same time, the Directors believe that post-RDR the wealth management industry is undergoing significant structural changes and that many financial advisory firms have strong client books but unworkable, fragmented models, rising regulatory costs and a need to outsource certain functions or to be acquired.
- The Group has grown primarily through the successful integration of acquired businesses and the Directors intend to continue with this strategy following Admission. The Group completed 37 acquisitions to the end of October 2015 mainly as business and asset purchases, and a further 13 (including those that have exchanged but not yet completed) during the period 1 November 2015 to the date of this Admission Document. It has also entered into non-binding heads of terms to acquire a further two businesses following Admission.
- The Group has a track record of profitable growth combined with strong cash generation and benefits from a diversified revenue stream, with both high revenue visibility and recurring revenues in excess of 75 per cent.. For the year ended 31 October 2015 the Group generated revenues of £7.9 million, EBITDA of £1.9 million and net cash of £3.9 million. This does not include the results of Wellian or MVFP.
- The Company is raising approximately £10.0 million (before expenses) through the Placing, the net proceeds of which will be used principally to provide funds for further acquisitions, together with modest associated infrastructure costs.

PART I

INFORMATION ON THE ENLARGED GROUP

1. Introduction

Harwood Wealth is the parent company of a leading UK-based financial planning and discretionary wealth management group focused on the provision of investment advice, management and administration to its clients.

The Harwood Wealth business was founded in 2001 under the name Compass Wealth Management by Neil Dunkley and Mark Howard. Since formation, Compass has grown primarily through acquisition and has undertaken over 40 business and share purchases. The Company acquired MVFP on 1 February 2016 and, immediately prior to Admission, will acquire Wellian, an award winning investment management business, led by Alan Durrant. The Enlarged Group will operate a vertically-integrated model, comprising advice, investment management and an administration platform.

Headquartered in Waterlooville, Hampshire, the Enlarged Group will have more than 80 FCA-regulated financial advisers and seven investment professionals, supported by an experienced administration and back-office team, AUI in excess of £1.25 billion (including AUM) and a track record of profitable growth.

Through its FCA-regulated entities, the Enlarged Group offers a broad range of wealth management and financial planning services to its clients including, but not limited to, investment management, pension and retirement planning, inheritance planning, life cover and family protection.

The Directors consider that the UK wealth management industry is currently very fragmented and, as such, believe that a large proportion of the Enlarged Group's anticipated future growth will continue to arise through acquisitions and market consolidation. Indeed, it has recently been reported that up to one third of regulated financial advisers would consider selling their businesses¹, whilst separate data revealed that over the previous five quarters, there had been around 45 regulated financial adviser consolidations in each quarter.² Further data published at the same time revealed that the UK market had 183 regulated financial adviser businesses worth £5 million or more and that below this were 5,600 businesses worth less than £5 million.³

The Group has a track record of profitable growth combined with strong cash generation. The table below shows key financial information for each of the Company, Wellian and MVFP:

	<i>Company</i> <i>12 months to</i> <i>31 October</i> <i>2015</i>	<i>Wellian</i> <i>12 months to</i> <i>31 March</i> <i>2015</i>	<i>MVFP</i> <i>11 months to</i> <i>31 October</i> <i>2015</i>
<i>£'000</i>			
Revenue	7,932	1,405	662
EBITDA	1,871	152	417
Total assets	8,907	1,163	428
Total liabilities	2,943	346	142
Net assets	5,964	817	286
Net cash	3,891	–	334

This information refers to past performance. Past performance is not a reliable indication of future results.

The Enlarged Group has an experienced management team to be led by its Joint Chief Executives, Alan Durrant and Neil Dunkley, who together have over 40 years of financial planning and investment management experience.

¹ In an article published by FT Adviser.com on 20 November 2015 ("One third of regulated financial advisers consider selling over age and risk") it was reported that financial services consultancy Harrison Spence considered that one third of the 24,000 regulated financial advisers on its database would consider selling.

² Data published by IMAS Corporate Finance in May 2015: "IMAS in the news: Consolidation of smaller regulated financial advisers set to continue" (FT Adviser, 12 June 2015).

³ Data published by IMAS Corporate Finance: "IMAS in the news: Consolidation of smaller regulated financial advisers set to continue" (FT Adviser, 12 June 2015).

The Company is raising approximately £10.0 million (before expenses) through the Placing, the net proceeds of which will be used to provide funds for further acquisitions, together with modest associated infrastructure costs.

2. Key strengths

The Directors believe that the Enlarged Group's key strengths include that it:

- has strong cash generation;
- benefits from a diversified revenue stream with both high revenue visibility and recurring revenues in excess of 75 per cent.;
- has a strong track record of growth achieved primarily through the successful integration of acquisition targets;
- will be a vertically integrated business which, the Directors believe, is likely to result in both a greater share of available fees being captured and more consistent and improved service levels, resulting in enhanced client retention;
- will benefit from a scalable infrastructure and improved efficiencies from which to support further AUI and AUM growth without the need to incur significant additional capital or operating expenditure;
- has an award-winning investment management team with a strong track record of investment performance;
- has robust regulatory systems and controls;
- operates in a fragmented industry which is undergoing significant structural change resulting in substantial acquisitive and organic growth opportunities; and
- has an experienced Board and senior management team with experience of managing risk and growing business in larger organisations.

3. History

The Company was established in 2001 and the Enlarged Group will be formed, immediately prior to Admission, through the acquisition of Wellian. The Enlarged Group will operate a centralised, scalable infrastructure from its Waterlooville (Hampshire) headquarters supporting multiple local offices throughout the South of England.

The Company was originally founded in 2001 as a financial services business focused on the provision of financial advice to mass affluent individual clients. Since 2004, the Company has pursued an acquisitive growth strategy and has successfully identified numerous opportunities to acquire established client books with clear revenue streams at attractive prices, a strategy which has accelerated following the implementation of the RDR in January 2013. In 2010 the Company established its own centralised investment research function, IMS, which has devised five model portfolios for the Group's relevant FCA-regulated entities to offer to end clients as an alternative to third party bespoke portfolios. Since inception, client assets following the IMS models grew to just under £300 million at the end of 2015. The Directors believe this strategy has enabled the Group to mitigate risk by achieving greater consistency through the use of model portfolios, realign clients' portfolios with their individual attitude to risk outcome, enhance margins, reduce costs and provide more consistent client outcomes.

HCM, the investment management group owned by Christopher Mills (a Non-Executive Director), invested in the Group by acquiring shares in the Company in March 2014. HCM also acquired Wellian (via WHL) in May 2015 and, from that date, took over the day-to-day running and operations of the business and around £180 million of AUM. Since January 2016, Wellian has also managed the Discovery range of funds and Wellian's total AUM is currently approximately £220 million. Wellian has won or been shortlisted for a number of awards since being formed, including the Citywire Wealth Manager Regional Stars Awards 2014 (South and East region) and the Portfolio Adviser Wealth Manager Awards 2015 ("Best Cautious Portfolio for a Boutique Firm", "Best Balanced Portfolio for a Boutique Firm" and "Best Aggressive Portfolio for a Boutique Firm"). Wellian also received a five star rating from DEFAQTO for both its discretionary fund management and model portfolio service on platform in March 2015.

The Company has agreed to acquire Wellian from WHL immediately prior to Admission in consideration of the issue by it of the Consideration Shares and the assumption by the Company of the obligations of HCM and Harwood Capital respectively to make certain deferred cash payments to the previous owners of WHL and to the previous managers of the Discovery funds, currently estimated by the Directors to amount together to approximately £1.41 million in aggregate. Following completion of the Acquisition, the Consideration Shares to be issued by the Company to WHL will be purchased by Alan Durrant (Joint Chief Executive) and Richard Philbin for an aggregate cash consideration of £2,627,027, to be funded by way of a personal loan to each of Mr Durrant and Mr Philbin made by HCM, a company wholly-owned and controlled by Christopher Mills (a Non-Executive Director). Further details of this proposed acquisition and the arrangements agreed in respect of the Consideration Shares can be found in paragraph 12.7 of Part VII of this Admission Document.

The Enlarged Group will have more than 80 FCA-regulated financial advisers and seven investment professionals, supported by an experienced administration and back-office team, and AUI in excess of £1.25 billion.

Harwood Capital has granted each member of the Enlarged Group a non-exclusive, royalty free licence to use the registered UK trade mark “Harwood” in the UK and the name “Harwood” worldwide. Further details of this licence agreement appear at paragraph 12.5 of Part VII of this Admission Document.

Timeline and key milestones

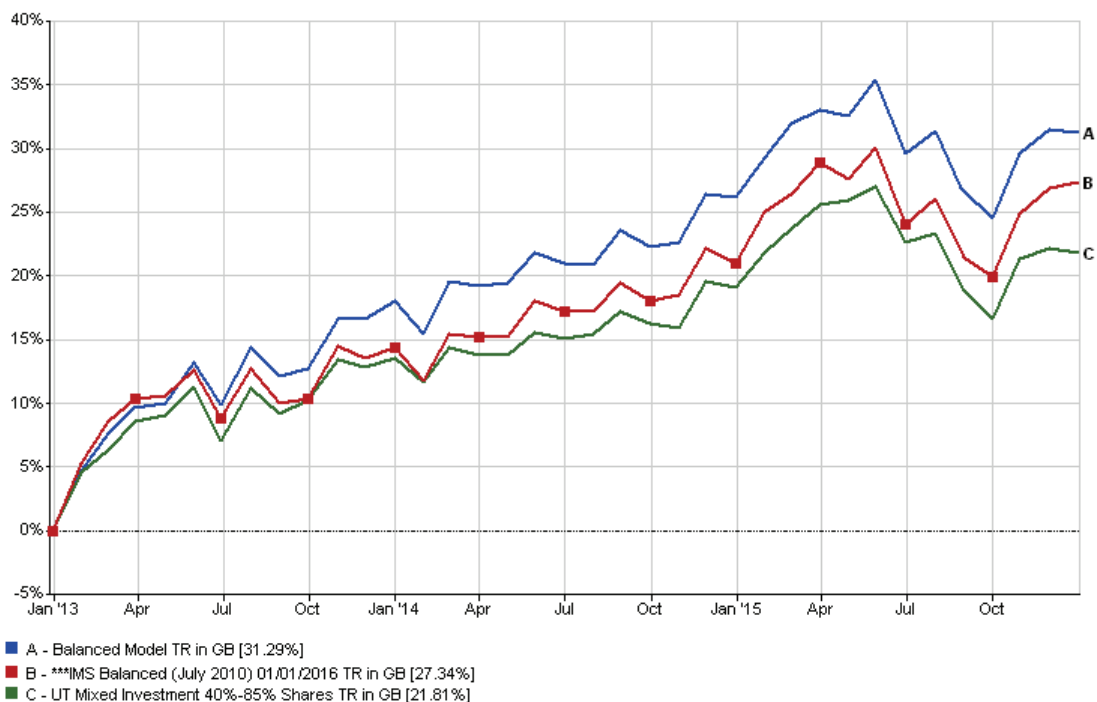
- 2001 Compass formed
Wellian formed (as “Fund Intelligence”)
- 2004 Compass completes its first acquisition
- 2005 Compass obtains direct FSA authorisation
- 2008 Wellian gains discretionary fund management permissions
- 2010 IMS formed
- 2013 RDR comes into effect
Wellian secures management of Hasley range of funds from 8AM Global LLP
- 2014 HCM invests in the Company
Management of the Discovery funds obtained by Harwood Capital
- 2015 HCM acquires Wellian and its related companies to create a full service multi-manager
- 2016 Wellian takes over management of the Discovery funds from Harwood Capital
Company changes its name to Harwood Wealth Management Group plc and, immediately prior to Admission, will acquire Wellian

Historical performance of AUM

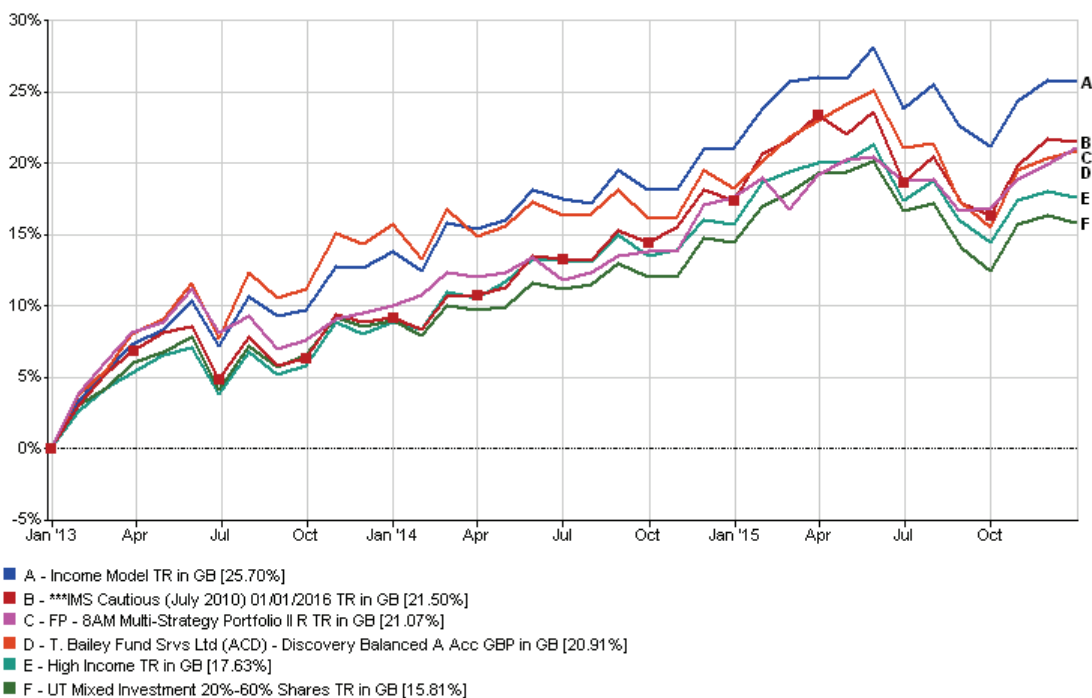
The following charts show the past performance of AUM managed by Wellian and following IMS’s models from the start of January 2013 to the end of December 2015 across the Enlarged Group’s three risk groups (balanced, cautious and growth). The blue lines show three of the four Wellian portfolio options that are aligned with the standard multi-fund sector benchmarks shown in green and marked ‘UT’. Line ‘E’ in the Cautious performance table is the fourth Wellian portfolio. The IMS, 8AM and Discovery fund lines are all marked in the various table keys.

This information refers to past performance. Past performance is not a reliable indication of future results.

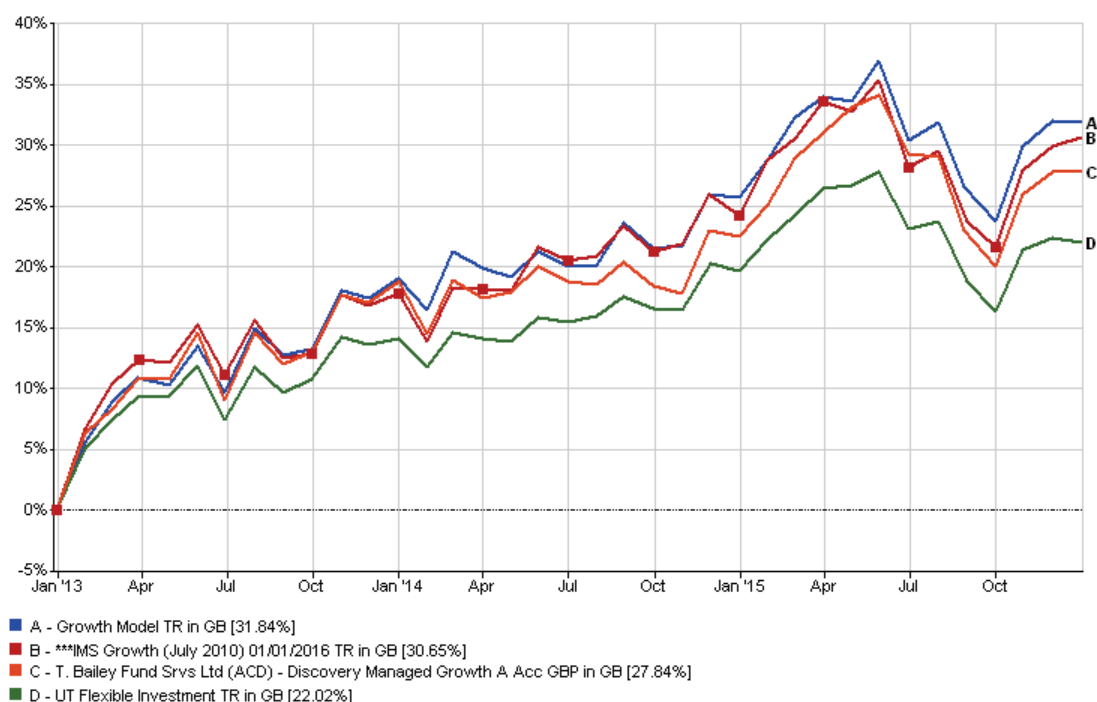
Balanced



Cautious



Growth



4. Business and revenue model

The Enlarged Group will continue to focus on the provision of financial advice to the mass affluent market and its core revenue generating services can be summarised as follows:

- *advice and arrangement.* The Enlarged Group will focus on the provision of pensions, savings, investment and life insurance related advice. The Enlarged Group aims to provide a total wealth management service to enable its clients to plan and save for their financial future through the purchase of suitable tax-planning products including ISAs, SIPPs and insurance/investment bonds. The Enlarged Group will not have significant involvement in mortgages (save for small mortgages), general insurance, structured products or alternative investments. The Enlarged Group will provide its services predominantly through its retained network of self-employed FCA-regulated financial advisers spread across the south of England; and
- *management.* The Directors consider that a key differentiator between the Enlarged Group and many other financial advisers will be its ability to implement the advice and recommendations it gives to its clients internally. This will be achieved through the Enlarged Group's investment management businesses and the multi-manager unit trust Discovery range of funds also managed by it, providing the opportunity for additional margin capture. In addition to managing and administering its AUM, the Enlarged Group will continue to offer a wide range of portfolio management services to external advisers. This will be supported by articles in trade press publications and a dedicated sales and marketing team.

Revenue model

The Enlarged Group derives its revenues from fees charged for the provision of financial planning services to clients and fees derived from the related management of client funds. The majority of these fees are paid monthly or quarterly and predominantly on a recurring basis following the implementation of the RDR, which altered the manner in which financial and other advisers were paid to provide a more transparent and pre-agreed fee structure for clients.

Each of the Group's FCA-regulated entities provides all prospective clients with a schedule of its advisory fees. Initial charges relate to an appraisal of the client's personal and financial situation, and the preparation and implementation of the recommendations made to it. Initial charges amounting to between zero and three per cent. of the value of the invested assets are made on a fixed fee or hourly rate basis at the client's election.

On an ongoing basis each client has three advisory options, with the incremental annual fees payable by it based on the level of service required, namely:

- *'Essential'*: online access to tools and documentation, telephone support (0.5 per cent.);
- *'Choice'*: as with Essential but with the added benefit of access to a FCA-regulated financial adviser and a formal annual review (0.75 per cent.). The majority of the Enlarged Group's clients elect for this option; and
- *'Aspire'*: as with Choice but with additional ongoing information on portfolio performance and the offer of additional "face-to-face" review meetings (1 per cent.).

Additional fees for the Enlarged Group's investment management services are typically charged to individual clients at a rate of 0.35 to 0.40 per cent.

To date, Wellian has generated all of its revenues from fees generated through portfolio management services provided to external advisers that are not part of the Enlarged Group. The Directors envisage that this will continue following Admission but that additional fees will also be generated from the Group's own clients.

Fees generated from AUM are the most remunerative aspect of the Enlarged Group's business, followed by those generated from AUA. The occasional fees generated by other AUI typically represent the smallest part of the Enlarged Group's revenue.

Corporate clients are charged by the Enlarged Group in a different manner with all fees being based on the number of people employed by them. Ongoing fees are then based on an annual fixed sum per employee.

From time to time, the Enlarged Group may enter into introducer agreements with referrers or other ancillary service providers and make payments to third parties in respect of such arrangements.

Client profile and acquisition

The Group's core target market is mass affluent clients, namely those with £200,000 to £500,000 of liquid financial assets or net assets (excluding their main residence), since clients of this size tend to enable the Group to generate fees sufficient to provide it with strong recurring profit margins. Whilst the Group also has many high net worth clients, broadly those with over £500,000 of investable assets, it does not actively target this market since it is intensely competitive and because such clients often require more complex products that may increase the Enlarged Group's risk profile. The Directors estimate that the majority of the Enlarged Group's individual clients have on average between £150,000 and £250,000 of liquid financial assets or net assets (excluding their main residence).

Historically the majority of the Group's growth in client assets has arisen through acquisition and the Directors envisage that this will remain the case in the future. In addition, a certain amount of organic growth is achieved through word of mouth client referrals, seminars, other marketing events and the Enlarged Group's growing reputation amongst the local professional adviser community, also helping to attract additional regulated financial advisers and clients to the Enlarged Group.

The Directors also consider that the Enlarged Group's ability to further monetise the client lists it acquires through acquisition will be key to its future success. If a client trusts the advice provided by an adviser then the Directors believe that the client will be more likely to utilise not only the advisory services offered by the Enlarged Group but also its investment management and administration services.

Initial contact with potential new clients is made by the Group's telephone sales team which is responsible for setting up meetings with FCA-regulated financial advisers. Those financial advisers then meet with each new client and are responsible for gathering information on the financial requirements, needs and risk attitude of the client and subsequently implementing the advice and recommendations given. Following this initial meeting the regulated financial adviser uploads the information obtained by it to the Group's customer relationship management system, which process aims to ensure a client can continue to be supported if the individual regulated financial adviser were absent or to leave the business. All clients are clients of the Group rather than of an individual regulated financial adviser and the Group ensures that appropriate restrictive covenants are contained in its business purchase agreements as well as in many of its agreements with individual regulated financial advisers.

A dedicated sales and marketing function promotes Wellian's investment management proposition to external advisers.

Regulated financial advisers

The majority of the Group's 80 or so FCA-regulated financial advisers are self-employed. All advisers are remunerated based on a share of the annual fee income that they generate. Employed advisers receive a basic salary and a percentage of the revenue generated from the clients they advise (excluding investment management fees). Self-employed advisers receive a higher percentage of the revenue generated from the clients they advise (excluding investment management fees) but do not receive a base salary from the Group or any administrative support, outside of compliance and regulatory monitoring.

Centralised infrastructure and compliance

The Enlarged Group is supported by a team of more than 50 investment management, operations, compliance and IT infrastructure staff. In addition to in-house resources, the business also draws on external support from compliance specialists, including threesixty services LLP and Bankhall Investment Associates Limited. The FCA-regulated entities forming part of the Enlarged Group (being CWMC, AFP and Wellian) each has an appropriately qualified compliance function which is actively involved in the day to day operations of the business and reports to the Board on compliance matters. Higher risk business or the use of unusual financial products must be approved by the individual regulated entities before recommendations to clients are made. In addition, each regulated entity's compliance function performs a check on certain advice that has been provided to clients. The compliance function for CWMC and AFP is overseen by the same team whereas Wellian's compliance function is carried out by a separate team. The Directors' current intention is to keep these two compliance functions separate in order to reflect the differing nature of the operations of CWMC and AFP compared with those of Wellian. The Group has recently recruited an additional employee to provide further compliance oversight. This new employee will have particular responsibility for ensuring ongoing training requirements are met.

Each FCA-regulated financial adviser is responsible for ensuring that a completed 'factfind' and related know-your-customer (KYC) information is obtained from clients prior to commencement of a mandate. This information is uploaded to the compliance system operated by the relevant FCA-regulated entity and its compliance function is duly notified. The compliance function then conducts a risk based assessment and in addition, carries out random sampling of newly opened files. All regulated individuals engaged in the business are required to undergo regular and comprehensive training tailored to their specific function and exposure to risk.

The Enlarged Group also commissions internal and external compliance reviews of its FCA-regulated entities from time to time.

Disputes and complaints

The Group experiences a low number of complaints and seeks to resolve these in a proactive and timely manner. Details of a more material complaint appear at paragraph 21.2 of Part VII of this Admission Document.

5. Growth and acquisition strategy

The Group has grown historically through a combination of organic and acquisitive growth and the Directors intend to continue with this strategy following Admission. As described above, the Directors believe that significant organic growth opportunities exist. At the same time, the Group adopts a formulated and structured approach to acquisitions and has undertaken over 40 business and share purchases since 2004 (including those that have exchanged but not yet completed). The Directors consider that a number of factors contribute to a favourable environment for acquisitions in the regulated financial advisory sector. Many small advisers and wealth managers lack the scale to continually invest in the information technology, compliance and operational support needed in order to remain in business. The Directors believe that this, coupled with the increase in the minimum capital reserve requirements for advisory firms, leaves the sector well positioned for further consolidation and rationalisation. The Group has traditionally focused, and intends to continue to focus, on the South of England.

Growth strategy

- The Directors envisage that the Enlarged Group will continue to pursue a similar acquisition strategy to that pursued by the Group historically, focusing on small to medium-sized financial advisory and wealth management businesses with between £10 million and £100 million of AUI.
- The Directors will consider larger acquisitions from time to time, should suitable opportunities arise.
- In its investment management business, the Directors believe that the Group and Wellian each benefit from a long-established market trend towards multi-manager products. Indeed, in the last 10 years, total UK multi-manager assets have grown from £10 billion to over £50 billion. In order to capitalise on this trend, Wellian has created two proprietary processes, SemaFOUR and PORTCULLIS, which assist with fund selection and asset allocation respectively. Both processes are intended to simplify the fund selection process for regulated financial advisers, as well as assisting them with a credible decision making audit trail.
- The Directors envisage revenue growth coming from the Group's existing FCA-regulated financial advisers as they seek to grow their own individual practices via word of mouth and from increased inbound enquiries as more individuals seek to obtain financial advice. The Directors also anticipate further organic revenue growth from existing clients as they continue to accumulate wealth. The Directors expect that organic growth will also be achieved from other regulated financial advisers approaching the Enlarged Group to request that it assists them in supporting their own clients.
- Historically the Group has achieved organic revenue growth through the re-activation of dormant clients on the client lists of those businesses that it has acquired and the Directors intend to continue with this strategy following Admission.
- The Enlarged Group currently utilises a number of investment administration platforms provided by third parties. Going forward, the Directors will review these arrangements and the Enlarged Group may consider establishing its own investment administration platform but will only do so where the Directors believe that such a platform would enable the Enlarged Group to capture additional revenues that might otherwise be paid to insurance or platform providers, allow for control over client assets and assist in delivering a high quality solution to clients at a competitive price.

Approach to acquisitions

In evaluating a typical acquisition, the Group pays close attention to the business mix and looks for investment assets that are held on investment platforms and investment products held without surrender penalties. The Directors consider that this analysis will be important following Admission as it will enable the Enlarged Group to identify suitable opportunities to advise clients to move to those investment management and administration solutions provided by it, thereby enhancing the Enlarged Group's revenues at little additional cost. The FCA's principles of "Treating Customers Fairly" lie at the heart of the Enlarged Group and the advice given to its clients.

Specific acquisition targets are identified through a wide range of sources. Professional brokers that specialise in the regulated financial adviser and wealth management sectors are a primary source of deals but a substantial number are also introduced through personal and professional networks and direct approaches. The Directors believe that any serious potential seller is also likely to be aware of potential buyers and such individuals frequently make contact with the Group as a business with an established reputation as a cash buyer.

Typically on most acquisitions carried out by the Group the vendors of the target firm and its regulated financial advisers do not join the Group after completion. Instead, the majority of acquisitions are structured so that the Group acquires the client list and the recurring income deriving from the target's pool of client portfolios such that those newly acquired clients then become clients of the Group's existing FCA-regulated financial advisers. Occasionally, however, the Group does add new regulated financial advisers through an acquisition and in such cases the newly acquired clients will continue their relationship with those regulated financial advisers.

The Group's standard acquisition model has historically proceeded primarily on an asset purchase basis although increasingly the Group is making acquisitions of shares. All acquisitions are subject to deferred payments. In a typical acquisition half of the consideration is paid in cash immediately on completion with the balance being paid on a deferred basis. These deferred payments are typically paid on or around the first and second anniversaries of completion and are based on recurring revenues so as to provide the Group with downside protection in the event that acquired revenues are not as anticipated. In future, the Directors may consider funding future acquisitions wholly or partly through the issue of new Ordinary Shares.

6. Industry/market overview

The total investable assets of the UK population are estimated to total approximately £3.5 trillion.⁴ This has grown steadily and is projected to reach around £4 trillion by 2018.⁵ At the same time, over the past 25 years a number of key events and developments in legislation, corporate strategy and the financial services industry have increased the complexity of personal wealth management and the Directors anticipate that this trend will continue.

In 2014, a wide ranging series of pension reforms were introduced aimed at providing those approaching retirement with greater choice. Historically, pensioners over the age of 75 were required to purchase annuities and their pension funds were therefore lost to the investment industry. However, following recent reforms, pensioners now have the option of remaining invested during retirement and in so doing, continue to generate investment, advice and administration fees for wealth management professionals. A further opportunity is likely to be created by the proposed extension of pension freedoms to people with annuities which the Directors anticipate will create a secondary market, freeing up further potential investable assets.

These reforms have taken place against the backdrop of the RDR which introduced major changes to the financial advisory sector, particularly in the manner in which regulated financial and other advisers are remunerated, the minimum levels of qualification required to be obtained by regulated financial advisers and the minimum level of regulatory capital they must now maintain. Following implementation of the RDR, the number of FCA-regulated financial advisers fell as many larger institutions, such as banks and insurance companies, exited the market. At the same time, many smaller, regulated financial adviser businesses have found the additional time and costs spent on compliance to be unattractive, uneconomical or both.

All of these developments support the Directors' belief that further consolidation is likely in the regulated financial adviser industry and in that regard it has recently been reported that up to one third of regulated financial advisers would consider selling their businesses,⁶ whilst separate data revealed that over the previous five quarters there had been around 45 regulated financial adviser consolidations in each quarter.⁷ Further data published at the same time revealed that the UK market had 183 regulated financial adviser businesses worth £5 million or more, and that below this were 5,600 businesses worth less than £5 million.

7. Regulatory environment

RDR

The RDR came into effect on 1 January 2013 and aimed to raise professional standards in the UK financial services industry, introducing greater clarity between the different types of service available, and making the charges associated with advice and services clearer.

Various reforms were made in the following areas, and apply when personal recommendations are made in respect of retail investment products:

- *clarity of advisory services*: advisers are now obliged to describe with more transparency the advice they provide as either "independent" or "restricted". Independent advice must incorporate a very wide range of products to be recommended to clients. Restricted advice will relate to only a limited range of product providers and must be described as such;

4 Ernst & Young, IFG Capital Markets Day presentation – September 2015

5 Ernst & Young, IFG Capital Markets Day presentation – September 2015

6 See Footnote 1 on p. 14.

7 See Footnote 2 on p. 14.

- *ending commission-based sales*: advisers are no longer permitted to receive commissions on products, thus removing the temptation to recommend products with higher yields. Charges for advice must now be agreed in advance with each client;
- *professionalism*: advisers must now obtain further qualifications, with retail investment advisers being required to have a “Statement of Professional Standing” confirming they continue to meet certain requirements, as well as an annual requirement to fulfil 35 hours of continuing professional development; and
- *increasing capital base*: from 31 December 2015, the capital base that small financial advisers must maintain will increase progressively until 31 December 2017 when the minimum requirement will double to £20,000.

Post-RDR the Directors believe that many IFAs have strong client books but unworkable, fragmented models, rising regulatory costs and a need to outsource certain functions or to be acquired.

FAMR

On 3 August 2015, HMRC and the FCA launched the FAMR with a view to assessing and improving the availability of financial advice to UK consumers and which specifically aimed to address the following issues:

- the extent and causes of the advice gap for those people who do not have significant wealth or income;
- the regulatory or other barriers that financial advisory firms may face in giving advice and how to overcome them;
- how to give advisory firms the necessary regulatory clarity and create the right environment for them to innovate and grow;
- the opportunities and challenges presented by new and emerging technologies to provide cost-effective, efficient and user-friendly advice services; and
- how to encourage a healthy demand side for financial advice, including by addressing barriers which put consumers off seeking advice.

The findings of the FAMR and related proposals were published on 14 March 2016. The report details a series of measures aimed at stimulating the development of a market that provides affordable and accessible financial advice and guidance for everyone at all stages of their lives. The report made 26 recommendations in the areas of affordability, accessibility and liabilities and consumer redress. The FCA is to work with HM Treasury over the next 12 months in order to develop an appropriate baseline and indicators to monitor the development of the advice market.

Asset Management Review

On 18 November 2015 the FCA launched a market study into competition in the asset management industry. Specifically, the FCA is currently considering:

- how asset managers compete to deliver value;
- whether asset managers are motivated and able to control costs along the value chain; and
- what effect investment consultants have on competition for institutional asset management.

The FCA aims to publish interim findings in summer 2016 and a final report by early 2017.

8. Competition

The Enlarged Group operates in a fragmented and diverse market place. As such, the Enlarged Group competes with numerous other FCA-regulated financial advisers and multi-managers for new clients. Many regulated financial advisers are small businesses with relatively few advisers but they also tend to operate locally to where the regulated financial advisers are based. In addition, these smaller businesses lack the size, scale and service offering of the Enlarged Group as well as its ability to provide compliance and business support to its regulated financial advisers.

The Directors consider that the principal competitors also pursuing a similar strategy to the Enlarged Group of acquisitive growth are AFH Financial Group plc, Attivo Group, Bellpenny (operated by Capital Professional Limited), Fairstone and Succession.

Further competition to the Enlarged Group is also likely to come from larger organisations such as Standard Life, Towry, Russell Investments, Close Brothers and Old Mutual, all of whom are expected to re-enter the advice sector in 2016.⁸

The Directors anticipate that the Enlarged Group will face increased competition from other groups also pursuing an acquisitive growth strategy but consider that the Enlarged Group's experience of successfully integrating numerous acquisitions, together with the strength of its service offering, will provide an important differentiator.

9. Board of Directors and senior management

Peter Mann, aged 57, *Non-executive Chairman*

Peter is the former managing director UK and then vice chairman of Old Mutual Wealth and prior to that was CEO of Skandia UK, the UK's largest retail platform, overseeing rapid growth over a five year period. Prior to joining Skandia in 2008 as Chief Development Officer, Peter was CEO of Bankhall, a leading supplier of support services to financial advisers. In this role Peter was an active member of the AIFA panel, lobbying the FSA, Ombudsman, product providers and other market participants, as well as regularly being a spokesperson on industry panel debates. Prior to this Peter was an independent financial adviser in Glasgow and held senior roles in sales and distribution at Scottish Amicable and Prudential respectively.

Neil Dunkley, aged 42, *Joint Chief Executive Officer*

Neil was one of the co-founders of Compass Wealth Management Group (now Harwood Wealth) and has been instrumental in leading and growing the Group since its inception. He continues to be responsible for overall business direction, setting strategies and, together with joint CEO Alan Durrant, will lead the senior management team. His entire career has been devoted to the financial advisory industry where he has accumulated 18 years' experience. Neil qualified as a financial adviser in 1998 and went on to become one of the most successful advisers in Prudential's high net worth division. He left Prudential in 2001 in order to co-found the Company.

Alan Durrant, aged 44, *Joint Chief Executive Officer*

Alan joined Wellian following its acquisition by HCM in May 2015. He was formerly the Group Chief Investment Officer at The National Bank of Abu Dhabi (NBAD), Head of Asset Management at Gulf Finance House and Chief Investment Officer at Skandia Investment Management where he won best Multi-Manager at the Money Marketing Awards for three consecutive years. Previously to that Alan was at Hargreaves Lansdown for 12 years, latterly as Investment Director.

Mark Howard, aged 44, *Executive Director*

Mark is a law graduate and postgraduate in Financial Decision Analysis. Mark qualified as a financial adviser in 1997 working for the high net worth division of Prudential. Mark was a co-founder of Compass Wealth Management Group (now Harwood Wealth). As well as having Board responsibility for the acquisition strategy of the Group, Mark also has oversight of legal and compliance matters.

Christopher Mills, aged 63, *Non-executive Director*

Christopher is Chief Executive and the sole shareholder of HCM and founder of JO Hambro. He is a fund manager of Oryx International Growth Fund Limited and North Atlantic Smaller Companies Investment Trust PLC and has been and continues to serve as a director of many public and private companies.

Paul Tuson, aged 49, *Non-executive Director*

Paul is a qualified chartered accountant, with over twenty years' post-qualification experience, who has served as CFO or Finance Director for numerous companies in the media and technology industries. Most recently, he served as CFO of Lombard Risk plc, one of four AIM-listed companies for which he has held this position. He previously served as Finance Director for Aspire Technology Ltd which was sold to Synnex

⁸ As reported in an article in FT Adviser, 24 December 2015 ("Big institutions set to re-enter advice sector: PFS").

Corporation, and has overseen two IPOs. His career began with seven years of public accounting experience at KPMG.

The Directors intend to commence a search for a Board level Chief Financial Officer in the weeks immediately following Admission.

Senior management

Nick Bravery, Group Financial Controller

Nick's professional life began at Unilever Plc in 1977 where he held various financial positions and qualified as an Associate of the Chartered Institute of Management Accountants in 1984. He subsequently joined the Automobile Association in 1988 to broaden his experience in general management roles that included leading a successful start-up business. In 2000 he became the AA's Director of Business Services, a position he held until 2003. He then moved into Financial Services with Simplyhealth, becoming the Director of Customer Service until 2009 and the Finance Director of P&I Ltd from 2010 to 2014, prior to joining the Company in 2014.

Richard Philbin, Chief Investment Officer

Richard is one of the UK's best known multi-manager investment managers and has previously been AA-rated by OBSR, Citywire and S&P. Before joining HCM and Wellian, Richard was the Chief Investment Officer at AXA Architas Multi-Manager where he helped grow assets under management to over £7 billion, and before that he was Head of Multi-Manager at F&C Investments, where he launched the LifeStyle range of funds and helped to grow assets under management to over £1 billion during his tenure.

10. Summary financial information

The table below sets out the Company's summary financial information for each of the three years ended 31 October 2015.

£'000	Year to 31 October 2013	Year to 31 October 2014	Year to 31 October 2015
Revenue	4,571	6,023	7,932
Gross profit	2,590	3,330	4,468
EBITDA	1,301	1,278	1,871
Cash from operations	1,081	1,139	1,759
Profit before income tax	1,040	909	1,150
Total comprehensive profit	794	670	865

This summary information refers to past performance. Past performance is not a reliable indication of future results.

Further financial information on the historical trading performance of the Enlarged Group is set out in Parts III to VI of this Admission Document.

11. Current trading and prospects

The Group generated revenues of £2.3 million (unaudited) for the three month period to 31 January 2016. This does not include the revenues generated by either Wellian which is to be acquired by the Company immediately prior to Admission or MVFP.

The Company has undertaken 13 acquisitions since 1 November 2015 (including those which have exchanged but not yet completed) and has entered into a further two non-binding heads of terms.

The Company is also in preliminary discussions with several other owners of financial advisory businesses some of which have been issued draft heads of terms.

This information refers to past performance. Past performance is not a reliable indication of future results.

12. The Placing

The Company is proposing to raise £10.0 million (before expenses) through a placing by N+1 Singer of 12,345,684 New Ordinary Shares at a price of 81 pence per share. In addition, 4,320,988 Sale Shares held by the Selling Shareholders will be sold at the Placing Price.

N+1 Singer has entered into the Placing Agreement with the Company, the Selling Shareholders and the Directors. Under the Placing Agreement, N+1 Singer has conditionally agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for the New Ordinary Shares and, as agent for the Selling Shareholders, purchasers for the Sale Shares, in each case at the Placing Price. The majority of the Placing Shares are being placed with institutional investors.

The Placing, which has not been underwritten or guaranteed, is conditional, *inter alia*, on Admission taking place on or before 8.00 a.m. on 29 March 2016 (or such later date as the Company and N+1 Singer may agree, but in any event being not later than 15 April 2016) and on the Placing Agreement becoming unconditional and not being terminated prior to Admission.

The New Ordinary Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after Admission. The Sale Shares are already credited as fully paid. The New Ordinary Shares will represent approximately 22.21 per cent. of the Enlarged Share Capital. On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £45 million.

Pursuant to the terms of the Placing Agreement, the Selling Shareholders have agreed to sell the Sale Shares at the Placing Price, having provided customary warranties to N+1 Singer in respect of, *inter alia*, their title and ability to sell the Sale Shares.

Application will be made to the London Stock Exchange for the admission of the Enlarged Share Capital to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 29 March 2016.

Further details of the Placing Agreement are set out in paragraph 12.1 of Part VII of this Admission Document.

13. Reasons for Admission and use of proceeds

Reasons for Admission

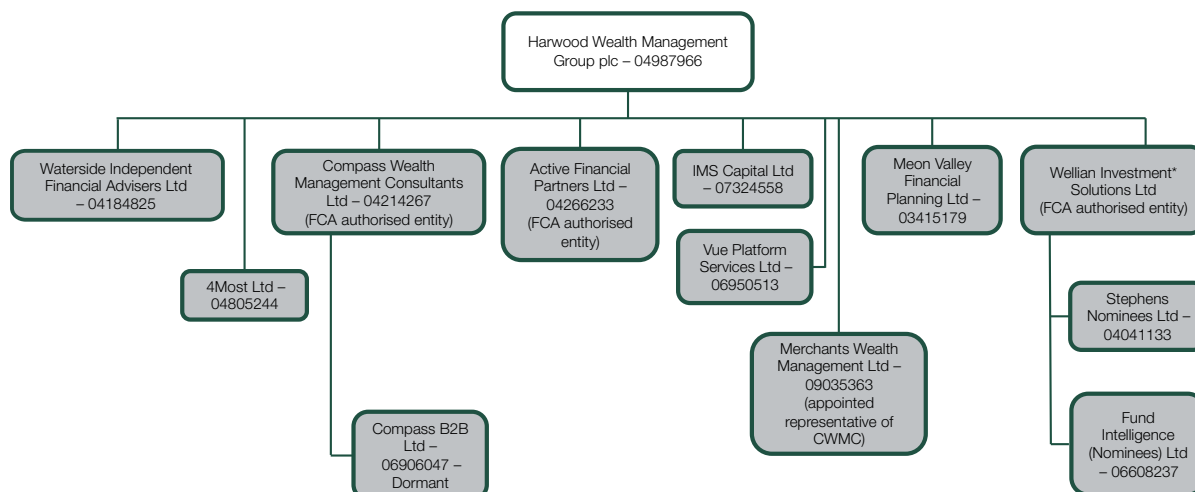
The Directors believe that the Enlarged Group has reached a stage in its development where it will benefit from the Company's admission to trading on AIM and that, as well as providing the Company with the net proceeds of the placing of New Ordinary Shares, this will:

- enhance the perceived credentials of the Enlarged Group with existing and potential customers/clients;
- allow the Enlarged Group to access equity capital cost effectively in order to provide the Company with the financial flexibility to pursue further growth opportunities;
- help the Enlarged Group to attract and retain high-quality and/or key staff; and
- provide the Company with the flexibility to use its shares as currency for acquisition opportunities.

Use of proceeds

The net proceeds of the Placing receivable by the Company are expected to be approximately £8.74 million. The Directors intend to use these funds principally to provide funds for further acquisitions together with modest associated infrastructure costs.

14. Enlarged Group structure



All subsidiaries are wholly-owned and controlled.

* Acquisition subject to Admission

Key subsidiaries

CWMC

CWMC has been authorised by the FCA since 3 May 2005. CWMC provides financial advice and planning services predominantly through self-employed advisers.

AFP

AFP has been authorised by the FCA since 31 October 2004. AFP provides private and corporate wealth management services through self-employed advisers.

IMS

IMS operates an investment research business and has devised five model portfolios for the Group's relevant FCA-regulated entities to offer to end clients as an alternative to third party bespoke portfolios.

Merchants Wealth Management Limited

Merchants Wealth Management Limited provides financial planning and wealth management services to individuals and businesses. It is an appointed representative of CWMC under the FCA Rules.

4M

4M provides financial planning, investment and retirement advice together with a mortgage planning service.

MVFP

MVFP has been recently acquired by the Group and provides pension investment services and financial advice for over 50s.

WIFA

WIFA has also been recently acquired by the Group and provides financial advisory services.

Wellian

Wellian operates a discretionary investment management business and obtained authorisation from the FCA in February 2008.

Further details of the Enlarged Group's organisational structure are set out in paragraph 4.1 of Part VII of this Admission Document.

Certain subsidiaries of the Enlarged Group are subject to the FCA's capital adequacy requirements.

15. Lock-ins and orderly market agreements

The Directors and certain other existing Shareholders, who on Admission will be the holders of 41,082,749 Ordinary Shares in aggregate, representing 74 per cent. of the Enlarged Share Capital have, pursuant to the Lock-In Agreement, undertaken to the Company and N+1 Singer not to dispose of any interests in their respective Ordinary Shares for a period of 12 months from Admission and for a further 12 months thereafter, to deal in their Ordinary Shares only through N+1 Singer with a view to maintaining an orderly market, except in certain limited circumstances.

Further details of these arrangements are set out in paragraph 12.2 of Part VII of this Admission Document.

16. Working capital

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

17. Admission, settlement and CREST

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 29 March 2016.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic rather than paper form, although a Shareholder can continue dealing based on share certificates and stock transfer forms. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

For more information concerning CREST, Shareholders should contact their own stockbroker or Euroclear.

The ISIN number of the Ordinary Shares is GB00BYYWB172. The TIDM is HW..

18. Dividend policy

The Directors recognise the importance of dividend income to Shareholders and, subject to the availability of distributable reserves, the retention of funds required to finance the future growth of the Enlarged Group and such other factors which the Directors may from time to time deem relevant, anticipate paying a regular dividend (if appropriate). The Directors' current intention is to recommend the commencement of dividend payments after the finalisation of the Company's final accounts for the current financial year, anticipated to be in the first quarter of 2017. The Directors' initial target is for the payment of a market yield, to be weighted as to one third following the announcement of the Company's half year results and the remaining two thirds following the finalisation of the Company's final accounts. There can be no assurance as to whether dividend distributions will occur as intended, the amount of dividend payments or the timing of any such payment.

The Directors will consider the following general principles when recommending dividends for approval by Shareholders or when declaring any interim dividends:

- (a) the Enlarged Group's level of cash, marketable financial assets and level of indebtedness;
- (b) its required and expected cashflows, interest expenses, profit, return on equity and retained earnings;
- (c) its expected results from operations and the anticipated future level of operations; and
- (d) its projected levels of capital expenditure and other investment plans including future acquisitions.

The objective of the Enlarged Group's dividend policy is to provide sustainable dividends to Shareholders consistent with the Company's earnings growth to attract long-term investors and enable Shareholders to enjoy returns on their investment in tandem with the Enlarged Group's growth. That said, the payment and amount of any dividends or distributions to Shareholders will be at the discretion of the Directors and will depend on the factors stated above. There is no assurance as to whether dividend distributions will occur as intended, the amount of dividend payments or the timing of any such payment.

All Ordinary Shares, including the Placing Shares, carry equal dividend rights.

As a holding company, the ability of the Company to pay dividends will principally depend upon dividends or interest paid to it by its operating subsidiaries.

19. Corporate governance and board practices

The Directors intend to take account of the requirements of the Corporate Governance Code to the extent they consider it appropriate and having regard to the Company's size, Board structure, stage of development and resources.

The Company holds regular Board meetings. The Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have established the Audit and AIM Rules Compliance Committee and the Remuneration Committee with formally delegated rules and responsibilities. Each of these committees will meet at least twice each year, but additional meetings will take place on an ad hoc basis as required. Given the Enlarged Group's current size, the Board has not considered it necessary to constitute a nomination committee and the Board, as a whole, will consider the appointment of directors and other senior employees of the Company.

On Admission the Audit and AIM Rules Compliance Committee will comprise Paul Tuson, Peter Mann and Christopher Mills and will be chaired by Paul Tuson. The Audit and AIM Rules Compliance Committee will, *inter alia*, determine and examine matters relating to the financial affairs of the Company, including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the annual audit. It will receive and review reports from management and the Company's auditors relating to the half yearly and annual accounts and the accounting and internal control systems in use throughout the Enlarged Group. It will also monitor and be responsible for ensuring ongoing compliance by the Company with the AIM Rules.

On Admission, the Remuneration Committee will comprise Paul Tuson, Peter Mann and Christopher Mills and will be chaired by Christopher Mills. The Remuneration Committee will, *inter alia*, review and make recommendations in respect of the Directors' remuneration and benefits packages, including share options (if any) and the terms of their appointment.

20. Share dealing code

The Company will adopt, with effect from Admission, a share dealing code for dealings in Ordinary Shares by directors and employees of the Enlarged Group which is appropriate for a company whose shares are admitted to trading on AIM and in substantially the same terms as the Model Code. The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings and the Company will take all reasonable steps to ensure compliance with that rule by the Company's "applicable employees", as defined in the AIM Rules.

21. Taxation

The attention of prospective investors is drawn to the information regarding taxation which is set out in paragraph 14 of Part VII of this Admission Document. These details are, however, only intended as a guide to the current taxation law position in the UK.

Prospective investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial or tax adviser immediately.

22. The Takeover Code

The Company is a public company incorporated in England and Wales, and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The Takeover Code applies to all companies who have their registered office in the UK, Channel Islands or Isle of Man and whose securities are traded on a regulated market in the UK or a stock exchange in the Channel Islands or Isle of Man or a multilateral trading facility (such as AIM). Accordingly, the Company is subject to the Takeover Code and therefore all Shareholders are entitled to the protections afforded by it. Further information on the key provisions of the Takeover Code is set out in paragraph 6.2 of Part VII of this Admission Document.

The Takeover Code governs, *inter alia*, transactions which may result in a change of control of a public company to which the Takeover Code applies. Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which (taken together with shares in which that person is already interested or in which persons acting with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in shares is acquired which increases the percentage of shares carrying voting rights in which he, together with persons acting in concert with him, are interested.

Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires any further shares carrying voting rights, they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, though Rule 9 of the Takeover Code would remain applicable to individual members of a concert party who would not be able to increase their percentage interests in the voting rights of such company through or between Rule 9 thresholds without complying with the requirements of Rule 9 or first obtaining a waiver from the Takeover Panel.

The Takeover Panel has confirmed that Neil Dunkley, Sian Dunkley, Mark Howard, Alan Durrant, Richard Philbin, Christopher Mills, Lynne Mills, Nicholas Mills, Charles Mills, Michael Jordan, Chandra Sethia, Bruno Callaghan and David Ingram and their connected persons, together with HCM and Oryx International Growth Fund (the “**Concert Party**”) are acting in concert for the purposes of the Takeover Code. On Admission, the Concert Party will, between its members, hold 43,723,491 Ordinary Shares representing 79 per cent. of the Enlarged Share Capital. As the Concert Party will, between its members, be interested in Ordinary Shares carrying more than 50 per cent. of the Company’s voting share capital, for so long as they remain in concert, any further increase in that interest in Ordinary Shares will not generally be subject to the provisions of Rule 9 of the Takeover Code.

The Company, certain members of the Concert Party and N+1 Singer have also entered into a relationship agreement, pursuant to which the members of the Concert Party have given certain undertakings to the Company and N+1 Singer in relation to their conduct with regard to the Company and with respect to their shareholdings in the Company. Further details of these arrangements are also set out in paragraph 12.4 of Part VII of this Admission Document.

23. Relationship Agreement

The Company, certain covenantors and N+1 Singer have entered into a relationship agreement, pursuant to which those covenantors have given undertakings to the Company and N+1 Singer in relation to their conduct with the Company and with respect to their shareholdings in the Company. Further details of these arrangements are set out in paragraph 12.4 of Part VII of this Admission Document.

24. Anti-bribery policy

With effect from Admission the Board will adopt an anti-bribery and corruption statement which is a high level statement by the Board committing the Enlarged Group to carrying out its business fairly, openly and honestly and to preventing bribery and corruption by persons associated with it. The Board will adopt an anti-bribery and corruption procedure in order to implement this commitment. It will be based on industry best practice principles, and all employees and consultants of the Enlarged Group will be required to comply with the procedure. To this end the employees and consultants of the Enlarged Group will continue to be trained on the impact of the relevant legislation (so far as it applies to the Enlarged Group) and procedures will be put in place to allow for the reporting and communication by employees, consultants and the Board of any matters which may or may not be relevant in ensuring that daily operations are maintained in light of such policy.

25. Additional information

You should read the whole of this Admission Document which provides information on the Enlarged Group and the Placing and not rely on summaries or individual parts only. Your attention is drawn, in particular, to the Risk Factors set out in Part II of this Admission Document and the additional information set out in Part VII of this Admission Document.

PART II

RISK FACTORS

The attention of prospective investors is drawn to the fact that ownership of shares in the Company will involve a variety of risks which, if they materialise, may have an adverse effect on the Enlarged Group's businesses, financial condition, results or future operations. In any such case, the market price of the Ordinary Shares could decline and an investor might lose all or part of his investment.

In addition to the information set out elsewhere in this Admission Document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the potential risks and uncertainties associated with an investment in the Company and they are not set out in any order of priority. In particular, the Company's performance might be affected by changes in market, policy and economic conditions and in legal, regulatory and tax requirements.

Additionally, there may be further risks of which the Directors are not presently aware or currently believe to be immaterial that may, in the future, adversely affect the Enlarged Group's businesses and the market price of the Ordinary Shares.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended or, if they are a person outside the UK, a person otherwise similarly qualified in their jurisdiction who specialises in advising on the acquisition of shares and other securities.

Forward looking statements

This Admission Document includes "forward-looking statements" which include all statements other than statements of historical facts including, without limitation, those regarding the Enlarged Group's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "plan", "project", "believes", "estimates", "aims", "intends", "can", "may", "expects", "forecasts", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from its future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Enlarged Group will operate in the future. Among the important factors that could cause the Company's actual results, performance or achievements to differ materially from those implied by any forward-looking statements include factors in this section entitled "Risk Factors" and elsewhere in this Admission Document. These forward-looking statements speak only as at the date of this Admission Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions in relation to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward looking statements in this Admission Document may not occur. Prospective investors should be aware that these statements are estimates, reflecting only the judgement of the Company's management and prospective investors should not rely on any forward-looking statements.

The Ordinary Shares should be regarded as a highly speculative investment and an investment in Ordinary Shares may not be suitable for all recipients of this Admission Document, which should only be made by those with the necessary expertise to fully evaluate such an investment. In addition to the usual risks associated with an investment in a business which is at an early stage of development, the Directors believe the following risks should be considered carefully by investors before acquiring Ordinary Shares. Accordingly, prospective investors are advised to consult an independent adviser authorised under FSMA or, if they are

a person outside the UK, a person otherwise similarly qualified in their jurisdiction who specialises in advising in investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of their personal circumstances and the financial resources available to them. If one or more of the risks described in this Admission Document actually occurs, the Enlarged Group may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect.

RISK FACTORS RELATING TO THE BUSINESS AND OPERATIONS OF THE ENLARGED GROUP

Growth through acquisition

The Enlarged Group's business strategy involves expansion through mergers or acquisitions of complementary businesses. The Enlarged Group's ability to identify suitable targets and successfully execute transactions for such a strategy may not be assured. In addition, the acquisition of regulated firms or businesses or portfolios may require the approval of the FCA. There is no guarantee that any such approvals will be provided or that the conditions on which the FCA will grant such approvals will be acceptable.

Expansion of the business of the Enlarged Group, organically and through acquisitions, may place additional demands on the Enlarged Group's management, administration and infrastructure, and may require additional capital expenditure. If the Enlarged Group is unable to manage any such expansion effectively, this may adversely impact its business. Further, under the requirements of IFRS, the Enlarged Group is required to review each completed acquisition annually to consider whether the balance sheet carrying value is fair. In the event the Directors consider that the carrying value of one or more acquisitions is different from the fair value then, whilst a non-cash transaction, this may have an impact on the Enlarged Group's income statement for the relevant year.

As consideration for such acquisitions, the Company may seek to issue Ordinary Shares. There can be no guarantee that sellers of target companies, businesses or assets will be prepared to accept shares traded on AIM as consideration and this may limit the Enlarged Group's ability to grow its activities and pursue its strategy. The difficulties involved in integrating any companies, businesses or assets acquired by the Enlarged Group may divert financial and management resources away from the Enlarged Group's core business.

Concentration of AUM

Over 80 per cent. of Wellian's total of approximately £180 million of AUM as at the date of acquisition by HCM is attributable to clients that have been introduced to Wellian by two of its former owners, Karen Vidler (who previously held a majority interest in WHL) and Eric Clapton. The third owner was Chris Mayo who remains an employee of Wellian.

The terms of the acquisition were such that Ms Vidler, Mr Clapton and Mr Mayo will each receive three annual deferred payments until May 2018 based, in part, on Wellian's AUM at each relevant date. In the event that all or a significant proportion of Wellian's AUM assets, whether or not linked to Ms Vidler and/or Mr Clapton, were to be withdrawn, this may result in both a significant reduction in Wellian's AUM and, in turn, its revenues.

Reliance on key personnel

Loss of key management or other key personnel (including regulated financial advisers), particularly to competitors, could have adverse consequences for the Enlarged Group. Whilst the Enlarged Group has entered into service agreements and/or letters of appointment with each of its Directors, certain senior employees and the individual regulated financial advisers it engages, the retention of their services cannot be guaranteed. Furthermore, as the Enlarged Group expands it will need to recruit and integrate additional personnel in a competitive market for qualified candidates. The Enlarged Group may not be successful in identifying and engaging sufficient suitably qualified people or integrating them into the Enlarged Group.

Regulatory risk

The Enlarged Group's businesses depend on being authorised by the FCA to conduct investment business pursuant to FSMA. Loss of any of its authorisations would have a material adverse effect on the Enlarged Group. The regulatory regime applicable to the Enlarged Group is under regular review and future changes made by a regulatory body could impose a greater burden upon the Enlarged Group in terms of additional compliance costs.

In addition, should the Enlarged Group make an acquisition of a financial advisory business that is being or is subsequently investigated by the FCA or FOS then the Enlarged Group, as the acquirer and ultimate new owner of the business, may be subject to regulatory investigation which may result in penalties or sanctions being imposed on the Enlarged Group, including fines and/or the loss of authorisation by the FCA. If the Enlarged Group, for whatever reason, lost its regulatory permissions, it would be unable to continue operating in its current form.

Other regulatory change

The Enlarged Group operates in a market which is itself subject to regulatory change. There may be a change in government regulation or policy in the financial services industry which could have a material adverse effect on the Enlarged Group's activities.

The Enlarged Group is engaged in activities which are regulated by the FCA and, as such, it may be required from time to time to review and update its regulatory permissions and the status of its authorised persons to ensure its existing and new activities, as they develop, are consistent with the Enlarged Group's regulatory permissions. Failure to do so could lead to public reprimand, the imposition of fines, the revocation of permissions or authorisations and/or other regulatory sanctions, any of which could lead to adverse publicity and reputational damage and could have a material adverse effect on the continued conduct of the Enlarged Group's business.

There may, in the future, be changes to, or new, laws and regulations, whether on a national or supranational basis, that govern the operations of the Enlarged Group. The Company cannot predict the full effect that any proposed or future law or regulation may have on the financial condition or results or operations of the Enlarged Group. It is possible that the Enlarged Group may be adversely affected by changes in applicable laws or regulations.

In particular, savings and pension regulations are continuing to be reviewed which may not produce an environment that is advantageous to the Enlarged Group. Markets and prospects may deteriorate and any changes in regulation may be retrospective. As a result of adverse changes to savings and pension regulations, the Enlarged Group might see lower levels of growth.

In addition, tax rules and policy are complex and subject to change. Any change which affects the attractiveness and/or relevance of the advice, services and/or products the Enlarged Group offers to its clients may lead to a reduction in demand for the Enlarged Group's services and, in turn, its revenues.

Reputation

The ability of the Enlarged Group to attract new business and to retain its existing clients depends in part upon the maintenance of its reputation in the market. The industry in which the Enlarged Group operates demands a high level of integrity. Client trust is paramount and the Enlarged Group is thus susceptible to adverse market perception. Any fraud, mismanagement or failure to satisfy the Enlarged Group's responsibilities to its clients, any negative publicity resulting from such activities or the association of such actions with the Enlarged Group, could have a material adverse effect on the financial condition, results or operations of the Company. Furthermore, after recent downturns in equity markets resulting in heightened media and consumer interest in the financial services industry, any negative publicity associated with the Enlarged Group could damage its reputation.

In addition, the investment and financial services industry in which the Enlarged Group operates is particularly targeted by offshore 'boiler room' operations which set up copycat websites and pass themselves off as respected financial services providers in order to fraudulently obtain client funds. The Enlarged Group is

susceptible to the risk of infringement of its website by such operations. Repeated attacks could result in adverse publicity and reputational damage to the Enlarged Group.

Investment performance

The performance of the investment markets in which the Enlarged Group's clients are invested will fluctuate and any volatility may adversely affect the value of the Enlarged Group's AUI. Any sustained reduction in the Enlarged Group's AUI may lead to a reduction in its revenues.

In addition the market in which the Enlarged Group competes to both retain and attract new clients is competitive and frequently measured by relative investment performance. Should the Enlarged Group's performance relative to its peers be weaker or be perceived as being weaker then this may lead to clients leaving the Enlarged Group, resulting in a consequential loss of AUI and reduction in its revenues.

Market conditions

Market conditions, particularly those affecting financial services companies, may affect the ultimate level of the Company's share price regardless of operating performance. The Enlarged Group may be affected by unforeseen events outside its control, including, *inter alia*, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of financial services companies may change which could impact on the value of investors' holdings and on the ability of the Enlarged Group to raise additional funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing.

Reliance on third party outsourcing arrangements

The Enlarged Group relies, through its outsourcing arrangements, on a number of third party providers of custodian, administration and other back office functions. In particular, the Enlarged Group relies on a proprietary wealth management software product licensed from True Potential LLP to provide an online investment platform through which clients are able to manage and view portfolio valuations. Any interruption in the Enlarged Group's ability to rely on the services of these third parties or a deterioration in their performance could impair the timing, reliability and quality of the Enlarged Group's services. Furthermore, if the contracts with any of these third party providers are terminated or otherwise not performed in accordance with their terms, the Enlarged Group may not find alternative outsource providers on a timely basis or on equivalent terms.

Employee, self-employed person and/or contractor misconduct

The Enlarged Group is exposed to the risk of misconduct by employees, self-employed persons and/or contractors. This could include binding the Enlarged Group to transactions that present unacceptable risks or that exceed authorised limits or concealing unsuccessful or unauthorised activities from the Enlarged Group. Employees, self-employed persons and/or contractors could misuse confidential information, resulting in regulatory sanctions that could seriously damage the Enlarged Group's reputation or finances. The measures the Enlarged Group takes to prevent and detect misconduct by any such person may not be effective in all cases. The Enlarged Group will maintain professional indemnity insurance, but there can be no guarantee that cover thereunder would be sufficient to cover any loss suffered by it.

In addition, whilst the Enlarged Group takes steps to protect itself against the risks of former employees and/or self-employed persons taking clients with them when they cease to be engaged by the Enlarged Group, there can be no guarantee that all such individuals will adhere to the restrictive covenants and other obligations to which they are subject. Whilst the Directors believe that the restrictive covenants and other obligations imposed by the Enlarged Group are enforceable, should such restrictions be found by a court to be unenforceable then this may lead to clients being solicited from the Enlarged Group by former employees and/or self-employed persons.

Changes to regulated financial adviser's self-employed status

Whilst the Directors believe the Enlarged Group complies with current HMRC rules relating to self-employed consultants, any changes to these rules or the interpretation of these rules in the future may lead to significant

employment tax liabilities for the Enlarged Group at that time. The Enlarged Group's use of self-employed regulated financial advisers is believed by the Directors to be in line with current market practice.

Business continuity risk

The Enlarged Group's business operations, information systems and processes are vulnerable to damage or interruption from fires, floods, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft and similar misconduct. The same is true of third party providers on which the Enlarged Group depends and which depend on the Enlarged Group. The Enlarged Group's core businesses have in place disaster recovery plans covering current business requirements, which have been tested and are considered adequate. Suppliers of administration and IT services and other back office functions have disaster recovery plans and business continuity plans. However, if these disaster recovery plans are found to be inadequate there could be an adverse impact on the Enlarged Group.

Competition

The Enlarged Group operates in a competitive market. Some of the Enlarged Group's competitors have greater financial and other resources than the Enlarged Group and, as a result, may be in a better position to compete for future business opportunities. Some of these competitors compete directly with the Enlarged Group for both clients and regulated financial advisers as well as for acquisitions. The Enlarged Group is also at risk of new competitors entering the regulated financial advisory marketplace and/or existing competitors developing new strategies.

Terms and availability of future financing arrangements

The Enlarged Group may require additional capital in the future for further expansion, ongoing activities and/or business development, whether from equity or debt sources, in order to develop its businesses and/or take advantage of future acquisition opportunities. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds, if raised, will be sufficient. If additional funds are raised by issuing equity securities, dilution of the voting rights and the percentage holdings of the then existing shareholders is likely to result.

Business strategy may change

The future success of the Company will depend on the Directors' ability to continue to implement its business strategy effectively. In particular, the pursuit of that strategy may be affected by changes in social and demographic factors or by changes in the competitive environment in the markets in which the Enlarged Group currently operates or expects to operate. If such changes were to materialise, the Directors may decide to change certain aspects of the Company's strategy. This might entail the development of alternative products and services, which may place additional strain on the Company's capital resources.

Insurance

There can be no certainty that the Enlarged Group's insurance cover is adequate to protect it against every eventuality. The Enlarged Group could be materially and adversely affected if an event occurred for which the Enlarged Group did not have adequate insurance cover. In addition, certain professional indemnity insurance policies require the provision of prescribed documentation in order to allow a claim to be made. If such documentation cannot be provided in a timely manner, or cannot be provided at all, then this may affect the ability of the Enlarged Group to recover sums under its insurance policies.

Technological risks

The Enlarged Group operates in an industry where competitive advantage is often dependent on technology. Technological developments may reduce the effectiveness of the Enlarged Group's existing systems. Staying abreast of technological changes may require further investment by the Enlarged Group in the future. The Enlarged Group's success depends in part upon its ability to maintain and enhance its existing systems and to develop and introduce new systems.

Client privacy, data protection and online security

The Enlarged 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 Enlarged Group's security systems, either by physical means or electronically, could steal personal data held by it. The attractiveness of the Enlarged Group's services depends in part on clients' trust that their identity and details of their transactions will not be disclosed by the Enlarged Group to third parties, other than in permitted circumstances. Security breaches could also expose the Enlarged Group to litigation and possible liability.

If the Enlarged 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 Enlarged Group's clients and potential clients would be deterred from using its services. While the Enlarged 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.

Credit risk and banking collapse

Credit risk refers to the possibility that a counterparty may default on its contractual obligations resulting in financial loss to the Enlarged Group. The Enlarged Group deals with a number of counterparties. The Enlarged Group is exposed to credit risk in respect of these counterparties such that if one or more of them encounters financial difficulties, this could materially and adversely affect the Enlarged Group's financial condition, results or operations.

The Enlarged Group places large sums on deposit with banks, whether as part of its own funds or as client funds. Should a financial crisis of the type that occurred in 2007 to 2008 occur again then this could result in restrictions and delay in the Enlarged Group accessing all or part of these sums, and in the worst scenario such sums might be permanently lost in their entirety, which in turn could affect the Enlarged Group's ability to carry on its business.

RISKS RELATING TO THE ORDINARY SHARES

Investment in AIM securities and liquidity of the Ordinary Shares

An investment in companies whose shares are traded on AIM is perceived to involve a higher degree of risk and to be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than the Official List. The future success of AIM and liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may become or may be relatively illiquid and, therefore, Ordinary Shares may be or may become difficult to sell.

The market price of the Ordinary Shares following Admission may be highly volatile and subject to wide fluctuations in response to a variety of factors, potentially leading to losses for Shareholders, some specific to the Enlarged Group and its operations and others to the AIM market in general including, but not limited to, variations in the operating results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, any additions or departures of key personnel, litigation, and press, newspaper and/or other media reports and general economic conditions or legislative changes in the Enlarged Group's sector.

Prospective investors should also be aware that the market price of the Ordinary Shares may go down as well as up and also that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose, all of their investment.

Dilution of shareholders' interest as a result of additional equity fundraising

As mentioned above, the Company may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the Enlarged Group's businesses, new developments relating to existing operations or further acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of existing Shareholders will be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights ranking ahead of the Ordinary Shares.

Control risks

As at the date of Admission the members of the Concert Party are expected to control the majority of the Ordinary Shares. This means that the members of the Concert Party will have the power to exercise significant influence over all matters requiring Shareholder approval, including the election and removal of the Directors, amendment to the Articles, approval of final dividends and share buybacks, compromises and schemes of arrangement under English law and mergers. This could have the effect of preventing the Company from entering into transactions that could be beneficial to it or its Shareholders.

The Relationship Agreement entered into and as described in paragraph 23 of Part I of this Admission Document regulates aspects of the continuing relationship between the Company and the members of the Concert Party, with a view to ensuring that the Enlarged Group is capable at all times of carrying on its business independently of the Concert Party and that future transactions between the Enlarged Group and the various members of the Concert Party are on arm's length terms and on a normal commercial basis. The Relationship Agreement is described in more detail in paragraph 12.4 of Part VII of this Admission Document.

Dividends

Although the Directors intend, where permitted, to pay dividends to Shareholders in the future, there can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends on the Ordinary Shares. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends, to the discretion of the Directors, and will depend upon, among other things, the Company's earnings, financial position, cash requirements and availability of profits, as well as any provisions required to be made in accordance with generally accepted accounting principles from time to time. Limitations on the ability of the Company's operating subsidiaries to pay dividends or make other distributions on equity to the Company may prevent the Company from obtaining sufficient funds to satisfy the Company's cash or financing requirements, if such requirements arise in the future.

RISKS RELATING TO LAWS AND REGULATIONS

Regulatory risks

Reference is made to the various regulatory risks described in the above section of this Part II.

Taxation

The attention of potential investors is drawn to paragraph 14 of Part VII of this Admission Document headed "Taxation". The UK tax rules, including stamp duty provisions and their interpretation, relating to an investment in the Company may change during the life of the Enlarged Group.

The levels of, and reliefs from, taxation may change. The UK tax reliefs referred to in this Admission Document are those currently available and their value depends upon the individual circumstances of investors. Any change in the Enlarged Group's tax status or the tax applicable to holdings of Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Enlarged Group, affect the Company's ability to provide returns to Shareholders and/or alter post-tax returns to Shareholders. Statements in this Admission Document concerning the taxation of the Enlarged Group and its investors are based upon current UK tax law and practice which is subject to change. The majority of the income generated by the Group falls within the VAT exemptions provided for within Group 5 of Schedule 9 to the VAT Act 1994. However, the Group also undertakes activities which do not qualify for exemption and which are liable to the standard rate of VAT. The rules surrounding this area are complex and should these change or should the Enlarged Group exceed its VAT registration threshold, as the Group may have done to a minor extent in 2013, then the Enlarged Group will be required to pay to HMRC the VAT not previously accounted for and related financial penalties.

Prospective investors should therefore consider carefully whether an investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

PART III
FINANCIAL INFORMATION

**SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION
OF HARWOOD WEALTH MANAGEMENT GROUP PLC FOR THE THREE YEARS ENDED
31 OCTOBER 2015**

The following is the full text of a report on Harwood Wealth Management Group plc from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of Harwood Wealth Management Group plc.



25 Farringdon Street
London
EC4A 4AB
United Kingdom

T +44 (0)20 3201 8000
F +44 (0)20 3201 8001

rsmuk.com

The Directors
Harwood Wealth Management Group plc
5 Lancer House
Hussar Court
Westside View
Waterlooville
Hampshire
PO7 7SE

15 March 2016

Dear Sirs,

**Harwood Wealth Management Group plc (the “Company”)
and its subsidiary undertakings (the “Group”)**

We report on the financial information of the Company for the three years ended 31 October 2015 set out in Section B of Part III of the admission document of the Company dated 15 March 2016 (the “Admission Document”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 of the financial information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume 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 paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union as described at Note 2 of the historical financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. 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 judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations 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 gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have 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 paragraph 1.2 of Annex I and paragraph 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London EC4A 4AB

SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

Harwood Wealth Management Group plc (formerly Compass Wealth Management Group plc)

Consolidated Statement of Comprehensive Income

	<i>Note</i>	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Continuing operations				
Revenue	6	7,932	6,023	4,571
Cost of sales		(3,464)	(2,693)	(1,981)
		<u>4,468</u>	<u>3,330</u>	<u>2,590</u>
Gross profit				
Operating expenses	7	(3,193)	(2,385)	(1,511)
		<u>1,275</u>	<u>945</u>	<u>1,079</u>
Profit from operations				
Finance income	10	24	14	3
Finance costs	10	(149)	(50)	(42)
		<u>1,150</u>	<u>909</u>	<u>1,040</u>
Profit before income tax				
Income tax charge	11	(285)	(239)	(246)
		<u>865</u>	<u>670</u>	<u>794</u>
Total comprehensive profit for the year attributable to equity owners of parent		<u><u>865</u></u>	<u><u>670</u></u>	<u><u>794</u></u>

Harwood Wealth Management Group plc (formerly Compass Wealth Management Group plc)

Consolidated Statement of Financial Position

		<i>As at</i> <i>31 October</i> <i>2015</i> <i>£'000</i>	<i>As at</i> <i>31 October</i> <i>2014</i> <i>£'000</i>	<i>As at</i> <i>31 October</i> <i>2013</i> <i>£'000</i>
Assets				
Property, plant and equipment	13	17	22	22
Intangible assets	14	4,712	2,507	1,367
Other receivables	16	–	–	73
Total non-current assets		<u>4,729</u>	<u>2,529</u>	<u>1,462</u>
Other receivables	17	275	211	162
Cash and cash equivalents	18	3,903	4,987	1,236
Total current assets		<u>4,178</u>	<u>5,198</u>	<u>1,398</u>
Total assets		<u>8,907</u>	<u>7,727</u>	<u>2,860</u>
Liabilities				
Trade and other payables	19	1,608	774	464
Accruals	19	183	33	45
Current tax	19	130	151	225
Borrowings	20	12	126	145
Total current liabilities		<u>1,933</u>	<u>1,084</u>	<u>879</u>
Net current assets		2,245	4,114	519
Non-trade payables	19	479	461	151
Deferred tax liability	19	531	138	41
Borrowings	20	–	147	273
Total non-current liabilities		<u>1,010</u>	<u>746</u>	<u>465</u>
Total liabilities		<u>2,943</u>	<u>1,830</u>	<u>1,344</u>
Net assets		<u>5,964</u>	<u>5,897</u>	<u>1,516</u>
Equity				
Share capital	22	100	100	55
Share premium	23	3,979	3,979	–
Retained earnings		1,885	1,818	1,461
Equity attributable to equity owners of parent		<u>5,964</u>	<u>5,897</u>	<u>1,516</u>

Harwood Wealth Management Group plc (formerly Compass Wealth Management Group plc)

Consolidated Statement of Changes in Equity

	<i>Note</i>	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Equity attributable to equity owners of parent £'000</i>
As at 1 November 2012		55	–	833	888
Total comprehensive income for the year		–	–	794	794
Transactions with owners of parent in their capacity as owners:					
Dividends	12	–	–	(166)	(166)
As at 31 October 2013		55	–	1,461	1,516
Total comprehensive income for the year		–	–	670	670
Transactions with owners of parent in their capacity as owners:					
Dividends	12	–	–	(289)	(289)
Bonus Issue	22	24	–	(24)	–
Share Issue	22	21	3,979	–	4,000
As at 31 October 2014		100	3,979	1,818	5,897
Total comprehensive income for the year		–	–	865	865
Transactions with owners of parent in their capacity as owners:					
Dividends	12	–	–	(798)	(798)
As at 31 October 2015		100	3,979	1,885	5,964

Harwood Wealth Management Group plc (formerly Compass Wealth Management Group plc)

Consolidated Statement of Cash Flows

		Year to 31 October 2015 £'000	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
	Note			
Net cash flows from operating activities				
Profit before income tax		1,150	909	1,040
Non-cash adjustments				
Depreciation and amortisation	7	596	333	222
Net finance costs		125	36	39
Working capital adjustments				
(Increase)/decrease in trade and other receivables		(51)	24	4
(Decrease)/increase in trade and other payables		115	68	(110)
Cashflow generated by operating activities		1,935	1,370	1,195
Income tax paid		(162)	(216)	(105)
Interest paid	10	(14)	(15)	(9)
Net cash generated by operations		1,759	1,139	1,081
Cash flows from investing activities				
Purchase of property, plant and equipment	13	–	(6)	(4)
Interest received	10	24	14	3
Acquisition of intangible assets		(1,268)	(962)	(458)
Acquisition of subsidiary, net of cash acquired		(540)	–	–
Net cash used by investing activities		(1,784)	(954)	(459)
Cash flows from financing activities				
(Repayment)/proceeds of borrowings		(261)	(145)	122
Proceeds from share issue less costs		–	4,000	–
Payment of dividend	12	(798)	(289)	(166)
Net cash (used)/generated by financing activities		(1,059)	3,566	(44)
Net (decrease)/increase in cash and equivalents		(1,084)	3,751	578
Cash and cash equivalents brought forward		4,987	1,236	658
Cash and cash equivalents carried forward	18	3,903	4,987	1,236

Harwood Wealth Management Group plc (formerly Compass Wealth Management Group plc)

Notes to the Historical Financial Information

1. Business description and basis of preparation

1.1 Business description

Harwood Wealth Management Group plc (formerly Compass Wealth Management Group plc) (the “Company”) is a limited liability company incorporated and domiciled in the UK.

The principal activity of the Company is to act as a holding company. The principal activity of the Group is the provision of vertically-integrated financial advisory services.

1.2 Basis of preparation

The historical financial information (“Historical Financial Information”) has been prepared in accordance with applicable International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations (collectively “IFRS”) as adopted for use in the European Union (“EU”).

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that resources are adequate to continue in operation for the foreseeable future. Accordingly they have adopted the going concern basis in preparing the Historical Financial Information, as explained in Note 1.3.

The Historical Financial Information is presented in pounds sterling (£) and, unless otherwise stated, amounts are expressed in thousands (£’000), with rounding accordingly.

1.3 Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled “Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009”.

At the balance sheet date, the Group had cash resources (being cash, cash equivalents and money market investments) as set out in Note 18.

The Directors monitor future cash requirements against current resources and the availability of future funding, which includes the proceeds expected in connection with the Placing and Admission, and have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this Historical Financial Information. In developing these forecasts they make enquiries and form assumptions as to future revenues and expenditures based upon their view of the current and future economic conditions that will prevail over the forecast period.

Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that resources are adequate to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below:

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (the “subsidiaries”) made up to the accounting reference date each year. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

2.2 **Business Combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred to the former owners of the acquiree, and the equity interest issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- (a) assets or liabilities related to deferred tax or to employee benefit arrangements are recognised and measured in accordance with International Accounting Standard ("IAS") 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- (b) assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Contingent consideration to be settled in cash is recognised at fair value at the acquisition date. Any subsequent change to its fair value is recognised either in the profit or loss, or as a charge to other comprehensive income.

Positive purchased goodwill arising on acquisitions is capitalised. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently annually or as necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

2.3 **Currencies**

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which the Group operates ("the functional currency") which is UK sterling (£). The Historical Financial Information is presented in UK sterling, as described in Note 1.2 ("the presentational currency").

2.4 **Intangible assets**

Other than goodwill, intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses.

Expenditure on acquired client portfolios is capitalised in the period in which the acquisition is agreed.

The cost of a purchased intangible asset is the purchase price plus any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Amortisation is recognised on a combined reducing balance / straight line method basis starting from the month of acquisition, over the estimated useful lives of the assets as below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Acquired client portfolios: 15 years useful life;

17.5 per cent. reducing balance for 8 years, remaining balance straight line over 7 years

2.5 **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, starting from the month they are first used, as follows:

Fixtures, fittings and equipment: 15-33 per cent. reducing balance

IT and office equipment: 25-33 per cent. reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

2.6 **Impairment of non-current assets**

At each reporting date, the Directors review the carrying amounts of all non-current 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 Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.7 **Income recognition**

Revenue comprises firstly the initial fees receivable from clients on inception of a new policy or investment product, and then the recurring service fees ("trail income") that follow.

Initial fees are recognised when a client has signed a service and fee agreement, and the policy or investment has commenced. Provision is made for the potential cancellation of policies where fees are received under indemnity terms. Recurring fees are recognised when paid by the client, whether directly to the Group or to the financial provider. Fees for administration charges and other services are recognised as the services are provided. Income is shown net of any Value Added Tax.

Interest income represents bank interest receivable on cash balances and is recognised as it is earned.

Having assessed the Group's revenue arrangements against specific criteria, the Directors have concluded that it is acting as a principal rather than agent in its revenue arrangements to date.

2.8 **Cost of sales**

Cost of sales consists of fees payable to third parties, self-employed and employed advisors and other expenses that are directly related to sales.

2.9 **Current and deferred tax**

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities for the period.

(a) *Current tax*

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted by the reporting date.

(b) *Deferred tax*

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

2.10 **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

2.11 **Payroll expense and related contributions**

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

2.12 **Pension costs**

To date no pension scheme has been operated and no contributions made towards staff pensions, but since the end of the reporting period a group scheme has been set up under the UK's auto-enrolment rules. This is being phased over the course of 2016.

On 13 October 2015 the Group acquired 4Most Limited which was operating a defined contribution pension scheme for the benefit of a small number of its employees. Since the acquisition the cost of providing these benefits has been recognised in the statement of comprehensive income and consists of the contributions payable to the scheme in respect of the period. Following the end of the reporting period, this scheme was converted into a personal pension scheme.

2.13 **Dividends**

Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

2.14 **Segmental information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group.

The Directors have therefore determined that there is only one reportable segment under IFRS8. The results and assets for this segment can be determined by reference to the statement of comprehensive income and statement of financial position.

2.15 **Accounting developments**

At the date of approval of the Historical Financial Information, the following Standards and Interpretations which have not been applied were in issue but not yet effective:

IFRS 2 (amended) Share-based Payment
IFRS 5 Non-current assets held for sale and discontinued operations
IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Liabilities
IFRS 8 (amended) Operating Segments
IFRS 9 Financial Instruments
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 (amended) Fair Value Measurement
IFRS 15 Revenue from Contracts
IFRS 16 Leases
IAS 1 Disclosure Initiative
IAS 19 (revised) Employee Benefits
IAS 24 (revised) Related Party Disclosures
IAS 27 Separate Financial Statements
IAS 28 (revised) Investments in Associates and Joint Ventures
IAS 34 Interim Financial Reporting
IAS 38 (amended) Depreciation and Amortisation

The Directors are still assessing the potential impacts of IFRS 15 and IFRS 16, and have assessed that the introduction of the remaining standards would not have a material effect on the presentation of the financial statements in the period of initial application or subsequently.

3. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1 **Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.2 **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.3 **Trade and other payables**

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest method. This method allocates interest expense over the relevant period by applying the “effective interest rate” to the carrying amount of the liability.

3.4 **Classification as debt or equity**

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.5 **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised as the proceeds received, net of direct issue costs.

4. **Financial risk management**

4.1 **Financial risk factors**

The Group’s activities expose it to certain financial risks: market risk, credit risk and liquidity risk, as explained below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff.

- (a) Market risk is the risk of loss that may arise from changes in market factors such as competitor pricing and interest rates.
- (b) Credit risk is the financial loss to the Group if a client or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group’s cash and cash equivalents and receivables balances.
- (c) Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group’s liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4.2 **Capital risk management**

The Group is funded by equity and loans. The components of shareholders’ equity are:

- (a) Share capital
- (b) Retained reserve or deficit, reflecting comprehensive income to date less distributions

The objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Expenditures on commitments are funded from existing cash and cash equivalent balances, primarily arising from equity sources.

Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans.

Certain subsidiaries are regulated by the Financial Conduct Authority and subject to its capital adequacy requirements.

4.3 **Fair value estimation – receivables and payables**

The carrying values of trade receivables and payables are assumed to approximate their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

5. **Critical accounting estimates and judgements**

Details of significant accounting judgements and critical accounting estimates are set out in this Historical Financial Information and include:

5.1 **Intangible asset life**

Intangible assets are amortised over their estimated useful lives. In the case of acquired client portfolios, this estimation reflects the Directors' expectation of client attrition, taking into account attrition observed in previous acquisitions.

5.2 **Fair value of contingent consideration**

The estimation of contingent consideration requires the Directors to predict the trail income arising over the earn-out period and the discount rate to be applied.

5.3 **Impairment of assets**

The impairment review process involves the Directors making judgements about, *inter alia*, future cash flows and the discount rate to be applied to those cash flows.

6. **Revenue**

The revenues and the profit and loss are attributable to the one principal activity, which is described in Note 1.1.

7. **Operating expenses**

The profit from operations is stated after charging expenses as follows:

	<i>Year to</i> <i>31 October</i> <i>2015</i> <i>£'000</i>	<i>Year to</i> <i>31 October</i> <i>2014</i> <i>£'000</i>	<i>Year to</i> <i>31 October</i> <i>2013</i> <i>£'000</i>
Staff costs – Note 9	1,660	1,251	820
Establishment and general:			
Auditors' remuneration – Note 8	40	28	–
Operating lease costs – land and buildings	106	75	58
Operating lease costs – other	41	32	25
Depreciation of owned property, plant and equipment – Note 13	5	6	6
Amortisation and impairment of intangible assets – Note 14	591	327	216
Other operating expenses	750	666	386
Total operating expenses	<u>3,193</u>	<u>2,385</u>	<u>1,511</u>

8. Auditors' remuneration

The Group obtained the following services from the auditors and their associates:

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Audit of the financial statements	26	17	–
Audit of subsidiaries' financial statements	14	–	–
Other services	–	11	–
Total auditors' remuneration	<u>40</u>	<u>28</u>	<u>–</u>

The Company's first audit was for the year ended 31 October 2014.

The Group appointed new auditors for the year ended 31 October 2015.

The auditors have also provided corporate finance advice in relation to the proposed Admission.

9. Staff and remuneration

9.1 Number of staff

	<i>Year to 31 October 2015 Number</i>	<i>Year to 31 October 2014 Number</i>	<i>Year to 31 October 2013 Number</i>
Average number of employees (including directors)			
Employed advisors	9	8	9
Management and administration	<u>50</u>	<u>54</u>	<u>32</u>
	<u>59</u>	<u>62</u>	<u>41</u>

Most of the Group's advisors are self-employed and therefore not included above.

9.2 Remuneration

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Aggregate remuneration of staff (including directors)			
Wages and salaries	1,493	1,131	753
Social security costs	137	97	67
Non-executive director fees	<u>30</u>	<u>23</u>	<u>–</u>
	<u>1,660</u>	<u>1,251</u>	<u>820</u>

Certain pension contributions were expensed in 2015 per Note 2.12, but this was not material in the year.

9.3 **Directors' remuneration**

Remuneration of the Directors (the key members of management) within statement of comprehensive income:

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Short-term remuneration	142	74	8
Social security costs	14	7	1
Non-executive director fees	30	23	–
	<u>186</u>	<u>104</u>	<u>9</u>
Short-term remuneration of highest paid director	<u>48</u>	<u>48</u>	<u>48</u>

10. **Finance income and expense**

10.1 **Income**

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Bank interest receivable	<u>24</u>	<u>14</u>	<u>3</u>

10.2 **Expense**

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Bank interest payable	14	15	9
Other interest and similar charges	135	35	33
	<u>149</u>	<u>50</u>	<u>42</u>

11. **Taxation**

11.1 **Income tax charge**

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Current tax			
Current year	<u>137</u>	<u>142</u>	<u>216</u>
Total current tax	137	142	216
Deferred tax			
Current year – Note 11.3	<u>148</u>	<u>97</u>	<u>30</u>
Total deferred tax	<u>148</u>	<u>97</u>	<u>30</u>
Net income tax charge	<u>285</u>	<u>239</u>	<u>246</u>

11.2 **Factors affecting the tax charge**

The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	<i>Year to 31 October 2015</i>	<i>Year to 31 October 2014</i>	<i>Year to 31 October 2013</i>
UK corporate tax average rate	20.5%	22.0%	23.5%
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit before income tax	1,150	909	1,040
Tax at the UK corporate tax rate	236	200	244
Expenses not deductible for tax purposes	49	37	9
Other adjustment	–	4	(6)
Origination of temporary differences	–	(2)	(1)
Tax for the year	<u>285</u>	<u>239</u>	<u>246</u>

11.3 **Deferred tax**

Movements in the deferred tax liability were as follows:

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Deferred tax liability brought forward	(138)	(41)	(11)
On acquisition of subsidiary – Note 15.1	(245)	–	–
Charge to comprehensive income in year	<u>(148)</u>	<u>(97)</u>	<u>(30)</u>
Deferred tax liability carried forward	<u>(531)</u>	<u>(138)</u>	<u>(41)</u>

The liability comprises £241,000 in relation to intangible assets and the balance relates principally to accelerated capital allowances (2014 and 2013: accelerated capital allowances).

11.4 **Factors that may affect future tax charges**

The effective rate of UK corporate tax for the year to 31 October 2015 was 20 per cent. During 2015 the UK Government announced planned reductions to 19 per cent. and 18 per cent. with effect from 2017 and 2020 respectively.

12. **Dividends**

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
Dividend payable on Ordinary Shares	<u>798</u>	<u>289</u>	<u>166</u>
Dividend per share	<u>£7.98</u>	<u>£2.89</u>	<u>£3.02</u>

These were paid in the year declared.

On 10 November 2015 a dividend was declared and paid of £354,000 (£3.54 per share).

13. Property, plant and equipment

	<i>Fixtures, fittings and equipment £'000</i>	<i>IT and office equipment £'000</i>	<i>Total £'000</i>
Cost			
As at 1 November 2012	60	15	75
Additions	2	2	4
	<hr/>	<hr/>	<hr/>
As at 31 October 2013	62	17	79
Additions	6	–	6
	<hr/>	<hr/>	<hr/>
As at 31 October 2014	68	17	85
As at 31 October 2015	68	17	85
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
As at 1 November 2012	42	9	51
Charge for the year	4	2	6
	<hr/>	<hr/>	<hr/>
As at 31 October 2013	46	11	57
Charge for the year	4	2	6
	<hr/>	<hr/>	<hr/>
As at 31 October 2014	50	13	63
Charge for the year	4	1	5
	<hr/>	<hr/>	<hr/>
As at 31 October 2015	54	14	68
	<hr/>	<hr/>	<hr/>
Carrying amount			
As at 1 November 2012	18	6	24
As at 31 October 2013	16	6	22
As at 31 October 2014	18	4	22
As at 31 October 2015	14	3	17
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The depreciation charges have been included in operating expenses in the Statement of Comprehensive Income.

These and all other group assets were pledged in security for the bank loan which was repaid in February 2015 – Note 20.

14. Intangible assets

	<i>Acquired client portfolios £'000</i>	<i>Goodwill £'000</i>	<i>Total £'000</i>
Cost			
As at 1 November 2012	1,806	–	1,806
Additions	678	–	678
As at 31 October 2013	2,484	–	2,484
Additions	1,467	–	1,467
As at 31 October 2014	3,951	–	3,951
Additions	2,551	245	2,796
As at 31 October 2015	6,502	245	6,747
Accumulated amortisation and impairment			
As at 1 November 2012	901	–	901
Charge for the year	216	–	216
As at 31 October 2013	1,117	–	1,117
Charge for the year	327	–	327
As at 31 October 2014	1,444	–	1,444
Charge for the year	591	–	591
As at 31 October 2015	2,035	–	2,035
Carrying Amount			
As at 1 November 2012	905	–	905
As at 31 October 2013	1,367	–	1,367
As at 31 October 2014	2,507	–	2,507
As at 31 October 2015	4,467	245	4,712

The goodwill arose on the share acquisition of 4 Most Limited in October 2015.

The acquired client portfolio additions were acquired through either share acquisitions or asset purchases, as explained in Note 15.

An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where it is higher than the recoverable amount, an impairment results. Any amortisation and impairment charges are included in operating expenses in the Statement of Comprehensive Income.

Recoverable amounts have been measured based on value in use. Detailed forecasts for the remaining life of each asset have been used (maximum 15 years), based on approved annual budgets and strategic projections representing the best estimate of future performance. The estimated cash flows are based on the anticipated revenues from the acquired portfolios, with an expected attrition rate based on historic observed rates, and discounted at the Group's weighted average cost of capital, estimated at 12 per cent.

15. Acquisitions

15.1 Business Combinations

On 13 October 2015, the Group acquired the shares of 4Most Limited, an IFA provider, in order to expand the advisory services offered. The assets and liabilities acquired were as follows:

	<i>Book value £'000</i>	<i>Fair value adjustment £'000</i>	<i>Fair value £'000</i>
Acquired client portfolios	–	1,226	1,226
Receivables	13	–	13
Cash and cash equivalents	11	–	11
Payables	(217)	–	(217)
Deferred tax liability	(4)	(245)	(249)
Net assets acquired	<u>(197)</u>	<u>981</u>	<u>784</u>

The business combination has been recognised as follows:

Cash consideration on completion	551
Contingent cash consideration	<u>478</u>
	1,029
Net assets acquired per above	<u>(784)</u>
Goodwill arising	<u><u>245</u></u>

The contingent consideration is payable after the first and second anniversaries of acquisition and is based on actual trail income from the acquired portfolio with no cap.

It is discounted to present value and adjusted annually when forecasts are updated or when payments become certain.

The post-acquisition results of the acquired company in the year of acquisition, together with estimated results for the full year if the acquisition had been at the start of that year, were as follows:

	<i>Revenue £'000</i>	<i>Net profit £'000</i>
Post-acquisition results	12	–
Estimated results for full year	<u>607</u>	<u>118</u>

15.2 Asset purchases

A number of client portfolios were acquired as follows:

	<i>Year to 31 October 2015 Number</i>	<i>Year to 31 October 2014 Number</i>	<i>Year to 31 October 2013 Number</i>
Portfolios acquired	<u>5</u>	<u>6</u>	<u>5</u>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost	<u>1,325</u>	<u>1,467</u>	<u>678</u>
Immediate cash consideration	655	898	373
Contingent cash consideration	<u>670</u>	<u>569</u>	<u>305</u>
	<u><u>1,325</u></u>	<u><u>1,467</u></u>	<u><u>678</u></u>

The acquisition agreements specify that contingent consideration will be payable after the first and second anniversaries of the acquisition and will be based on actual trail income from the portfolios, with no cap.

The contingent consideration is discounted to present value and adjusted to actual when payments become certain.

16. Non-current receivables

	<i>31 October</i> 2015 £'000	<i>31 October</i> 2014 £'000	<i>31 October</i> 2013 £'000
Other receivables	–	–	73

17. Current receivables

	<i>31 October</i> 2015 £'000	<i>31 October</i> 2014 £'000	<i>31 October</i> 2013 £'000
Accrued income	177	120	125
Prepayments	98	91	37
	<u>275</u>	<u>211</u>	<u>162</u>

New clients sign a service and fee agreement and pay an initial fee on policy inception, followed by recurring service fees (trail income). They pay these either directly to the Group or via the financial providers, who generally pass on such fees promptly.

There are no trade receivables but income is accrued for any fees earned from either clients or providers for services provided before the period end.

The Directors believe that the carrying value of receivables represents their fair value. In determining the recoverability of a receivable the directors consider any change in its credit quality from the date credit was granted up to the reporting date.

The largest single receivable at any time would typically constitute 10 per cent. to 20 per cent. of total receivables and would relate to a blue chip provider regulated by the FCA. As such the concentrated credit risk is considered minimal.

Details of the credit risk management policies are shown in Note 21.6. No collateral is held as security for receivables.

18. Cash and cash equivalents

	<i>31 October</i> 2015 £'000	<i>31 October</i> 2014 £'000	<i>31 October</i> 2013 £'000
Cash and cash equivalents	<u>3,903</u>	<u>4,987</u>	<u>1,236</u>

The cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

19. Liabilities

	31 October 2015 £'000	31 October 2014 £'000	31 October 2013 £'000
Current trade and other payables			
Trade payables	188	56	40
Commission payable	99	136	110
Contingent consideration	1,141	489	259
Other tax and social security	134	84	29
Other payables	46	9	26
	<u>1,608</u>	<u>774</u>	<u>464</u>
Other current liabilities			
Accruals	183	33	45
Borrowings	12	126	145
	<u>195</u>	<u>159</u>	<u>190</u>
Tax			
Current income tax	130	151	225
	<u>1,933</u>	<u>1,084</u>	<u>879</u>
Non-current payables			
Deferred tax	531	138	41
Contingent consideration	479	461	151
Other non-current liabilities			
Borrowings	–	147	273
	<u>–</u>	<u>147</u>	<u>273</u>

20. Borrowings

	31 October 2015 £'000	31 October 2014 £'000	31 October 2013 £'000
Current			
Secured bank loan	–	101	120
Other loan	12	25	25
	<u>12</u>	<u>126</u>	<u>145</u>
Non-current			
Secured bank loan	–	135	236
Other loan	–	12	37
	<u>–</u>	<u>147</u>	<u>273</u>
Total borrowings	<u>12</u>	<u>273</u>	<u>418</u>

The earliest that the lenders of the above non-current borrowings require repayment is as follows:

Between one and two years

Secured bank loan	–	107	208
Other loan	–	12	37

Between two and five years

Secured bank loan	–	28	28
Total borrowings	<u>–</u>	<u>147</u>	<u>273</u>

The bank loan was for £400,000 and was agreed with the Bank of Scotland in February 2013 to finance working capital. It was repayable over 3 years in instalments and was secured by a fixed and floating charge together with personal guarantees from two of the Directors. Interest was 5.3 per cent. per annum. The balance was repaid early in February 2015.

The other loan is for £120,000 with Sesame Bankhall Group Limited and started in April 2011. It is repayable monthly, and is unsecured and interest-free.

All loans were denominated in sterling.

21. Financial instruments

There is an exposure to the risks that arise from the financial instruments. The policies for managing those risks and the methods to measure them are described in Note 4. Further quantitative information in respect of these risks is presented below and throughout this Historical Financial Information.

21.1 Capital risk management

Funding to date has been by equity and loans. Loans were outstanding as shown in Note 20.

21.2 Principal financial instruments

The principal financial instruments used, from which financial instrument risk arises, are as follows:

	<i>31 October</i> <i>2015</i> <i>£'000</i>	<i>31 October</i> <i>2014</i> <i>£'000</i>	<i>31 October</i> <i>2013</i> <i>£'000</i>
Trade and other payables	1,965	1,424	1,004
Cash and cash equivalents	<u>3,903</u>	<u>4,987</u>	<u>1,236</u>

21.3 Financial assets

The following financial assets were held, all classified as loans or receivables:

	<i>31 October</i> <i>2015</i> <i>£'000</i>	<i>31 October</i> <i>2014</i> <i>£'000</i>	<i>31 October</i> <i>2013</i> <i>£'000</i>
Cash and cash equivalents	<u>3,903</u>	<u>4,987</u>	<u>1,236</u>

21.4 Financial liabilities

The following financial liabilities were held, all classified as other financial liabilities:

	<i>31 October</i> <i>2015</i> <i>£'000</i>	<i>31 October</i> <i>2014</i> <i>£'000</i>	<i>31 October</i> <i>2013</i> <i>£'000</i>
Trade payables	188	56	40
Loans	12	273	418
Other payables	<u>1,765</u>	<u>1,095</u>	<u>546</u>
	<u>1,965</u>	<u>1,424</u>	<u>1,004</u>

21.5 Market risk

There is an exposure to the financial risk of changes in interest rates. The direct risk is considered to have been minimal, although there is an indirect risk to fee income based on client investment values which can be affected by changes in interest rates.

21.6 Credit risk

Careful consideration is given to choice of bank in order to minimise credit risk. Cash is held with Bank of Scotland, an institution with an AA credit rating (long term, as assessed by Moody's). The amounts of cash held with that bank at the reporting date can be seen in the financial assets table above. All of the cash and equivalents were denominated in UK sterling.

There was no significant concentration of credit risk at the reporting date other than as described at Note 17.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

No allowance has been made for impairment losses. In the Directors' opinion, there has been no impairment of financial assets. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

21.7 **Liquidity risk management**

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cashflow forecasts and medium term working capital projections.

21.8 **Maturity of financial assets and liabilities**

All of the non-derivative financial liabilities and assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in Note 20.

22. **Share capital**

22.1 **Number of shares in issue**

	<i>31 October 2015 Number</i>	<i>31 October 2014 Number</i>	<i>31 October 2013 Number</i>
Ordinary shares of £1 each	100,000	100,000	55,002

22.2 **Share capital at par, fully paid**

	<i>31 October 2015 £'000</i>	<i>31 October 2014 £'000</i>	<i>31 October 2013 £'000</i>
Ordinary share capital	100	100	55

22.3 **Changes in shares issued**

The Company allotted and issued shares as follows:

	<i>31 October 2015 Number</i>	<i>31 October 2014 Number</i>	<i>31 October 2013 Number</i>
Shares for purchase of IMS Capital Limited (3 February 2014) issued at £1.00 each	–	2	–
Bonus shares (28 February 2014) issued at £1.00 each	–	23,578	–
Shares issued to Harwood Capital Management Limited (16 March 2014) issued at £186.76 each	–	21,418	–
	<u>–</u>	<u>21,418</u>	<u>–</u>
	<u>–</u>	<u>44,998</u>	<u>–</u>

Details of the share issue on 16 March 2014 were as follows:

	<i>31 October 2015 £'000</i>	<i>31 October 2014 £'000</i>	<i>31 October 2013 £'000</i>
Proceeds	–	4,000	–
Less: Nominal Value	–	(21)	–
Share premium arising	<u>–</u>	<u>3,979</u>	<u>–</u>

23. Share premium

	<i>31 October 2015 £'000</i>	<i>31 October 2014 £'000</i>	<i>31 October 2013 £'000</i>
Brought forward	3,979	–	–
Arising during the year	–	3,979	–
Carried forward	<u>3,979</u>	<u>3,979</u>	<u>–</u>

24. Ultimate controlling party

In the opinion of the Directors there is no single ultimate controlling party.

25. Related party transactions

25.1 *Remuneration of key personnel*

Disclosures required in respect of IAS24 regarding remuneration of key management personnel are covered by the disclosure of the directors' remuneration in Note 9.3.

25.2 *Transactions and balances with key personnel*

Directors who were also shareholders received the following dividends:

	<i>Year to 31 October 2015 £'000</i>	<i>Year to 31 October 2014 £'000</i>	<i>Year to 31 October 2013 £'000</i>
M Howard	195	169	83
N Dunkley	195	169	83
	<u>390</u>	<u>338</u>	<u>166</u>

The two individuals above each provided a personal guarantee of £200,000 to support the bank loan.

25.3 **Transactions with related companies and businesses**

The Group has purchased services in the normal course of business from certain companies related to individuals who are or were directors of the Group:

The purchases from these parties and the balances owed at year end are as set out below:

	31 October 2015 £'000	31 October 2014 £'000	31 October 2013 £'000
Purchases from/(sales to) related parties:			
SAS Corporate Services LLP	34	25	25
Amounts owed by/(to) related parties:			
Time Financial Solutions Limited	–	–	20
	<u> </u>	<u> </u>	<u> </u>

SAS Corporate Services LLP is a partnership operated by family members of M Howard and N Dunkley. Time Financial Solutions Limited is owned by M Howard and N Dunkley (Note 26).

26. **Principal subsidiaries**

The Company owns 100 per cent. of the issued shares of the following:

Compass Wealth Management Consultants Limited

Active Financial Partners Limited

IMS Capital Limited

Merchants Wealth Management Limited

4 Most Limited (acquired 13 October 2015)

Vue Platform Services Limited

(non-trading, previously named Active RS Associates Limited)

Compass B2B Limited

(non-trading until November 2015, previously named Active Lenehan Limited)

The Company also owned Time Financial Solutions Limited until March 2013 when it was sold to M Howard and N Dunkley for its net asset value, being £1.

All subsidiary undertakings are incorporated in England and Wales and, if trading, have been included in the consolidation.

27. **Operating lease arrangements**

Outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	31 October 2015 £'000	31 October 2014 £'000	31 October 2013 £'000
Land and buildings			
Within one year	138	92	85
In the second to fifth years inclusive	252	107	185
After fifth year	232	–	–
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

Throughout the period, the main office was leased from N Dunkley and M Howard at an annual rental of £24,000, payable monthly. In 2016 the lease was renewed and now expires on 31 March 2025.

Since March 2015, a second adjacent office has also been leased from N Dunkley and M Howard, at an annual rental of £24,000. This lease expires on 31 March 2025.

A number of smaller local offices were leased during the period with a total annual cost of approximately £30,000. They expire on various dates and the longest term has been 5 years.

28. Contingent Liabilities

During 2015 the Financial Ombudsman Service issued a provisional decision awarding £150,000 to a former client seeking compensation in relation to financial advice given. The Group has lodged an appeal but if the award is upheld it is unlikely to be covered by its professional indemnity insurance. The Directors believe the likely settlement to be no more than £50,000 and provision has been made in operating expenses accordingly.

The Group is in dispute with the vendor of the business and assets of Moneycare, which were acquired in July 2013. The vendor claims additional deferred contingent consideration is payable by the Group. The maximum potential liability over and above the amount provided in this financial information is £229,000.

29. Subsequent events

- 29.1 On 26 August 2015 the Company agreed to acquire the entire share capital of Meon Valley Financial Planning Limited for initial consideration of £700,000 and deferred contingent consideration estimated at £300,000, subject to FCA approval. This approval was received and the acquisition completed on 1 February 2016.
- 29.2 On 10 November 2015 a dividend was declared and paid as set out in Note 12.
- 29.3 On 1 January 2016, the Group started an auto-enrolment pension scheme.
- 29.4 On 11 March 2016 the Company announced its intention to seek the admission to trading of its ordinary shares on AIM.
- 29.5 On 15 March 2016 the Company conditionally agreed to acquire the entire share capital of Wellian Investment Solutions Limited, immediately prior to admission to AIM in consideration of the issue of 3,243,243 ordinary shares of the Company.
- 29.6 On 15 March 2016 the Company changed its name to Harwood Wealth Management Group plc.
- 29.7 The Company has made a further three corporate acquisitions in addition to the acquisition of Meon Valley Financial Planning Limited and the conditional acquisition of Wellian Investment Solutions Limited. Initial consideration for these acquisitions totals £800,650 and contingent consideration is initially estimated at £786,250. The initial accounting for all corporate transactions has not been completed. Further details of these acquisitions are given in paragraphs 12.8 to 12.10 of Part VII of this Admission Document.
- 29.8 Following the period ended on 31 October 2015, the Company has also made six business and asset purchases, full details of which are given in paragraphs 12.13 to 12.18 of Part VII of this Admission Document, for a total initial consideration of £706,246 and contingent consideration of £691,236 (subject to adjustment).

30. Dividends

The Company paid six separate interim dividends, totalling £1,151,736, to shareholders on various dates between 10 November 2014 and 10 November 2015. At the time of declaring these dividends, the board reviewed management accounts and other financial information which demonstrated that the Company had sufficient distributable reserves to enable it to pay the dividends proposed.

Where a public company's last published accounts do not show reserves sufficient to cover the proposed dividends, the Companies Act 2006 requires the company to prepare, and file at Companies House, interim accounts showing the requisite level of distributable profits. The directors inadvertently failed to do this and so the Company was in technical breach of section 836 of the Companies Act 2006.

Consequently, the Company may have claims against the shareholders who received the dividends, and against the directors both in office at the time and appointed since. The Company has rectified this by passing special resolutions to:

- i. ratify the appropriation of profits to the dividends paid;
- ii. waive any claims which the Company may be able to bring against the shareholders and directors; and
- iii. approve the Company entering into deeds of release in favour of those directors and shareholders.

This will ensure that the Company and its shareholders and directors are left in the position which was always intended.

PART IV
FINANCIAL INFORMATION

**SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION
OF WELLIAN INVESTMENT SOLUTIONS LIMITED FOR THE THREE YEARS ENDED
31 MARCH 2015 AND THE SEVEN MONTH PERIOD ENDED 31 OCTOBER 2015**

The following is the full text of a report on Wellian Investment Solutions Limited from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of Harwood Wealth Management Group plc (the "Company").



25 Farringdon Street
London
EC4A 4AB
United Kingdom

T +44 (0)20 3201 8000
F +44 (0)20 3201 8001

rsmuk.com

The Directors
Harwood Wealth Management Group plc
5 Lancer House
Hussar Court
Westside View
Waterlooville
Hampshire
PO7 7SE

15 March 2016

Dear Sirs,

Wellian Investment Solutions Limited ("Wellian")

We report on the financial information of Wellian for the three years ended 31 March 2015 and the seven month period ended 31 October 2015 set out in Section B of Part VII of the admission document of the Company dated 15 March 2016 (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 of the financial information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume 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

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out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union as described in Note 2 of the historical financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. 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 judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations 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 gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Wellian as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have 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 paragraph 1.2 of Annex I and paragraph 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London EC4A 4AB

SECTION B: HISTORICAL FINANCIAL INFORMATION OF WELLIAN

Wellian Investment Solutions Limited

Statement of Comprehensive Income

	<i>Note</i>	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Continuing operations					
Revenue	6	788	1,405	1,443	1,400
Cost of sales		<u>(244)</u>	<u>(413)</u>	<u>(472)</u>	<u>(438)</u>
Gross profit		544	992	971	962
Operating expenses	7	<u>(548)</u>	<u>(932)</u>	<u>(952)</u>	<u>(767)</u>
(Loss)/profit from operations		(4)	60	19	195
Finance costs	10	<u>(2)</u>	<u>–</u>	<u>(15)</u>	<u>(2)</u>
(Loss)/profit before income tax		(6)	60	4	193
Income tax charge	11	<u>(7)</u>	<u>(40)</u>	<u>(29)</u>	<u>(71)</u>
Total comprehensive (loss)/profit for the period/ year attributable to equity owners		<u><u>(13)</u></u>	<u><u>20</u></u>	<u><u>(25)</u></u>	<u><u>122</u></u>

Wellian Investment Solutions Limited

Consolidated Statement of Financial Position

		<i>As at</i> <i>31 October</i> <i>2015</i> <i>£'000</i>	<i>As at</i> <i>31 March</i> <i>2015</i> <i>£'000</i>	<i>As at</i> <i>31 March</i> <i>2014</i> <i>£'000</i>	<i>As at</i> <i>31 March</i> <i>2013</i> <i>£'000</i>
	<i>Note</i>				
Assets					
Property, plant and equipment	13	7	8	18	27
Intangible assets	14	325	381	462	473
Total non-current assets		<u>332</u>	<u>389</u>	<u>480</u>	<u>500</u>
Other receivables	15	678	774	817	630
Cash and cash equivalents	16	153	–	20	89
Total current assets		<u>831</u>	<u>774</u>	<u>837</u>	<u>719</u>
Total assets		<u>1,163</u>	<u>1,163</u>	<u>1,317</u>	<u>1,219</u>
Liabilities					
Trade and other payables	17	268	232	333	217
Accruals	17	53	83	86	139
Current tax	17	38	31	32	71
Total current liabilities		<u>359</u>	<u>346</u>	<u>451</u>	<u>427</u>
Net current assets		472	428	386	292
Deferred tax liability	17	–	–	4	5
Total non-current liabilities		<u>–</u>	<u>–</u>	<u>4</u>	<u>5</u>
Total liabilities		<u>359</u>	<u>346</u>	<u>455</u>	<u>432</u>
Net assets		<u>804</u>	<u>817</u>	<u>862</u>	<u>787</u>
Equity					
Share capital	19	745	745	745	645
Retained earnings		59	72	117	142
Equity attributable to equity owners		<u>804</u>	<u>817</u>	<u>862</u>	<u>787</u>

Wellian Investment Solutions Limited

Consolidated Statement of Changes in Equity

	<i>Note</i>	<i>Share capital £'000</i>	<i>Retained earnings £'000</i>	<i>Equity attributable to equity owners £'000</i>
As at 1 April 2012		101	92	193
Total comprehensive income for the year		–	122	122
Transactions with owners in their capacity as owners:				
Dividends	12	–	(72)	(72)
Share Issue	19	544	–	544
As at 31 March 2013		645	142	787
Total comprehensive loss for the year		–	(25)	(25)
Transactions with owners in their capacity as owners:				
Share Issue	19	100	–	100
As at 31 March 2014		745	117	862
Total comprehensive income for the year		–	20	20
Transactions with owners in their capacity as owners:				
Dividends	12	–	(65)	(65)
As at 31 March 2015		745	72	817
Total comprehensive loss for the period		–	(13)	(13)
As at 31 October 2015		745	59	804

Wellian Investment Solutions Limited

Consolidated Statement of Cash Flows

	<i>Note</i>	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Net cash flows from operating activities					
(Loss)/profit before income tax		(6)	60	4	193
Non-cash adjustments					
Depreciation, amortisation and impairment	7	58	92	128	87
Net finance costs	10	2	–	15	2
Working capital adjustments					
Decrease/(increase) in other receivables		96	43	(187)	(379)
Increase/(decrease) in trade and other payables		6	(104)	63	285
Tax paid		–	(45)	(69)	(19)
Interest paid	10	(2)	–	(15)	(2)
Net cash generated/(used) by operations		<u>154</u>	<u>46</u>	<u>(61)</u>	<u>167</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(1)	(1)	(8)	(6)
Net cash used by investing activities		<u>(1)</u>	<u>(1)</u>	<u>(8)</u>	<u>(6)</u>
Cash flows from financing activities					
Payment of dividend	12	–	(65)	–	(72)
Net cash used by financing activities		<u>–</u>	<u>(65)</u>	<u>–</u>	<u>(72)</u>
Net increase/(decrease) in cash and equivalents		153	(20)	(69)	89
Cash and cash equivalents brought forward		<u>–</u>	<u>20</u>	<u>89</u>	<u>–</u>
Cash and cash equivalents carried forward	16	<u><u>153</u></u>	<u><u>–</u></u>	<u><u>20</u></u>	<u><u>89</u></u>

Wellian Investment Solutions Limited

Notes to the Historical Financial Information

1. Business description and basis of preparation

1.1 Business description

Wellian Investment Solutions Ltd (“Wellian”) is a limited liability company incorporated and domiciled in the UK.

The principal activity of Wellian is the provision of discretionary investment management services.

1.2 Basis of preparation

The historical financial information (“Historical Financial Information”) has been prepared in accordance with applicable International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”) and International Financial Reporting Interpretations Committee interpretations (collectively “IFRS”) as adopted for use in the European Union (“EU”).

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that resources are adequate to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information, as explained in Note 1.3.

The Historical Financial Information is presented in pounds sterling (£) and, unless otherwise stated, amounts are expressed in thousands (£’000), with rounding accordingly.

1.3 Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled “Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009”.

At the balance sheet date, Wellian had cash resources (being cash, cash equivalents and money market investments) as set out in Note 16.

The Directors monitor future cash requirements against current resources and the availability of future funding, which includes the proceeds expected in connection with the Placing and Admission, and have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this Historical Financial Information. In developing these forecasts they make enquiries and form assumptions as to future revenues and expenditures based upon their view of the current and future economic conditions that will prevail over the forecast period.

After making enquiries and taking into account estimates of future revenues and expenditure, the Directors have a reasonable expectation that Wellian will have adequate financial resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below.

2.1 Currencies

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which Wellian operates (the “functional currency”) which is UK sterling (£). The Historical Financial Information is presented in UK sterling, as described in Note 1.2 (“the presentational currency”).

2.2 **Intangible assets**

Other than goodwill, intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses.

Expenditure on acquired client portfolios is capitalised in the period in which the acquisition is agreed.

The cost of a purchased intangible asset is the purchase price plus any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Amortisation is recognised on a combined reducing balance/straight line method basis starting from the month of acquisition, over the estimated useful lives of the assets as below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Acquired client portfolios: 15 years useful life; 17.5% reducing balance for 8 years, remaining balance straight line over 7 years

2.3 **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, starting from the month they are first used, as follows:

Fixtures, fittings and equipment: 15-33% reducing balance

IT and office equipment: 25-33% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

2.4 **Impairment of non-current assets**

At each reporting date, the Directors review the carrying amounts of all non-current 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 Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.5 **Income recognition**

Revenue comprises firstly the initial fees receivable from clients on inception of a new policy or investment product, and then the recurring service fees ("trail income") that follow.

Initial fees are recognised when a client has signed a service and fee agreement, and the policy or investment has commenced. Provision is made for the potential cancellation of policies where fees are received under indemnity terms. Recurring fees are recognised when paid by the client, whether directly to Wellian or to the financial provider. Fees for administration charges and other services are recognised as the services are provided. Income is shown net of any Value Added Tax.

Interest income represents bank interest receivable on cash balances and is recognised as it is earned.

Having assessed Wellian's revenue arrangements against specific criteria, the Directors have concluded that it is acting as a principal rather than agent in its revenue arrangements to date.

2.6 **Cost of sales**

Cost of sales consists of fees payable to third parties, self-employed and employed advisors and other expenses that are directly related to sales.

2.7 **Current and deferred tax**

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities for the period.

(a) Current tax

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted by the reporting date.

(b) Deferred tax

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

2.8 **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

2.9 **Payroll expense and related contributions**

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

2.10 **Pension costs**

Wellian makes contributions towards staff pensions, and since the period end a pension scheme has been set up under the UK's auto-enrolment rules. This is being phased in over the course of 2016.

2.11 **Dividends**

Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

2.12 **Segmental information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of Wellian.

The Directors have therefore determined that there is only one reportable segment under IFRS8. The results and assets for this segment can be determined by reference to the statement of comprehensive income and statement of financial position.

2.13 **Accounting developments**

At the date of approval of the Historical Financial Information, the following Standards and Interpretations which have not been applied were in issue but not yet effective:

IFRS 2 (amended) Share-based Payment
IFRS 5 Non-current assets held for sale and discontinued operations
IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Liabilities
IFRS 8 (amended) Operating Segments
IFRS 9 Financial Instruments
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 (amended) Fair Value Measurement
IFRS 15 Revenue from Contracts
IFRS 16 Leases
IAS 1 Disclosure Initiative
IAS 19 (revised) Employee Benefits
IAS 24 (revised) Related Party Disclosures
IAS 27 Separate Financial Statements
IAS 28 (revised) Investments in Associates and Joint Ventures
IAS 34 Interim Financial Reporting
IAS 38 (amended) Depreciation and Amortisation

The Directors are still assessing the potential impacts of IFRS 15 and IFRS 16, and have assessed that the introduction of the remaining Standards and Interpretations these would not have a material effect on the presentation of the financial statements in the period of initial application or subsequently.

3. **Financial instruments**

Financial assets and financial liabilities are recognised in Wellian's statement of financial position when Wellian becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1 **Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.2 **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.3 **Trade and other payables**

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest method. This method allocates interest expense over the relevant period by applying the “effective interest rate” to the carrying amount of the liability.

3.4 **Classification as debt or equity**

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.5 **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised as the proceeds received, net of direct issue costs.

4. **Financial risk management**

4.1 **Financial risk factors**

Wellian’s activities expose it to certain financial risks: market risk, credit risk and liquidity risk as explained below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Wellian’s financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff.

- (a) Market risk is the risk of loss that may arise from changes in market factors such as competitor pricing, interest rates and foreign exchange rates.
- (b) Credit risk is the financial loss to Wellian if a client or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from Wellian’s cash and cash equivalents and receivables balances.
- (c) Liquidity risk is the risk that Wellian will not be able to meet its financial obligations as they fall due. This risk relates to Wellian’s liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4.2 **Capital risk management**

Wellian is funded by equity. The components of shareholders’ equity are:

- (a) Share capital
- (b) The retained reserve or deficit, reflecting comprehensive income to date less distributions

The objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Expenditures on commitments are funded from existing cash and cash equivalent balances, primarily arising from equity sources.

Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans.

Wellian is regulated by the Financial Conduct Authority and subject to its capital adequacy requirements.

4.3 **Fair value estimation – receivables and payables**

The carrying values of trade receivables and payables are assumed to approximate their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

5. Critical accounting estimates and judgements

Details of significant accounting judgements and critical accounting estimates are set out in this Historical Financial Information and include:

5.1 *Intangible asset life*

Intangible assets are amortised over their estimated useful lives. In the case of acquired client portfolios, this estimation reflects the Directors' expectation of client attrition, taking into account attrition observed in previous acquisitions.

5.2 *Fair value of contingent consideration*

The estimation of contingent consideration requires the Directors to predict the trail income arising over the earn-out period and the discount rate to be applied.

5.3 *Impairment of assets*

The impairment review process involves the Directors making judgements about, *inter alia*, future cash flows and the discount rate to be applied to those cash flows.

6. Revenue

The revenues and the profit and loss are attributable to the one principal activity, which is described in Note 1.1.

7. Operating expenses

The (loss)/profit from operations is stated after charging expenses as follows:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Staff costs – Note 9	330	544	527	378
Establishment and general:				
Auditors' remuneration – Note 8	13	31	32	25
Operating lease costs – land and buildings	18	30	30	30
Operating lease costs – other	2	4	3	3
Depreciation of owned property, plant and equipment – Note 13	2	11	17	16
Amortisation and impairment of intangible assets – Note 14	56	81	111	71
Other operating expenses	127	231	232	244
Total operating expenses	<u>548</u>	<u>932</u>	<u>952</u>	<u>767</u>

8. Auditor's remuneration

Wellian obtained the following services from the auditors and their associates:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Crowe Clark Whitehill LLP				
Audit of the financial statements	–	12	8	17
Tax compliance	–	2	2	2
Other services	–	17	22	6
	<u>–</u>	<u>31</u>	<u>32</u>	<u>25</u>
Total auditors' remuneration	<u>–</u>	<u>31</u>	<u>32</u>	<u>25</u>
RSM UK Audit LLP				
Audit of the financial statements	13	–	–	–
	<u>13</u>	<u>–</u>	<u>–</u>	<u>–</u>

Since the end of the reporting period the auditors have provided corporate finance services relating to this report.

9. Staff and remuneration

9.1 Number of staff

	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Average number of employees (including directors):				
Employed advisors	8	10	10	10
Management and administration	3	4	4	4
	<u>11</u>	<u>14</u>	<u>14</u>	<u>14</u>

9.2 Remuneration

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Aggregate remuneration of staff (including directors):				
Wages and salaries	259	466	451	323
Social security costs	25	49	47	28
Pension contributions	46	29	29	27
	<u>330</u>	<u>544</u>	<u>527</u>	<u>378</u>

9.3 **Directors' remuneration**

Remuneration of the Directors who are the key members of management, within statement of comprehensive income:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Short-term remuneration	48	117	123	95
Social security costs	6	15	15	12
Pension contributions	45	26	26	24
Compensation for loss of office	30	–	–	–
	<u>129</u>	<u>158</u>	<u>164</u>	<u>131</u>

10. **Finance costs**

Other interest and similar charges	<u>2</u>	<u>–</u>	<u>15</u>	<u>2</u>
------------------------------------	----------	----------	-----------	----------

11. **Taxation**

11.1 **Income tax charge**

Current tax				
Current period	7	34	29	71
Adjustment for prior periods	–	10	1	(1)
Total current tax	<u>7</u>	<u>44</u>	<u>30</u>	<u>70</u>
Deferred tax				
Current period – Note 11.03	–	(4)	(1)	1
Total deferred tax	<u>–</u>	<u>(4)</u>	<u>(1)</u>	<u>1</u>
Net income tax charge	<u>7</u>	<u>40</u>	<u>29</u>	<u>71</u>

11.2 **Factors affecting the tax charge**

The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
UK corporate tax average rate	20.0%	21.0%	23.0%	24.0%
(Loss)/profit before income tax	<u>(6)</u>	<u>60</u>	<u>4</u>	<u>193</u>
Tax at the UK corporate tax rate	(1)	13	1	46
Expenses not deductible for tax purposes	–	1	3	5
Origination of temporary differences	11	16	26	18
Adjustment for prior periods	–	10	1	(1)
Other adjustment	<u>(3)</u>	<u>–</u>	<u>(2)</u>	<u>3</u>
Net income tax charge	<u>7</u>	<u>40</u>	<u>29</u>	<u>71</u>

11.3 **Deferred tax**

Movements in the deferred tax liability were as follows:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Deferred tax liability brought forward	–	(4)	(5)	(4)
Credit/(charge) to comprehensive income in period	–	4	1	(1)
Deferred tax liability carried forward	<u>–</u>	<u>–</u>	<u>(4)</u>	<u>(5)</u>

11.4 **Factors that may affect future tax charges**

The effective rate of UK corporate tax for the period to 31 October 2015 was 20%. During 2015 the UK Government announced planned reductions to 19% and 18% with effect from 2017 and 2020 respectively.

12. **Dividends**

	<i>Period to 31 October 2015</i>	<i>Year to 31 March 2015</i>	<i>Year to 31 March 2014</i>	<i>Year to 31 March 2013</i>
Dividend payable on Ordinary Shares	–	65	–	72
Dividend per share	<u>£–</u>	<u>£0.09</u>	<u>£–</u>	<u>£0.11</u>

The dividends were paid in the period for which they were declared. No dividends have been declared by Wellian since the end of the reporting period.

13. Property, plant and equipment

	<i>Fixtures, fittings and equipment '£'000</i>	<i>IT and office equipment £'000</i>	<i>Total £'000</i>
Cost:			
As at 1 April 2012	32	14	46
Additions	2	4	6
	<hr/>	<hr/>	<hr/>
As at 31 March 2013	34	18	52
Additions	3	5	8
	<hr/>	<hr/>	<hr/>
As at 31 March 2014	37	23	60
Additions	1	-	1
	<hr/>	<hr/>	<hr/>
As at 31 March 2015	38	23	61
Additions	1	-	1
	<hr/>	<hr/>	<hr/>
As at 31 October 2015	39	23	62
	<hr/>	<hr/>	<hr/>
Accumulated depreciation:			
As at 1 April 2012	6	3	9
Charge for the year	11	5	16
	<hr/>	<hr/>	<hr/>
As at 31 March 2013	17	8	25
Charge for the year	11	6	17
	<hr/>	<hr/>	<hr/>
As at 31 March 2014	28	14	42
Charge for the year	6	5	11
	<hr/>	<hr/>	<hr/>
As at 31 March 2015	34	19	53
Charge for the period	1	1	2
	<hr/>	<hr/>	<hr/>
As at 31 October 2015	35	20	55
	<hr/>	<hr/>	<hr/>
Carrying amount			
As at 1 April 2012	26	11	37
As at 31 March 2013	17	10	27
As at 31 March 2014	9	9	18
As at 31 March 2015	4	4	8
As at 31 October 2015	4	3	7
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The depreciation charge for the year has been included in operating expenses in the Statement of Comprehensive Income.

14. Intangible assets

Acquired client portfolios
£'000

Cost:	
As at 1 April 2012	3
Additions	544
	<hr/>
As at 31 March 2013	547
Additions	100
	<hr/>
As at 31 March 2014	647
	<hr/>
As at 31 March 2015	647
	<hr/>
As at 31 October 2015	647
	<hr/>
Accumulated amortisation and impairment:	
As at 1 April 2012	3
Amortisation for the year	71
	<hr/>
As at 31 March 2013	74
Amortisation for the year	111
	<hr/>
As at 31 March 2014	185
Amortisation for the year	81
	<hr/>
As at 31 March 2015	266
	<hr/>
Amortisation for the period	39
Impairment for the period	17
	<hr/>
As at 31 October 2015	322
	<hr/>
Carrying amount	
As at 1 April 2012	–
As at 31 March 2013	473
As at 31 March 2014	462
As at 31 March 2015	381
As at 31 October 2015	325
	<hr/> <hr/>

An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where it is higher than the recoverable amount, an impairment results. Any amortisation and impairment charges are included in operating expenses in the Statement of Comprehensive Income.

The recoverable amounts have been measured based on value in use. Detailed forecasts for the next 5 years have been used, based on approved annual budgets and strategic projections representing the best estimate of future performance.

15. Current receivables

	31 October 2015 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Amounts due from group undertakings	580	535	528	313
Other receivables	20	55	122	144
Accrued income	60	135	127	133
Prepayments	18	49	40	40
	<hr/>	<hr/>	<hr/>	<hr/>
	678	774	817	630
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

New clients sign an investment management agreement and pay recurring service fees (trail income). These are paid via the financial providers, who generally pass on such fees promptly.

There are no trade receivables but income is accrued for any fees earned from either clients or providers for services provided before the period end.

The Directors believe that the carrying value of receivables represents their fair value. In determining the recoverability of a receivable they consider any change in its credit quality from the date credit was granted up to the reporting date.

Details of the credit risk management policies are shown in Note 18.6. No collateral is held as security for receivables.

16. Cash and cash equivalents

	<i>31 October</i> <i>2015</i> <i>£'000</i>	<i>31 March</i> <i>2015</i> <i>£'000</i>	<i>31 March</i> <i>2014</i> <i>£'000</i>	<i>31 March</i> <i>2013</i> <i>£'000</i>
Cash and cash equivalents	153	–	20	89

The cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

17. Trade and other payables

	<i>31 October</i> <i>2015</i> <i>£'000</i>	<i>31 March</i> <i>2015</i> <i>£'000</i>	<i>31 March</i> <i>2014</i> <i>£'000</i>	<i>31 March</i> <i>2013</i> <i>£'000</i>
Current trade and other payables				
Trade payables	23	53	46	39
Amounts due to group undertakings	158	–	122	122
Bank overdraft	–	13	–	–
Other tax and social security	87	52	53	56
Other payables	–	114	112	–
	268	232	333	217
Accruals	53	83	86	139
Current income tax	38	31	32	71
	359	346	451	427
Deferred tax (non-current)	–	–	4	5

The bank overdraft was secured by a debenture that was subsequently released on 29 December 2015.

18. Financial instruments

There is an exposure to the risks that arise from the financial instruments. The policies for managing those risks and the methods to measure them are described in Note 4. Further quantitative information in respect of these risks is presented below and throughout this Historical Financial Information.

18.1 Capital risk management

Funding to date has been by equity.

18.2 **Principal financial instruments**

The principal financial instruments used, from which financial instrument risk arises, are as follows:

	31 October 2015 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Other receivables	600	590	650	457
Trade and other payables	181	180	280	161
Cash and cash equivalents	153	–	20	89

18.3 **Financial assets**

The following financial assets were held, all classified as loans or receivables:

	31 October 2015 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Cash and cash equivalents	153	-	20	89
Other receivables	600	590	650	457
	<u>753</u>	<u>590</u>	<u>670</u>	<u>546</u>

18.4 **Financial liabilities**

The following financial liabilities were held, all classified as other financial liabilities:

	31 October 2015 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Trade payables	23	53	46	39
Other payables	158	127	234	122
	<u>181</u>	<u>180</u>	<u>280</u>	<u>161</u>

18.5 **Market risk**

Wellian's activities expose it to the financial risk of changes in interest rates. The direct risk is considered to have been minimal, although there is an indirect risk to fee income based on client investment values which can be affected by changes in interest rates.

18.6 **Credit risk**

Careful consideration is given to choice of bank in order to minimise credit risk. Cash is held with HSBC and RBS, institutions with AA credit ratings (long term, as assessed by Moody's). The total cash at bank at the reporting date can be seen in the financial assets table above. All of the cash and equivalents were denominated in UK sterling.

There was no significant concentration of credit risk at the reporting date other than as described at Note 15.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

No allowance has been made for impairment losses. In the Directors' opinion, there has been no impairment of financial assets. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

18.7 **Liquidity risk management**

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cashflow forecasts and medium term working capital projections.

18.8 **Maturity of financial assets and liabilities**

All of the non-derivative financial liabilities and assets at the reporting date are either payable or receivable within one year.

19. **Share capital**

19.1 **Number of shares in issue**

	31 October 2015 Number	31 March 2015 Number	31 March 2014 Number	31 March 2013 Number
Ordinary shares of £1 each	745,286	745,286	745,286	645,286

19.2 **Share capital at par, fully paid**

	31 October 2015 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Ordinary share capital	<u>745</u>	<u>745</u>	<u>745</u>	<u>645</u>

19.3 **Changes in shares issued**

Wellian allotted and issued the following shares to Wellian Holdings Limited as part of the acquisition of the client portfolio from Reeves Investment Management Limited:

	31 October 2015 Number	31 March 2015 Number	31 March 2014 Number	31 March 2013 Number
Ordinary shares issued at £1.00 each	<u>–</u>	<u>–</u>	<u>100,000</u>	<u>544,286</u>
	<u>–</u>	<u>–</u>	<u>100,000</u>	<u>544,286</u>

Details of the share issues were as follows:

	31 October 2015 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Proceeds	–	–	100	544
Less: Nominal Value	<u>–</u>	<u>–</u>	<u>(100)</u>	<u>(544)</u>
Share premium arising	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

20. **Ultimate controlling party**

In the opinion of the Directors the ultimate controlling party at the end of the reporting period was Harwood Capital Management Limited, a company incorporated in the UK.

21. Related party transactions

21.1 Remuneration of key personnel

Disclosures required in respect of IAS24 regarding remuneration of key management personnel are covered by the disclosure of the directors' remuneration in Note 9.3.

21.2 Transactions and balances with key personnel

Consultancy services have been purchased in the normal course of business, as set out below, from individuals who are or were directors of Wellian.

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Purchases:				
M Subert	–	–	2	11
	–	–	2	11
Balance owed by/(to) individuals				
K L Vidler	–	6	24	162
M Subert loan	–	(28)	(28)	(1)
C Mayo loan	–	(8)	(8)	–
E Clapton loan	–	(28)	(28)	–
K L Vidler loan	–	(28)	(28)	–
	–	(86)	(68)	161
Directors who were also shareholders received the following dividends:				
K L Vidler	–	16	–	18
M Subert	–	16	–	18
C Mayo	–	16	–	18
E Clapton	–	16	–	18
	–	64	–	72

21.3 Transactions with related companies and businesses

Wellian has purchased services in the normal course of business from certain companies related to individuals who are or were directors of Wellian:

The purchases from these parties and the balances owed at period end are as set out below.

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Purchases from/(sales to) related parties:				
AV Trinity Ltd	81	138	149	145
AV Trinity Ltd	(37)	(68)	75	72
	44	70	224	217

Amounts owed by/(to) related parties carried forward:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
AV Trinity Ltd	8	17	–	–
Fast Track Financial Management Ltd	–	17	81	(23)
	<u>8</u>	<u>34</u>	<u>81</u>	<u>(23)</u>

Both companies are part of a group controlled by KL Vidler.

22. Principal Subsidiaries

Wellian owns 100% of the issued shares of the following:

Fund Intelligence Nominees Limited
Stephens Nominees Limited

These are both non-trading nominee companies incorporated in England and Wales.

23. Operating lease arrangements

Outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Land and buildings				
Within one year	30	30	–	–
In the second to fifth years inclusive	13	30	–	–
	<u>43</u>	<u>60</u>	<u>–</u>	<u>–</u>

The main facility has been leased at an annual rental of £30,000, payable monthly, together with insurance and service charges. The lease expires in March 2017.

24. Contingent Liabilities

Wellian has been a party to various guarantees supporting banking facilities of its former group.

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 31 March 2015 £'000</i>	<i>Year to 31 March 2014 £'000</i>	<i>Year to 31 March 2013 £'000</i>
Amount guaranteed	–	124	9	–
	<u>–</u>	<u>124</u>	<u>9</u>	<u>–</u>

25. Subsequent events

25.1 On 27 November 2015 the debt owed to its ultimate parent company Harwood Capital Management Limited (HCM) was converted into 158,078 ordinary shares each of £1 nominal value issued to then immediate parent Wellian Holdings Ltd (WHL).

25.2 On 23 December 2015, 250,000 ordinary shares of £1 each were issued at par to WHL to provide £250,000 of additional capital.

- 25.3 On 4 January 2016 Wellian acquired a client portfolio previously acquired by Harwood Capital LLP in return for taking on the liability for the deferred consideration payable to the original vendors of that portfolio, estimated to be £161,000.
- 25.4 On 9 February 2016 HCM subscribed for a number of shares in WHL sufficient to allow WHL to repay the debt of £580,000 owed to Wellian.
- 25.5 On 15 March October 2016, Harwood Wealth Management Group plc (formerly Compass Wealth Management Group plc) agreed to acquire the entire share capital of Wellian, immediately prior to the admission of the entire issued share capital of Harwood Wealth Management Group plc to AIM, with consideration to be in shares. On 11 March 2016, Harwood Wealth Management Group plc announced its intention to seek admission to AIM.

PART V
FINANCIAL INFORMATION

**SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION
OF MEON VALLEY FINANCIAL PLANNING LIMITED FOR THE
TWO YEARS AND ELEVEN MONTH PERIOD ENDED 31 OCTOBER 2015**

The following is the full text of a report on Meon Valley Financial Planning Limited from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of Harwood Wealth Management Group plc (the "Company").



25 Farringdon Street
London
EC4A 4AB
United Kingdom

T +44 (0)20 3201 8000
F +44 (0)20 3201 8001

rsmuk.com

The Directors
Harwood Wealth Management Group plc
5 Lancer House
Hussar Court
Westside View
Waterlooville
Hampshire
PO7 7SE

15 March 2016

Dear Sirs,

Meon Valley Financial Planning Limited ("MVFP")

We report on the financial information of MVFP for the two years and eleven month period ended 31 October 2015 set out in Section B of Part V of the admission document of the Company dated 15 March 2016 (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 of the financial information and in accordance with part (k) of Schedule Two of the AIM Rules. This report is given for that purpose only.

Save for any responsibility arising under part (k) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume 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, by part (k) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

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Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union as described in Note 2 of the historical financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. 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 judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations 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 gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of MVFP as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (k) of Schedule Two to the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have 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.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London EC4A 4AB

SECTION B: HISTORICAL FINANCIAL INFORMATION OF MVFP

Meon Valley Financial Planning Limited

The financial information set out below on Meon Valley Financial Planning Limited for the two years ended 30 November 2014 and the 11 months ended 31 October 2015 has been provided solely for the purposes of Part (k) of Schedule Two of the AIM Rules as it is reasonably considered necessary to enable investors to form a full understanding of the assets and liabilities, financial position, profits and losses of the Company.

Statement of Comprehensive Income

	<i>Note</i>	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Continuing operations				
Revenue	6	662	569	565
Operating expenses	7	(250)	(367)	(255)
		<hr/>	<hr/>	<hr/>
Profit from operations		412	202	310
Finance income	10	2	2	2
		<hr/>	<hr/>	<hr/>
Profit before income tax		414	204	312
Income tax charge	11	(84)	(41)	(64)
		<hr/>	<hr/>	<hr/>
Total comprehensive profit for the period attributable to equity owners		<u>330</u>	<u>163</u>	<u>248</u>

Meon Valley Financial Planning Limited

Statement of Financial Position

		<i>As at</i> <i>31 October</i> <i>2015</i> <i>£'000</i>	<i>As at</i> <i>30 November</i> <i>2014</i> <i>£'000</i>	<i>As at</i> <i>30 November</i> <i>2013</i> <i>£'000</i>
Assets				
Property, plant and equipment	13	4	10	11
Total non-current assets		<u>4</u>	<u>10</u>	<u>11</u>
Trade and other receivables	14	90	73	126
Cash and cash equivalents	15	334	169	189
Total current assets		<u>424</u>	<u>242</u>	<u>315</u>
Total assets		<u>428</u>	<u>252</u>	<u>326</u>
Liabilities				
Trade and other payables	16	29	35	31
Accruals	16	21	8	13
Current tax	16	85	45	65
Total current liabilities		<u>135</u>	<u>88</u>	<u>109</u>
Net current assets		289	154	206
Deferred tax liability	16	7	8	11
Total non-current liabilities		<u>7</u>	<u>8</u>	<u>11</u>
Total liabilities		<u>142</u>	<u>96</u>	<u>120</u>
Net assets		<u>286</u>	<u>156</u>	<u>206</u>
Equity				
Share capital	18	10	10	10
Retained earnings		276	146	196
Equity attributable to equity owners		<u>286</u>	<u>156</u>	<u>206</u>

Meon Valley Financial Planning Limited

Statement of Changes in Equity

	<i>Note</i>	<i>Share capital £'000</i>	<i>Retained earnings £'000</i>	<i>Equity attributable to equity owners £'000</i>
As at 1 December 2012		10	147	157
Total comprehensive income for the year		–	248	248
Transactions with owners in their capacity as owners:				
Dividends	12	–	(199)	(199)
As at 30 November 2013		10	196	206
Total comprehensive income for the year		–	163	163
Transactions with owners in their capacity as owners:				
Dividends	12	–	(213)	(213)
As at 30 November 2014		10	146	156
Total comprehensive income for the period		–	330	330
Transactions with owners in their capacity as owners:				
Dividends	12	–	(200)	(200)
As at 31 October 2015		<u>10</u>	<u>276</u>	<u>286</u>

Meon Valley Financial Planning Limited

Statement of Cash Flows

		<i>Period to</i>	<i>Year to</i>	<i>Year to</i>
		<i>31 October</i>	<i>30 November</i>	<i>30 November</i>
		<i>2015</i>	<i>2014</i>	<i>2013</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net cash flows from operating activities				
Profit before income tax		414	204	312
Non-cash adjustments				
Depreciation	7	5	4	4
Loss on disposal of property, plant and equipment		1	–	–
Net finance income	10	(2)	(2)	(2)
Working capital adjustments				
(Increase)/decrease in trade and other receivables		(17)	53	(38)
Increase/(decrease) in trade and other payables		7	(1)	24
Tax paid		(45)	(64)	(38)
Net cash generated by operations		<u>363</u>	<u>194</u>	<u>262</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	13	–	(3)	(4)
Interest received	10	2	2	2
Net cash generated/(used) by investing activities		<u>2</u>	<u>(1)</u>	<u>(2)</u>
Cash flows from financing activities				
Payment of dividend	12	(200)	(213)	(199)
Net cash used by financing activities		<u>(200)</u>	<u>(213)</u>	<u>(199)</u>
Net increase/(decrease) in cash and equivalents		165	(20)	61
Cash and cash equivalents brought forward		<u>169</u>	<u>189</u>	<u>128</u>
Cash and cash equivalents carried forward	15	<u><u>334</u></u>	<u><u>169</u></u>	<u><u>189</u></u>

Meon Valley Financial Planning Limited

Notes to the Historical Financial Information

1. Business description and basis of preparation

1.1 Business description

Meon Valley Financial Planning Ltd (“MVFP”) is a limited liability company incorporated and domiciled in the UK.

The principal activity is the provision of vertically-integrated financial advisory services.

1.2 Basis of preparation

The historical financial information (“Historical Financial Information”) has been prepared in accordance with applicable International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”) and International Financial Reporting Interpretations Committee interpretations (“IFRICs”) (collectively “IFRS”) as adopted for use in the European Union (“EU”).

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that resources are adequate to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information, as explained in Note 1.3.

The Historical Financial Information is presented in pounds sterling (£) and, unless otherwise stated, amounts are expressed in thousands (£’000), with rounding accordingly.

1.3 Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled “Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009”.

At the balance sheet date, MVFP had cash resources (being cash, cash equivalents and money market investments) as set out in Note 15.

The Directors monitor future cash requirements against current resources and the availability of future funding, which includes the proceeds expected in connection with the Placing and Admission, and have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this Historical Financial Information. In developing these forecasts they make enquiries and form assumptions as to future revenues and expenditures based upon their view of the current and future economic conditions that will prevail over the forecast period.

After making enquiries and taking into account management’s estimate of future revenues and expenditure, the Directors have a reasonable expectation that MVFP will have adequate financial resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below.

2.1 Currencies

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which MVFP operates (“the functional currency”) which is UK sterling (£). The Historical Financial Information is presented in UK sterling, as described in Note 1.2 (“the presentational currency”).

2.2 **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Fixtures, fittings and equipment: 15-20 per cent. straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

2.3 **Impairment of non-current assets**

At each reporting date, the Directors review the carrying amounts of all non-current 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 any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.4 **Income recognition**

Revenue comprises firstly the initial fees receivable from clients on inception of a new policy or investment product, and then the recurring service fees ("trail income") that follow.

Initial fees are recognised when a client has signed a service and fee agreement, and the policy or investment has commenced. Provision is made for the potential cancellation of policies where fees are received under indemnity terms. Recurring fees are recognised when paid by the client, whether directly to MVFP or to the financial provider. Fees for administration charges and other services are recognised as the services are provided. Income is shown net of any Value Added Tax.

Interest income represents bank interest receivable on cash balances and is recognised as it is earned.

Having assessed MVFP's revenue arrangements against specific criteria, the Directors have concluded that it is acting as a principal rather than agent in its revenue arrangements to date.

2.5 **Current and deferred tax**

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities for the period.

(a) *Current tax*

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted by the reporting date.

(b) *Deferred tax*

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the statement

of comprehensive income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

2.6 **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

2.7 **Payroll expense and related contributions**

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

2.8 **Pension costs**

To date no pension scheme has been operated and no contributions have been towards staff pensions other than irregular payments to directors' personal pension schemes. Since the period end a scheme has been set up under the UK's auto-enrolment rules. This is being phased in over the course of 2016.

2.9 **Dividends**

Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

2.10 **Segmental information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities.

The Directors have therefore determined that there is only one reportable segment under IFRS8. The results and assets for this segment can be determined by reference to the statement of comprehensive income and statement of financial position.

2.11 **Accounting developments**

At the date of approval of the Historical Financial Information, the following Standards and Interpretations which have not been applied were in issue but not yet effective:

IFRS 2 (amended) Share-based Payment

IFRS 5 Non-current assets held for sale and discontinued operations

IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Liabilities

IFRS 8 (amended) Operating Segments

IFRS 9 Financial Instruments

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 (amended) Fair Value Measurement
IFRS 15 Revenue from Contracts
IFRS 16 Leases
IAS 1 Disclosure Initiative
IAS 19 (revised) Employee Benefits
IAS 24 (revised) Related Party Disclosures
IAS 27 Separate Financial Statements
IAS 28 (revised) Investments in Associates and Joint Ventures
IAS 34 Interim Financial Reporting
IAS 38 (amended) Depreciation and Amortisation

The Directors are still assessing the potential impacts of IFRS 15 and IFRS 16, and have assessed that the introduction of the remaining standards would not have a material effect on the presentation of the financial statements in the period of initial application or subsequently.

3. Financial instruments

Financial assets and financial liabilities are recognised in MVFP's statement of financial position when it becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.3 Trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest method. This method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

3.4 Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.5 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised as the proceeds received, net of direct issue costs.

4. Financial risk management

4.1 Financial risk factors

MVFP's activities expose it to certain financial risks: market risk, credit risk and liquidity risk as explained below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on MVFP's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff.

- (a) Market risk is the risk of loss that may arise from changes in market factors such as competitor pricing, interest rates and foreign exchange rates.
- (b) Credit risk is the financial loss to MVFP if a client or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from MVFP's cash and cash equivalents and receivables balances.
- (c) Liquidity risk is the risk that MVFP will not be able to meet its financial obligations as they fall due. This risk relates to MVFP's liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4.2 **Capital risk management**

MVFP is funded by equity. The components of shareholders' equity are:

- (a) Share capital
- (b) The retained reserve or deficit, reflecting comprehensive income to date less distributions

The objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Expenditures on commitments are funded from existing cash and cash equivalent balances, primarily arising from equity sources.

Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans.

4.3 **Fair value estimation – receivables and payables**

The carrying values of trade receivables and payables are assumed to approximate their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

5. **Critical accounting estimates and judgements**

The Directors consider that there were no significant accounting judgements or accounting estimates critical to the Historical Financial Information.

6. **Revenue**

The revenues and the profit and loss are attributable to the one principal activity, which is described in Note 1.1.

7. Operating expenses

The profit from operations is stated after charging expenses as follows:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Staff costs – Note 9	78	202	90
Establishment and general:			
Auditors' remuneration – Note 8	12	–	–
Operating lease costs – land and buildings	16	17	18
Operating lease costs – other	3	3	3
Depreciation of owned property, plant and equipment – Note 13	5	4	4
Other operating expenses	136	141	140
Total operating expenses	<u>250</u>	<u>367</u>	<u>255</u>

8. Auditor's remuneration

MVFP obtained the following services from the auditor and its associates:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Audit of the financial statements	<u>12</u>	<u>–</u>	<u>–</u>
Total auditors' remuneration	<u>12</u>	<u>–</u>	<u>–</u>

The first statutory audit was for the period ended 31 October 2015.

Since the period end, the auditors have provided corporate finance services relating to this report.

9. Staff and remuneration

9.1 Number of staff

	<i>Period to 31 October 2015 Number</i>	<i>Year to 30 November 2014 Number</i>	<i>Year to 30 November 2013 Number</i>
Average number of employees (including directors):			
Client support	3	3	3
Directors	<u>2</u>	<u>2</u>	<u>2</u>
	<u>5</u>	<u>5</u>	<u>5</u>

9.2 **Remuneration**

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Aggregate remuneration of staff (including directors):			
Wages and salaries	73	97	83
Social security costs	5	5	7
Pension contributions	–	100	–
	<u>78</u>	<u>202</u>	<u>90</u>

9.3 **Directors' remuneration**

Remuneration of the directors who are the key members of management, within statement of comprehensive income:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Short-term remuneration	14	15	15
Pension contributions	–	100	–
	<u>14</u>	<u>115</u>	<u>15</u>

10. **Finance income**

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Bank interest receivable	<u>2</u>	<u>2</u>	<u>2</u>

11. **Taxation**

11.1 **Income tax charge**

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Current tax			
Current period	85	44	65
Deferred tax			
Current period – Note 11.3	<u>(1)</u>	<u>(3)</u>	<u>(1)</u>
Net income tax charge	<u>84</u>	<u>41</u>	<u>64</u>

11.2 **Factors affecting the tax charge**

The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	<i>Period to 31 October 2015</i>	<i>Year to 30 November 2014</i>	<i>Year to 30 November 2013</i>
UK corporate tax average rate	20.4%	21.7%	23.3%
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit before income tax	<u>414</u>	<u>204</u>	<u>312</u>
Tax at the UK corporate tax rate	84	44	73
Origination of temporary differences	1	1	1
Other adjustment	<u>(1)</u>	<u>(4)</u>	<u>(10)</u>
Net income tax charge	<u><u>84</u></u>	<u><u>41</u></u>	<u><u>64</u></u>

11.3 **Deferred tax**

Movements in the deferred tax liability were as follows:

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Deferred tax liability brought forward	(8)	(11)	(12)
Credit to comprehensive income in period	<u>1</u>	<u>3</u>	<u>1</u>
Deferred tax liability carried forward	<u><u>(7)</u></u>	<u><u>(8)</u></u>	<u><u>(11)</u></u>

This relates to accelerated capital allowances and other temporary differences.

11.4 **Factors that may affect future tax charges**

The effective rate of UK corporate tax for the period to 31 October 2015 was 20 per cent. During 2015 the UK Government announced planned reductions to 19 per cent. and 18 per cent. with effect from 2017 and 2020 respectively.

12. **Dividends**

	<i>Period to 31 October 2015 £'000</i>	<i>Year to 30 November 2014 £'000</i>	<i>Year to 30 November 2013 £'000</i>
Dividend payable on Ordinary Shares	<u>200</u>	<u>213</u>	<u>199</u>
Dividend per share	<u><u>£20.00</u></u>	<u><u>£21.30</u></u>	<u><u>£19.90</u></u>

The dividends were paid in the period for which they were declared. No dividends have been declared since the end of the reporting period.

13. Property, plant and equipment

	<i>Fixtures, fittings and equipment £'000</i>
Cost:	
As at 1 December 2012	30
Additions	4
	<hr/>
As at 30 November 2013	34
Additions	3
Disposals	(15)
	<hr/>
As at 30 November 2014	22
Disposals	(11)
	<hr/>
As at 31 October 2015	<u>11</u>
Accumulated depreciation:	
As at 1 December 2012	19
Charge for the year	4
	<hr/>
As at 30 November 2013	23
Charge for the year	4
Disposals	(15)
	<hr/>
As at 30 November 2014	12
Charge for the period	5
Disposals	(10)
	<hr/>
As at 31 October 2015	<u>7</u>
Carrying amount	
As at 1 December 2012	11
As at 30 November 2013	11
As at 30 November 2014	10
As at 31 October 2015	<u>4</u>

The depreciation charge has been included in operating expenses within the Statement of Comprehensive Income.

14. Current receivables

	<i>31 October 2015 £'000</i>	<i>30 November 2014 £'000</i>	<i>30 November 2013 £'000</i>
Trade receivables	42	58	53
Other receivables	31	1	60
Prepayments	17	14	13
	<hr/>	<hr/>	<hr/>
	<u>90</u>	<u>73</u>	<u>126</u>

New clients sign a service and fee agreement and pay an initial fee on policy inception, followed by recurring service fees (trail income). They pay these either directly to MVFP or via the financial providers, who generally pass on such fees promptly.

Trade receivables represent any fees due from either clients or providers for services provided before the period-end.

The Directors believe that the carrying value of receivables represents their fair value. In determining the recoverability of a trade receivable the directors consider any change in its credit quality from the date credit was granted up to the reporting date.

The largest single receivable at any time would typically constitute 10 per cent. to 20 per cent. of total trade receivables and would be a blue chip provider regulated by the FCA. As such the concentrated credit risk is considered minimal.

Details of the credit risk management policies are shown in Note 17.6. No collateral is held as security for trade or other receivables.

15. Cash and cash equivalents

	<i>31 October</i> <i>2015</i> <i>£'000</i>	<i>30 November</i> <i>2014</i> <i>£'000</i>	<i>30 November</i> <i>2013</i> <i>£'000</i>
Cash and cash equivalents	<u>334</u>	<u>169</u>	<u>189</u>

The cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

16. Liabilities

	<i>31 October</i> <i>2015</i> <i>£'000</i>	<i>30 November</i> <i>2014</i> <i>£'000</i>	<i>30 November</i> <i>2013</i> <i>£'000</i>
Current trade and other payables			
Trade payables	16	14	9
Other tax and social security	10	13	13
Other payables	<u>3</u>	<u>8</u>	<u>9</u>
	29	35	31
Accruals	21	8	13
Current income tax	<u>85</u>	<u>45</u>	<u>65</u>
	<u>135</u>	<u>88</u>	<u>109</u>
Deferred tax (non-current)	<u>7</u>	<u>8</u>	<u>11</u>

17. Financial instruments

There is an exposure to the risks that arise from the financial instruments. The policies for managing those risks and the methods to measure them are described in Note 4. Further quantitative information in respect of these risks is presented below and throughout this Historical Financial Information.

17.1 Capital risk management

Funding to date has been by equity.

17.2 **Principal financial instruments**

The principal financial instruments used, from which financial instrument risk arises, are as follows:

	31 October 2015 £'000	30 November 2014 £'000	30 November 2013 £'000
Trade and other receivables	73	59	113
Trade and other payables	40	30	31
Cash and cash equivalents	<u>334</u>	<u>169</u>	<u>189</u>

17.3 **Financial assets**

The following financial assets were held, all classified as loans or receivables:

	31 October 2015 £'000	30 November 2014 £'000	30 November 2013 £'000
Cash and cash equivalents	334	169	189
Trade receivables	42	58	53
Other receivables	<u>31</u>	<u>1</u>	<u>60</u>
	<u>407</u>	<u>228</u>	<u>302</u>

17.4 **Financial liabilities**

The following financial liabilities were held, all classified as other financial liabilities:

	31 October 2015 £'000	30 November 2014 £'000	30 November 2013 £'000
Trade payables	16	14	9
Other payables	<u>24</u>	<u>16</u>	<u>22</u>
	<u>40</u>	<u>30</u>	<u>31</u>

17.5 **Market risk**

MVFP's activities expose it to the financial risk of changes in interest rates. The direct risk is considered to have been minimal, although there is an indirect risk to fee income based on client investment values which can be affected by changes in interest rates.

17.6 **Credit risk**

Careful consideration is given to choice of bank in order to minimise credit risk. Most cash is held with Barclays and Lloyds, institutions with an AA credit rating (long term, as assessed by Moody's). Smaller amounts are held with specialist or local banks. The total cash at bank at the reporting date can be seen in the financial assets table above. All of the cash and cash equivalents were denominated in UK sterling.

There was no significant concentration of credit risk at the reporting date other than as described at Note 14.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

No allowance has been made for impairment losses. In the Directors' opinion, there has been no impairment of financial assets. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the

cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

17.7 **Liquidity risk management**

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cashflow forecasts and medium term working capital projections.

17.8 **Maturity of financial assets and liabilities**

All of the non-derivative financial liabilities and assets at the reporting date are either payable or receivable within one year.

18. **Share capital**

18.1 **Number of shares in issue**

	<i>31 October 2015 Number</i>	<i>30 November 2014 Number</i>	<i>30 November 2013 Number</i>
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

18.2 **Share capital at par, fully paid**

	<i>31 October 2015 £'000</i>	<i>30 November 2014 £'000</i>	<i>30 November 2013 £'000</i>
Ordinary share capital	<u>10</u>	<u>10</u>	<u>10</u>

19. **Ultimate controlling party**

In the opinion of the Directors there was no ultimate controlling party during the reporting period. This has changed since the end of the reporting period – Note 22.

20. **Related party transactions**

20.1 **Remuneration of key personnel**

Disclosures required in respect of IAS24 regarding remuneration of key management personnel are covered by the disclosure of the directors' remuneration in Note 9.3.

20.2 **Transactions and balances with key personnel**

	<i>31 October 2015 £'000</i>	<i>30 November 2014 £'000</i>	<i>30 November 2013 £'000</i>
Balance owed (to)/by personnel			
PA Williams	(2)	1	(2)
SR Webb	<u>29</u>	<u>–</u>	<u>60</u>
	<u>27</u>	<u>1</u>	<u>58</u>

Directors who were also shareholders received the following dividends:

	<i>As at</i> <i>30 November</i> <i>2013</i> <i>£'000</i>	<i>As at</i> <i>30 November</i> <i>2014</i> <i>£'000</i>	<i>As at</i> <i>31 October</i> <i>2015</i> <i>£'000</i>
PA Williams	100	107	100
SR Webb	100	107	100
	<u>200</u>	<u>214</u>	<u>200</u>

21. Operating lease arrangements

Outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	<i>As at</i> <i>30 November</i> <i>2013</i> <i>£'000</i>	<i>As at</i> <i>30 November</i> <i>2014</i> <i>£'000</i>	<i>As at</i> <i>31 October</i> <i>2015</i> <i>£'000</i>
Land and buildings			
Within one year	17	9	–
In the second to fifth years inclusive	9	–	–
	<u>26</u>	<u>9</u>	<u>–</u>

The main facility was leased at an annual rental of £17,000, together with insurance and service charges. Following expiry of the lease, the property was occupied on a monthly licence until 29 February 2016.

22. Subsequent events

- 22.1 On 26 August 2015, Compass Wealth Management Group plc (“CWMG”) agreed to acquire the entire share capital of MVFP. Completion took place on 1 February 2016.
- 22.2 On 11 March 2016, CWMG announced its intention to seek admission of its entire issued share capital to trading on AIM and, on 15 March 2016, to rename itself Harwood Wealth Management Group plc.
- 22.3 There have been no other substantial events since the end of the reporting period that require disclosure.

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an audited pro forma statement of net assets of the Enlarged Group, which has been prepared by the Directors, on the basis of the notes set out below, to show the effects on the net assets of the Enlarged Group as if these transactions had occurred on 31 October 2015. The pro forma financial information has been prepared in a manner consistent with the accounting policies adopted by the Group.

The pro forma financial information has been prepared for illustrative purposes only, and because it addresses a hypothetical situation, does not represent the Enlarged Group's actual financial position either prior to, or following, Admission.

Adjustments as at 31 October 2015

	<i>Harwood Wealth 31 October 2015 (Audited) Note 1 £'000</i>	<i>MVFP 31 October 2015 (Audited) Note 2 £'000</i>	<i>Wellian 31 October 2015 (Audited) Note 3 £'000</i>	<i>Share issue Note 4 £'000</i>	<i>Conver- sion of liability Note 5 £'000</i>	<i>Debt repay- ments Note 6 £'000</i>	<i>Payment Assumption of dividend obligations Note 7 £'000</i>	<i>of of HCM Note 8 £'000</i>	<i>Proceeds of Placing Note 9 £'000</i>	<i>Pro forma net assets (Unaudited) Note 10 £'000</i>
Assets										
Non-current assets										
Property, plant and equipment	17	4	7	-	-	-	-	-	-	28
Intangible assets	4,712	-	325	-	-	-	-	-	-	5,037
Total non-current assets	4,729	4	332	-	-	-	-	-	-	5,065
Current assets										
Trade and other receivables	275	90	678	-	-	(580)	-	-	-	463
Cash and cash equivalents	3,903	334	153	250	-	580	(354)	-	8,744	13,160
Total current assets	4,178	424	831	250	-	-	(354)	-	8,744	14,073
Total assets	8,907	428	1,163	250	-	-	(354)	-	8,744	19,138
Liabilities										
Current liabilities										
Trade and other payables	1,608	29	268	-	(158)	-	-	300	-	2,047
Accruals and deferred income	183	21	53	-	-	-	-	-	-	257
Current tax	130	85	38	-	-	-	-	-	-	253
Borrowings	12	-	-	-	-	-	-	-	-	12
Total current liabilities	1,933	135	359	-	(158)	-	-	300	-	2,569
Non-current liabilities										
Non-trade payables	479	-	-	-	-	-	-	1,111	-	1,590
Deferred tax	531	7	-	-	-	-	-	-	-	538
Total non-current liabilities	1,010	7	-	-	-	-	-	1,111	-	2,128
Total liabilities	2,943	142	359	-	(158)	-	-	1,411	-	4,697
Net assets	5,964	286	804	250	158	-	(354)	(1,411)	8,744	14,441

Notes:

1. The net asset figures of the Company have been extracted without material adjustment from the information contained in section B of Part III of this Admission Document.
2. The net asset figures of Wellian have been extracted without material adjustment from the information contained in section B of Part IV of this Admission Document.
3. The net asset figures of MVFP have been extracted without material adjustment from the information contained in section B of Part V of this Admission Document.
4. On 23 December 2015, 250,000 ordinary shares of £1 each were issued at par by Wellian to WHL to provide £250,000 of additional capital, which amount was received in cash.
5. On 27 November 2015, the debt owed by Wellian to its ultimate parent company, HCM, was converted into 158,078 ordinary shares each of £1 nominal value issued to its immediate parent company, WHL.
6. On 5 February 2016, HCM subscribed for a number of shares in WHL sufficient to allow WHL to repay debt of £580,000 owed to Wellian.
7. On 10 November 2015, the Company declared and paid a dividend of £354,000 (£3.54 per share).
8. Pursuant to a conditional share purchase agreement in respect of Wellian made between the Company, WHL and HCM dated 15 March 2016, the consideration payable by the Company included the assumption by the Company of obligations of HCM and Harwood Capital to make certain deferred cash payments estimated by the Directors to amount to approximately £1,411,000 as detailed in paragraph 12.7 of Part VII of this Admission Document.
9. The proceeds of the Placing are stated after deducting the following costs related to the Placing and Admission:

	£'000
Gross proceeds	10,000
Less costs of the Placing and Admission (excluding VAT as applicable)	<u>(1,256)</u>
Net proceeds	8,744

10. No account has been taken of any other movement in the net assets of Harwood Wealth, MVFP or Wellian since 31 October 2015, nor of any fair value adjustments arising on acquisitions, nor of any other event save as disclosed above.

PART VII

ADDITIONAL INFORMATION

1. PERSONS RESPONSIBLE FOR THIS ADMISSION DOCUMENT

The Company and each of the Directors, whose names, business address and functions appear on page 6 of this Admission Document, accept full responsibility, both individually and collectively, for the information contained in this Admission Document, including for its compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

- 2.1 The legal and commercial name of the Company is Harwood Wealth Management Group plc.
- 2.2 The Company was incorporated in England and Wales under the Companies Act 1985 on 8 December 2003 with company number 4987966 as a public limited company. It was then re-registered as a private limited company on 30 October 2008, before being further re-registered as a public limited company on 4 June 2014.
- 2.3 The liability of the members of the Company is limited. The Company has an unlimited life unless it is wound up, or enters into any reconstruction, amalgamation or merger into, or is continued as, another entity in accordance with the Act. The Company is governed by its Articles and the principal legislation under which the Company operates is the Act and the regulations made thereunder, FSMA and the FCA Rules.
- 2.4 The Company is domiciled in England and Wales and its registered office and principal place of business is at 5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE. The Company's website, which discloses the information required by Rule 26 of the AIM Rules, is harwoodwealth.co.uk. The Company's telephone number is 02392 231 448.
- 2.5 Details of the Directors and their respective functions in the Company are set out on page 6 of this Admission Document under the heading "Directors, Secretary and Advisers". Each of the Directors can be contacted at the principal place of business and registered office of the Company at 5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE.
- 2.6 The principal activity of the Company is to act as the holding company of the Group and it will, following Admission, act as the holding company of the Enlarged Group, whose principal activities are described more fully in Part I of this Admission Document. Details of the various subsidiaries of the Company are set out at paragraph 4 of this Part VII. Save as set out in this Admission Document, there are no other undertakings in which the Company has a proportion of capital likely to have a significant effect on an assessment of the Company's assets and liabilities, financial position or profits and losses.
- 2.7 The Company has no administrative, management or supervisory bodies other than the Board, the Remuneration Committee and the Audit and AIM Rules Compliance Committee.
- 2.8 The ISIN of the Ordinary Shares is GB00BYWB172 and the Ordinary Shares are in registered form and capable of being held either on a certificated or an uncertificated basis.
- 2.9 The Company's auditor is RSM UK Audit LLP, which is regulated by the Institute of Chartered Accountants of Scotland.
- 2.10 The accounting reference date of the Company is 31 October.
- 2.11 The liability of the members is limited to the amount, if any, unpaid on their Ordinary Shares.

3. SHARE CAPITAL

- 3.1 The Company was incorporated as a public limited company with a share capital comprised of two initial subscriber shares having a nominal value of £1.00 each and an authorised share capital of £50,000 on 8 December 2003.
- 3.2 The authorised share capital of the Company was increased to £100,000 by the creation of an additional 50,000 ordinary shares of £1.00 each on 19 February 2004. On 20 February 2004, the Company issued 55,000 ordinary shares credited as fully paid in consideration of the transfer to it of the entire issued share capital of CWMC.
- 3.3 On 3 February 2014, a further two ordinary shares were issued by the Company in consideration for the transfer to it of shares in IMS. An additional 23,578 ordinary shares were issued on 28 February 2014 by way of a bonus issue to the then existing shareholders.
- 3.4 The Company issued 21,418 ordinary shares at an aggregate subscription price of £4,000,000 on 16 March 2014.
- 3.5 By ordinary and special resolutions passed on 15 March 2016 in each case, with effect immediately prior to Admission, *inter alia*:
- 3.5.1 the issued share capital of the Company comprising 100,000 ordinary shares of £1.00 each was sub-divided into 40,000,000 ordinary shares of 0.25 pence each;
- 3.5.2 the Directors were authorised, until the earlier of the date falling 15 months after the passing of such resolution and the conclusion of the annual general meeting of the Company to be held in 2017, to allot Ordinary Shares or to grant rights to subscribe for or convert any security into Ordinary Shares up to an aggregate nominal amount of: (a) £38,973 in connection with the Placing and Acquisition; and (b) £13,897 in connection with small non-pre emptive cash issues;
- 3.5.3 the pre-emption rights contained in section 561(1) of the Act were disapplied so that the Directors were authorised to allot equity securities for cash pursuant to the authorities described in paragraph 3.5.2 above as if section 561 of the Act did not apply to such allotments;
- 3.5.4 the current Shareholders ratified and confirmed the making by the Company of various historic interim dividend payments made by it; the waiver of any associated claims it might have against the directors of the Company, past and present and those Shareholders and entry by the Company into appropriate deeds of release with each of them in respect thereof; and
- 3.5.5 the Company adopted the Articles setting out the rights and restrictions attaching to the Ordinary Shares in substitution for and to the exclusion of its existing articles of association.
- 3.6 With effect immediately prior to Admission, WHL has agreed to sell and the Company has agreed to purchase the entire issued share capital of Wellian in consideration for the issue to WHL of 3,243,243 Ordinary Shares credited as fully paid (representing seven and a half per cent. of the Existing Ordinary Shares).
- 3.7 The issued fully paid up share capital of the Company as at the date of this Admission Document, and as it is expected to be prior to and immediately following Admission, is as follows:

	<i>Aggregate nominal value</i>	<i>Number of Ordinary Shares</i>
As at the date of this Admission Document	£100,000	40,000,000
Following the issue of the Consideration Shares but before the Placing and Admission	£108,108	43,243,243
Following the issue of the Placing Shares and Admission and immediately following Admission	£138,973	55,588,927

- 3.8 The proposed issue of Ordinary Shares pursuant to the Placing will be carried out pursuant to the authorities referred to in paragraph 3.5 of this Part VII. 12,345,684 new Ordinary Shares will be issued pursuant to the Placing.
- 3.9 There is no class of shares in issue other than Ordinary Shares and no Ordinary Shares have been issued other than as fully paid or credited as such.
- 3.10 The Ordinary Shares are freely transferable provided they are fully paid and subject (where applicable) to the provisions of the Articles summarised in paragraph 5.3.5(d) below.
- 3.11 The Consideration Shares and the Placing Shares were created and are or will be allotted and issued fully paid pursuant to the Act and the Articles in registered form, may be held on either a certificated or an uncertificated basis and will rank *pari passu* in all respects with the Existing Ordinary Shares for all dividends or other distributions hereafter declared, paid or made on the Existing Ordinary Shares.
- 3.12 The Company has unrestricted corporate capacity and can borrow, guarantee and give security, subject to any restrictions set out in the Articles.
- 3.13 The Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility nor has any application for such admission been made and it is not intended to make such arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.
- 3.14 No shares of the Company are 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 by any party.
- 3.15 The Company has no authorised but unissued share capital and, except for the obligation to allot the Consideration Shares pursuant to the Acquisition and the New Ordinary Shares pursuant to the Placing, there are no acquisition rights and/or obligations requiring share capital to be issued nor is there any undertaking to increase the Company's share capital.
- 3.16 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.
- 3.17 Save as disclosed in this Part VII, as at the date of this Admission Document:
- 3.17.1 there are no listed or unlisted securities of the Company not representing share capital and there are no outstanding convertible or redeemable securities issued by the Company;
 - 3.17.2 the Company has not issued or granted any options, warrants, exchangeable securities, securities with warrants or any convertible securities;
 - 3.17.3 no person has any rights over the capital of the Company and no person has agreed conditionally or unconditionally to grant any option over the capital of the Company;
 - 3.17.4 no share or loan capital of the Company has been issued or is proposed to be issued, whether fully or partly paid, either for cash or for consideration other than cash;
 - 3.17.5 the Ordinary Shares do not have particular voting rights or preferences other than entitling a Shareholder to one vote per Ordinary Share and there are no shares in the capital of the Company which do not represent capital;
 - 3.17.6 no person has any preferential subscription rights for any share capital of the Company;
 - 3.17.7 other than as described in paragraph 12.1.3 of this Part VII below, no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company;
 - 3.17.8 there is no other undertaking to increase capital;
 - 3.17.9 the Company does not hold any of the Ordinary Shares as treasury shares and no shares in the capital of the Company are held by or on behalf of the Company or by any of its subsidiaries; and
 - 3.17.10 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue.

4. SUBSIDIARY UNDERTAKINGS

4.1 The Company will, from Admission, be the holding company of the Enlarged Group. The Company currently has the following wholly-owned direct and indirect subsidiaries, all of which are incorporated and registered in England and Wales:

<i>Name of subsidiary</i>	<i>Registered office</i>	<i>Date of incorporation</i>	<i>Principal Activity</i>
Compass Wealth Management Consultants Limited (FCA authorised)	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	10 May 2001	Financial advice and planning services
IMS Capital Limited	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	23 July 2010	Investment research
Active Financial Partners Limited (FCA authorised)	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	7 August 2001	Private and corporate wealth management services
Merchants Wealth Management Limited	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	12 May 2014	Financial planning and wealth management
Vue Platform Services Limited	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	2 July 2009	Dormant
Compass B2B Ltd	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	14 May 2009	Dormant
4 Most Limited	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	19 June 2003	Financial planning, investment and retirement advice
Meon Valley Financial Planning Limited	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	6 August 1997	Financial advisory services
Waterside Independent Financial Advisers Ltd	5 Lancer House, Hussar Court, Westside View, Waterlooville, Hampshire PO7 7SE	22 March 2001	Financial advisory services
Wellian* (FCA authorised)	The Garden Suite, 77 Mount Ephraim, Tunbridge Wells, Kent TN4 8BS	3 September 2001	Discretionary investment management
Stephens Nominees Limited*	The Garden Suite, 77 Mount Ephraim, Tunbridge Wells, Kent TN4 8BS	26 July 2000	Nominee company

<i>Name of subsidiary</i>	<i>Registered office</i>	<i>Date of incorporation</i>	<i>Principal Activity</i>
Fund Intelligence Nominees Limited	77 Mount Ephraim, Tunbridge Wells, Kent TN4 8BS	2 June 2008	Nominee company

* Subject to completion of the Acquisition and Admission.

5. ARTICLES OF ASSOCIATION

- 5.1 The intention of the Company is to carry on business principally as a holding company.
- 5.2 Pursuant to section 31 of the Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.
- 5.3 The Articles, which were adopted to take effect immediately prior to Admission by a special resolution of the Company passed on 15 March 2016, contain, *inter alia*, provisions to the following effect:

5.3.1 Limited liability

The liability of the members of the Company is limited to the amount, if any, unpaid on the shares in the Company held by them.

5.3.2 Share rights

Subject to the provisions of the Companies Acts and to any special rights for the time being attached to any existing shares:

- (a) any shares may be allotted or issued with such preferred, deferred or other special rights or restrictions, whether in regard to dividends, voting, transfer, return of capital or otherwise as the Company may by ordinary resolution determine or, in default of such determination, as the Board may determine; and
- (b) any share may be issued which is redeemable or, at the option of the Company or the shareholder, is liable to be redeemed.

5.3.3 Voting rights

Subject to the provisions of the Companies Acts, to any special terms as to voting on which any shares may have been issued and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting:

- (a) on a show of hands:
 - (i) every member who is present in person shall have one vote;
 - (ii) every proxy present shall have one vote, except that if the proxy has been duly appointed by more than one member entitled to vote on the resolution and is instructed by one or more of those members to vote for it and is instructed by one or more of those members to vote against it he shall have one vote for and one vote against the resolution;
 - (iii) every corporate representative present who has been duly authorised by a corporation shall have the same voting rights that the corporation could exercise if it were an individual member; and
- (b) on a poll every member who is present in person or by proxy or representative shall have one vote for every share of which he is the holder.

In the case of joint holders, the vote of the person whose name stands first in the register of members and who votes in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.

Unless the Board otherwise determines, no member shall be entitled to vote at a general meeting either in person or (save as proxy for another member) by proxy unless and until he shall have paid all calls for the time being due and payable by him in respect of that

share, whether alone or jointly with any other person, together with interest and expenses (if any) to the Company.

5.3.4 **Variation of rights**

- (a) The rights for the time being attached to any share or class of shares in the Company (whether or not the Company may be or is about to be wound up) may from time to time be varied or abrogated in accordance with the provisions set out in the Companies Acts. The Board may convene a meeting of the holders of any class of shares whenever it thinks fit and whether or not the business to be transacted involves a variation or abrogation of class rights.
- (b) Subject to the terms of issue of or the rights attached to any shares, the rights or privileges attached to any class of shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the Companies Acts and the Articles.

5.3.5 **Transfer of shares**

- (a) All transfers of shares which are in certificated form may be effected by an instrument of transfer in any usual form or in any other form approved by the Board, and 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. The transferor will be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.
- (b) Any shares held in uncertificated form may be transferred or otherwise dealt with in accordance with the CREST Regulations.
- (c) The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of a certificated share which is not fully paid, provided that the Board does so in a manner which complies with the AIM Rules. The Board may also refuse to register the transfer of a certificated share (or renunciation of a renounceable letter of allotment) unless the transfer (i) is in respect of only one class of shares; (ii) is in favour of a single transferee or not more than four joint transferees; (iii) is duly stamped (if so required) and (iv) is delivered for registration at the registered office of the Company (or such other place as the Board determines) accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution of the transfer. The Board may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted or required by the CREST Regulations.
- (d) In addition, in circumstances where the Board reasonably determines it is necessary to take steps in order to prevent a breach of the requirement to notify the FCA of any person who proposes to become a 10 per cent. controller of the Company and to obtain its consent within the meaning given in section 422 of FSMA, the Board is able to take a number of steps (subject to the right of any person affected to make representations to it to prevent or avoid this) including, on giving notice, refusing to register the transfer concerned.
- (e) If the Board refuses to register a transfer, it shall send the transferee notice of its refusal within two months after the date on which the transfer was lodged with the Company or, in the case of a transfer of uncertificated shares, the appropriate instruction was received by or on behalf of the Company in accordance with the facilities and requirements of the relevant system established pursuant to the CREST Regulations.

- (f) No fee shall be charged for the registration of any transfer or other instrument relating to or affecting the title to any shares.
- (g) Other than as set out above, there are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

5.3.6 **Dividends**

- (a) Subject to the provisions of the Companies Acts and the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on those shares and shall be apportioned and paid proportionately to the amounts paid up on such shares during any portion of the period in respect of which the dividend is paid.
- (b) Subject to the provisions of the Companies Acts, the Board may declare and pay such interim dividends as appear to the Board to be justified by the needs of the business and the profits of the Company available for distribution.
- (c) The Board may, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to any holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend.
- (d) All dividends unclaimed for a period of 12 years or more after having been declared or becoming due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

5.3.7 **Reduction and return of capital**

- (a) Subject to the provisions of the Companies Acts and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, any capital redemption reserve, share premium account or other undistributable reserve in any way.
- (b) On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payment of its liabilities shall, subject to the rights of the holders of any other classes of shares, be applied to the holders of Ordinary Shares equally pro rata to their holdings of Ordinary Shares.

5.3.8 **Pre-emption**

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders. Except as described in paragraph 3.5.3 of this Part VII, these statutory pre-emption rights have not been disapplied by the Company.

5.3.9 **Conversion provisions**

The Articles do not contain any provisions relating to conversion of the Ordinary Shares.

5.3.10 **General meetings**

- (a) In each year, in addition to any other general meetings in that year, the Board shall convene and the Company shall hold an annual general meeting in accordance with the requirements of the Companies Acts at such time and place as the Board shall appoint. Subject to the provisions of the Companies Acts and the Articles, the Board may convene any other general meeting (in addition to the annual general meeting) at such time and place it thinks fit.

- (b) An annual general meeting shall be convened by not less than 21 clear days' notice. All other general meetings may be convened by not less than 14 clear days' notice.
- (c) The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted at the meeting. In the case of a meeting convened to pass a special resolution or at which business other than routine business (as set out in the Articles) is to be transacted (whether proposed as an ordinary resolution or a special resolution), the notice shall specify the intention to propose the resolution as such and the text of the resolution. The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the directors and to the auditors. Subject to any exceptions prescribed by the Companies Acts, the accidental omission to give or send notice of any meeting, or to send any notification where required by the Companies Acts or the Articles in relation to the publication of a notice of meeting on a website or, in cases where it is intended that it be sent out with the notice, any other document relating to the meeting including an appointment of a proxy, or the non receipt of either by any person entitled to receive the same, shall not invalidate the proceedings at that meeting. Shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.
- (d) The Board may direct such security arrangements or restrictions in relation to the general meeting as it considers appropriate in the circumstances. Such arrangements may include arrangements for members, their proxies and representatives (in the case of corporate members) entitled to attend the meeting to do so by attending at a place or places other than the principal place of the meeting at which the chairman of the meeting is to preside, provided that persons attending at the different places are able to participate in the business of the meeting, and hear and see all persons who speak at those different places (whether by means of microphones, loudspeakers, audio-visual equipment or otherwise).
- (e) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided in the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.
- (f) The chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting to another time and place (or indefinitely). Whenever a meeting is adjourned for 30 days or more or indefinitely, at least seven clear days' notice must be given, and the notice must specify the place, day and time of the adjourned meeting and the general nature of the business to be transacted.
- (g) Each director shall be entitled to attend and speak at any general meeting. The chairman of the meeting may invite any person (whether a member or not) to attend and speak at that meeting where he considers that this will assist in the deliberations of the meeting.
- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by the chairman, at least three members having the right to vote on the resolution, or a member or members representing not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution, or a member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right.

5.3.11 **Untraced shareholders**

Subject to the provisions of the Articles, the Company shall be entitled to sell at the best price reasonably obtainable any share of a member, or any share to which a person is entitled by transmission, who has remained untraced for 12 years immediately prior to the date of the publication of an advertisement of an intention by the Company to make such a sale.

5.3.12 **Requirement to disclose interest in shares**

If any member, or any other person appearing to be interested in shares held by such 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 required within the prescribed period from the service of the notice, the following sanctions shall apply unless the Board otherwise determines:

- (a) the member shall not be entitled in respect of the default shares to attend and vote either in person or by representative or by proxy at any general meeting 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 default shares shall be withheld by the Company without any liability 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 the dividend; and
 - (ii) subject as provided in the Articles and, in the case of shares held in uncertificated form, the CREST Regulations, no transfer of any shares held by the member shall be registered unless by way of an excepted transfer, which is a transfer: (1) pursuant to acceptance of a takeover offer; (2) in consequence of a sale made through a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded; or (3) by way of a bona fide sale of the whole beneficial interest to an unconnected third party.

The above restrictions shall continue until either the default is remedied to the satisfaction of the Board or the shares are the subject of an excepted transfer (as described above). Any dividends withheld shall then become payable.

5.3.13 **Lien**

- (a) The Company shall have a first and paramount lien on each of its shares which is not fully paid, for all amounts payable to the Company (whether presently or not) in respect of that share and to the extent and in the circumstances permitted by the Companies Acts. The Board may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from such lien provisions provided that in the case of shares admitted to the Official List or admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.
- (b) The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share, or to the person entitled to it by transmission, demanding payment and stating that if the notice is not complied with the share may be sold.

5.3.14 **Call on shares**

Subject to the terms of allotment, the Board may from time to time make calls upon the members in respect of any amounts unpaid on their shares. Each member shall, subject to receiving at least 14 clear days' notice, pay to the Company the amount called on his

shares. In the event of non-payment, interest shall be payable on the amount unpaid from the day it became due until paid.

5.3.15 **CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Articles contain other provisions in respect of transactions with the shares in the Company in uncertificated form and generally provide for the modification of certain provisions of the Articles so they can be applied to transactions with shares in the Company in uncertificated form.

5.3.16 **Appointment of directors**

- (a) Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than two. Directors may be appointed by the Company by ordinary resolution or by the Board.
- (b) At each annual general meeting of the Company any director who has been appointed by the Board since the last annual general meeting, or who held office at the time of the two preceding annual general meetings and did not retire at either of them, shall retire from office and may offer himself for re-appointment by the members. A director who retires from office at an annual general meeting, if not re-appointed or deemed under the Articles to be re-appointed at the meeting, shall vacate office at its conclusion. No person other than a director retiring (whether required under the Articles or otherwise) shall be appointed a director at any general meeting unless: (i) he is recommended by the Board; or (ii) not less than seven nor more than 28 clear days before the date appointed for the meeting, notice by a member qualified to vote at the meeting (not being the person to be proposed) has been received by the Company of the intention to propose that person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors, together with notice executed by that person of his willingness to be appointed.

5.3.17 **Removal of directors**

- (a) The Company may, by ordinary resolution, remove a director before the expiry of his period of office but without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, and may by ordinary resolution appoint another person who is willing to act to be a director in his place. If the office of a director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.
- (b) In addition, the office of a director shall be vacated if he becomes (*inter alia*) bankrupt, or prohibited by law from being a director, or all the other directors unanimously resolve that he be removed as a director.

5.3.18 **Directors' fees and remuneration**

- (a) Directors are 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 £150,000 per annum or such other sum as the Company by ordinary resolution shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally.
- (b) In addition, any director holding any employment or executive office, or who by arrangement with the Board performs any special duties or services outside his ordinary duties, shall be entitled to such salary or remuneration as may be determined

by the Board, which may be of any description, including salary, commission and participation in profits.

- (c) Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings of the Company.
- (d) The Company may also provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances and establish profit-sharing, share incentive, share purchase or employees' share schemes for the benefit of any person who is (or has at any time been) a director or employee of the Company or any member of its group and for any member of his family (including a spouse or former spouse) and any of his dependents. Any director or former director shall be entitled to receive and retain any pension or other benefit so provided.

5.3.19 **Powers of the Board**

Subject to the provision of the Companies Acts, the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the Board which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not and including without limitation the power to dispose of all or any part of the undertaking of the Company. No alteration of the Articles and no such direction given by the Company shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. The Board may exercise the voting power conferred by the shares in any other company held or owned by the Company, or any power of appointment exercisable by the Company, in such manner in all respects as it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of any director of the Company as a director or employee of such company or in favour of the payment of remuneration to the directors, officers or employees of such company).

5.3.20 **Borrowing powers**

- (a) Subject to the Companies Acts, the Board may exercise all powers of the Company to borrow money, to issue any guarantee or indemnity, to mortgage or charge its undertaking, property and assets (present or future) and uncalled capital and to create and issue debentures, loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party ("borrowings").
- (b) The Board shall restrict the borrowings of the Company and, so far as possible, its subsidiary undertakings so as to secure that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate principal amount (including any premium payable on final repayment) outstanding of all borrowings by the Enlarged Group (excluding intra-group borrowings) then exceeds or would as a result of such borrowing exceed an amount equal to 3 times the aggregate of:
 - (i) the amount paid up or credited as paid up on the share capital of the Company; and
 - (ii) the total of the consolidated capital and revenue reserves of the Enlarged Group but excluding sums set aside for taxation and amounts attributable to any outside shareholders in subsidiaries of the Company and deducting any debit balance on the combined profit and loss account,

all as shown in the then latest audited consolidated balance sheet of the Enlarged Group, but adjusted as may be necessary in respect of any variation in the paid up share capital, share premium account or capital redemption reserve of the Company since the date of its latest audited balance sheet.

5.3.21 **Alteration of capital**

The Company may from time to time by ordinary resolution or (where required under the Companies Acts or by the Articles) special resolution:

- (a) increase its share capital;
- (b) cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person;
- (c) consolidate and divide all or any of its issued share capital into shares of larger amount than its existing shares and sub divide its shares or any of them into shares of smaller amount;
- (d) reduce its share capital, any capital redemption reserve and any share premium account or other distributable reserve in any way; and
- (e) purchase its own shares (including any redeemable shares).

5.3.22 **Directors' interests**

- (a) The Board may, subject to the procedural requirements set out in the Articles and on such terms and for such duration, and subject to such limits or conditions, as it may decide, authorise any matter which would otherwise involve a director breaching his duty under the Act to avoid conflicts of interest. The Board may vary the terms or duration of such an authorisation (including any limits or conditions imposed on it) or revoke it at any time.
- (b) Provided that he has disclosed to the Board the nature and the extent of his interest, a director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company or the Company's members for any additional remuneration, profit or other benefit realised or derived from:
 - (i) being a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested;
 - (ii) acting (otherwise than as auditor) alone or through his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a director; and
 - (iii) being a director or other officer of, or employed by, or otherwise interested in, a body corporate in which the Company is interested or as regards which it has any power of appointment.

5.3.23 **Directors' restriction on voting**

A director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning any contract or other matter in which he has an interest, but in the absence of some other material interest this prohibition shall not apply to any resolution of the Board concerning any of the following matters:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings in respect of which he himself has given an indemnity or that he has guaranteed or secured in whole or in part;
- (c) the subscription by him of any shares, debentures or other securities of the Company or any of its subsidiaries issued or to be issued pursuant to any offer to members or debenture holders of the Company or to the public;
- (d) the director's interest arises by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

- (e) any transaction concerning any other company of which he own less than one per cent. in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise;
- (f) any transaction concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme that relates both to directors and employees of the Company or of any of its subsidiaries and that does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom such scheme or fund relates;
- (g) any transaction concerning any insurance which the Company is, in accordance with the Articles, empowered to purchase and/or maintain for or for the benefit of directors;
- (h) any transaction involving the adoption of an arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the directors benefit in a similar manner to the employees and that does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates; and
- (i) any transaction involving the adoption or modification of any share option or share incentive scheme of the Company (save in relation to any matter concerning or directly affecting his own participation).

A director is entitled to vote on the terms of appointment (including without limitation fixing or varying the terms of appointment) of any director other than his own.

5.3.24 ***Indemnity of officers and insurance***

- (a) Subject to the provisions of the Companies Acts and the Articles, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director, secretary or other officer (excluding an auditor) of the Company may at the discretion of the Board be indemnified by the Company against any liability incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office.
- (b) Subject to the provisions of the Companies Acts, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any person who is or was at any time a director or other officer (excluding an auditor) or employee of the Company or of any other company which is a subsidiary or subsidiary undertaking of the Company or in which the Company has an interest or who is or was at any time a trustee of any pension fund or employee benefits trust in which any employee of the Company or of any such other company or subsidiary undertaking is or has been interested indemnifying such person against any liability, loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a director, officer, employee or trustee.

6. OTHER REGULATORY MATTERS

6.1 Disclosure of interests in shares

As the Company will, following Admission, be a public company incorporated in the UK whose shares are admitted to trading on AIM, pursuant to Rule 5 of the Disclosure and Transparency Rules, a Shareholder will be required to notify the Company of the percentage of his voting rights if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below certain thresholds.

Pursuant to Part 22 of the Act and the Articles, the Company is empowered by notice in writing to require any person whom the Company knows, or has reasonable cause to believe to be interested in, or, at any time during the three years immediately preceding the date on which the notice is issued, to have been so interested in, the Company's shares, within a reasonable time to disclose to the Company particulars of any interests, rights, agreements or arrangements affecting any of the shares held by that person. Where the Company has issued such a notice and the recipient has failed to

give the Company the information so required, the recipient shall not be entitled to be present or vote at any general meeting of the Company and, if the shares held by such recipient represent at least 0.25 per cent. of the Company's issued share capital, the Company can withhold any dividend payments to him.

6.2 **Takeover Code, squeeze-out and sell-out provisions**

6.2.1 **Takeover Code**

The Takeover Code applies to all companies which have their registered office in the United Kingdom, Channel Islands or Isle of Man and whose securities are traded on a regulated market in the United Kingdom or a stock exchange in the Channel Islands or Isle of Man or a multilateral trading facility (such as AIM). Accordingly, the Takeover Code applies to the Company.

Under Rule 9 of the Takeover Code, if an acquisition (whether by a series of transactions over a period of time or not) of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties, if any) would be required, except with the consent of the Panel, to make a general offer for the Ordinary Shares not already owned by the acquirer and its concert parties.

Similarly, this requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties, if any) Ordinary Shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by that person and its concert parties.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in Ordinary Shares during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons, pursuant to an agreement or understanding (whether informal or formal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. "Control" means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings give *de facto* control.

As further described in paragraph 22 of Part I of this Admission Document, the Takeover Panel has confirmed that the members of the Concert Party are acting in concert for the purposes of the Takeover Code.

6.2.2 **Squeeze-out**

Pursuant to sections 979 to 982 of the Act, where an offeror has, by way of a takeover offer (as defined in section 974 of the Act), acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which an offer relates and where the shares to which the offer relates represent not less than 90 per cent. of the voting rights in the company to which the offer relates, the offeror may give a compulsory acquisition notice to the holder of any shares to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire, and which he wishes to acquire, to acquire those shares on the same terms as the general offer.

6.2.3 **Sell-out**

Pursuant to sections 983 and 985 of the Act, where an offeror makes a takeover offer (as defined in section 974 of the Act) and, by virtue of acceptances of the offer and any other acquisitions, holds or has agreed to acquire not less than 90 per cent. of the shares in the target (or if the offer relates to a class of shares, 90 per cent. of the shares in that class) which carry not less than 90 per cent. of the voting rights in the target, then a minority

shareholder who has not accepted the offer may require the offeror to acquire his shares in the target on the same terms as the general offer.

7. SIGNIFICANT SHAREHOLDERS

- 7.1 Except for the interests of certain of the Directors which are set out in paragraph 8.1 of this Part VII, and save for the interests disclosed in this paragraph, the Company is not aware of any holdings of Ordinary Shares as at the date of this Admission Document and on Admission directly or indirectly (within the meaning of Part V of FSMA and the Disclosure and Transparency Rules) in or representing three per cent. or more of the Enlarged Share Capital:

<i>Name of Shareholder</i>	<i>As at the date of this Admission Document but subject to completion of the Acquisition</i>		<i>On Admission</i>	
	<i>Number of issued Ordinary Shares</i>	<i>Percentage of total number of issued Ordinary Shares</i>	<i>Number of issued Ordinary Shares</i>	<i>Percentage of total number of issued Ordinary Shares</i>
Harwood Capital Management Limited*	14,280,000	33.02	16,131,852	29.02
Henderson Volantis**	–	–	7,419,754	13.35
Sian Dunkley***	3,472,400	8.03	3,472,400	6.25
Oryx International Growth Fund Limited****	–	–	2,345,679	4.22

* Christopher Mills, a Non-Executive Director, is also a director, and the sole shareholder, of Harwood Capital Management Limited.

** Henderson Volantis's holding is registered in the legal name of Aurora Nominees Ltd.

*** Sian Dunkley is married to Neil Dunkley, the Joint Chief Executive of the Enlarged Group. Immediately following Admission Neil Dunkley will hold 7,227,106 Ordinary Shares representing 13.00 per cent. of the Enlarged Share Capital.

**** Christopher Mills, a Non-Executive Director, is a director of Oryx International Growth Fund. Christopher holds 2.16 per cent. of the shares in Oryx International Growth Fund in his own name and 46.44 per cent. via his 25.06 per cent. in North American Smaller Companies Investment Trust plc, a company of which he is also a director.

- 7.2 The persons referred to in paragraphs 7.1 and 8.1 in this Part VII do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other Shareholder.
- 7.3 Save as disclosed in paragraph 22 of Part I of this Admission Document, none of the Directors nor the Company is aware (having made due and proper enquiries) of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 7.4 Save as disclosed in paragraphs 7.1 and 8.1 of this Part VII, the Directors and the Company are not aware (having made due and proper enquiries) of any person or persons or corporations who directly or indirectly, jointly or severally, exercise or could exercise control of the Company.
- 7.5 Save as disclosed in this Admission Document, none of the Directors nor the Company is aware (having made due and proper enquiries) of any person or corporation that has an interest in the share capital of the Company or its voting rights which is subject to notice under English law.
- 7.6 Other than the protections afforded to Shareholders in the Articles, the provisions of the Takeover Code and the provisions of the Relationship Agreement, there are no controls in place to ensure that any Shareholder having a controlling interest in the Company does not abuse that interest.

8. DIRECTORS' SHAREHOLDINGS AND OTHER INTERESTS

- 8.1 The interests of the Directors, their respective immediate families (within the meaning set out in the AIM Rules) and, as far as they are aware (having made due and proper enquiries), the interests of persons connected with them (within the meaning of sections 252 to 254 of the Act), all of which are beneficial, in the share capital of the Company as at the date of this Admission Document and immediately following Admission are set out below:

<i>Name of Director</i>	<i>As at the date of this Admission Document</i>		<i>On Admission</i>	
	<i>Number of issued Ordinary Shares</i>	<i>Percentage of total number of issued Ordinary Shares</i>	<i>Number of issued Ordinary Shares</i>	<i>Percentage of total number of issued Ordinary Shares</i>
Neil Dunkley*	9,387,600	21.71	7,227,106	13.00
Mark Howard	12,860,000	29.74	10,699,506	19.25
Alan Durrant**	2,043,243	4.72	2,351,885	4.23
Peter Mann	–	–	–	–
Christopher Mills***	–	–	–	–
Paul Tuson	–	–	–	–

* Neil Dunkley is married to Sian Dunkley. Sian Dunkley holds 3,472,400 Ordinary Shares representing 6.25 per cent of the Enlarged Share Capital.

** Subject to completion of the Acquisition and Admission.

*** Christopher Mills, a Non-Executive Director, is also a director, and the sole shareholder, of Harwood Capital Management Limited. HCM holds 16,131,852 Ordinary Shares representing 29.02 per cent. of the Enlarged Share Capital. In addition, Christopher's wife, Lynne Mills, holds a further 67,927 Ordinary Shares representing 0.12 per cent. of the Enlarged Share Capital and this should be aggregate with Christopher's shareholding. Further, Christopher is a director of Oryx International Growth Fund. Christopher holds 2.16 per cent. of the shares in Oryx International Growth Fund in his own name and 46.44 per cent. via his 25.06 per cent. in North American Smaller Companies Investment Trust plc, a company of which he is also a director.

- 8.2 None of the Directors, nor any member of their respective immediate families (within the meaning set out in the AIM Rules), nor any person connected with them (within the meaning of sections 252 to 254 of the Act), holds or will on Admission be interested, whether beneficially or non-beneficially, directly or indirectly, in the share or loan capital of the Company, any option to subscribe for Ordinary Shares, any voting rights in respect of Ordinary Shares or any securities convertible into shares of the Company or any of its subsidiaries.
- 8.3 None of the Directors nor any member of their respective immediate families (within the meaning set out in the AIM Rules) or persons connected with them (within the meaning of sections 252 to 254 of the Act) has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 8.4 Save as set out in this Admission Document, no Director is or has been interested in any transaction with or on behalf of the Company which was or is unusual in its nature or conditions or which is or was significant to the business of the Enlarged Group (taken as a whole) which was effected by the Company or any subsidiary since its incorporation and which, at the date of this Admission Document, remains, in any respect, outstanding or unperformed.
- 8.5 The Directors are not required to hold any Ordinary Shares under the Articles.
- 8.6 There are no outstanding loans granted or guarantees provided by the Company or any of its subsidiaries to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by any of the Directors to or for the benefit of the Company or any of its subsidiaries.
- 8.7 None of the Directors has any potential conflicts of interest between their duties to the Company and their private interests and/or other duties they may also have.
- 8.8 Save as disclosed in this Admission Document, none of the Directors has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased

to, the Enlarged Group, and no contract or arrangement exists in which any Director is materially interested and which is significant in relation to the business of the Enlarged Group.

8.9 None of the Directors holds any securities convertible into Ordinary Shares.

9. FURTHER INFORMATION ABOUT THE DIRECTORS

9.1 The full names, ages, functions and dates of appointment of the Directors are as follows:

<i>Name</i>	<i>Age</i>	<i>Function</i>	<i>Date of appointment</i>
Peter Mann	57	Chairman	1 September 2015
Neil Dunkley	42	Joint CEO	27 January 2004
Alan Richard Durrant	44	Joint CEO	16 March 2014
Mark Philip Howard	44	Executive Director	27 January 2004
Christopher Harwood Bernard Mills	63	Non-executive Director	15 March 2016
Paul Adam Edward Tuson	49	Non-executive Director	15 March 2016

Nick Bravery, the Group Financial Controller, resigned as a director of the Company on 5 February 2016.

9.2 In addition to being directors of certain of the companies comprising the Enlarged Group, the Directors hold or have held directorships of the companies and/or are or were partners of the partnerships specified opposite their respective names below within the five years prior to the date of this Admission Document:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Peter Mann	Tori Limited 7even Consulting Ltd Bravura Solutions pty	The Cityuk Old Mutual Wealth Limited Old Mutual Wealth Life & Pensions Limited Old Mutual Wealth Life Assurance Limited Investment Strategies (UK) Limited Old Mutual Wealth Nominees Limited Old Mutual Wealth UK Holding Limited Old Mutual Investment Management Limited Selestia Holdings Limited Bankhall Investment Finance Limited Selestia Nominee Limited
Alan Durrant	Wellian Holdings Limited Harwood Multi Manager Limited Harwood Capital Management Limited	None
Neil Dunkley	Active Three LLP Compass Legal Services LLP Time Financial Solutions Limited	None
Mark Howard	Active Three LLP Compass Legal Services LLP Time Financial Solutions Limited	None
Christopher Mills	B&G (Europe) Holding Ltd BDBCO No. 859 Limited Indoor Bowling Equity Limited Journey Group PLC MJ Gleeson PLC Indoor Bowling Acquisitions Limited Stratton Street (Mouse No.1) Limited Harwood Multi Manager Limited	Stratifer Limited CCH Advisers Limited Baltimore Technologies (UK) Limited Baltimore Technologies (Holdings) Limited Highrix Limited H. Townsend & Sons (Builders) Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Christopher Mills (continued)	Stratton Street (Anthony) Limited Tramworks Limited Cyprotex PLC Team Rock Limited Kelvinhaugh Student Accommodation Limited Harwood Capital Nominees Limited Bioquell PLC Harwood Real Estate Limited Harwood Capital Management Limited Assetco PLC Alba Investment Properties Holdings Limited Alba Investment Properties Limited Essenden Limited Catalyst Media Holdings Limited 62 Pont Street (Freehold) Limited Satellite Information Services (Holdings) Limited Alternateport Limited Catalyst Media Group PLC Hampton Investment Properties Limited Baltimore Capital PLC Cross-Border Publishing (London) Limited IR Media Group Limited Hardwood Holdco Growth Financial Services Limited Consolidated Venture Finance Limited North Atlantic Smaller Companies Investment Trust PLC The Quarto Group Inc. Oryx International Growth Fund Limited Sunlink Health Systems, Inc Progeny, Inc GlobalOptions Group, Inc Performance Chemicals Company B&G Equipment Co Tagos Group Winnfield Holding Corporation Utitec	Toftplan Properties Limited Alba Investments Properties Intermediate Holdings Limited Valiant Sports Holdings Limited Ferraris Instruments Limited Darby Group Limited Hampton Land & Estates Limited Mount Street Properties Limited Hampton Trust PLC Jarvis Porter (Property Holdings) Limited Second London American Trust PLC Merchant Properties Two Nominee 1 Limited Merchant Properties Two Nominee 2 Limited Merchant Properties Two General Partner Limited Bionostics Holdings Limited Celsis Group Limited Celcis International Limited Nastor Investments Limited Harwood Capital LLP Nationwide Accident Repair Services Limited W.G. Mitchell (Fifteen) Limited W.G. Mitchell (Charlotte Square) Limited W.G. Mitchell (2005) Limited W.G. Mitchell (Seven) Limited W.G. Mitchell (George Street) Limited W.G. Mitchell Enterprises Limited M J Gleeson Group Limited Academic Research Limited Forefront Group Limited GTL Resources Overseas Investments Limited Sinav Limited GTL Resources Limited Merchant Properties General Partner Limited Merchant Properties Nominees Limited Orthoproducts Limited Bionostics Limited (in liquidation) Izodia PLC J O Hambro Capital Management Limited Prime Focus London PLC
Paul Tuson	CAF Holdings Limited Moguldom Limited Proton Partners International Limited Nusch.Me Telecom Limited LGG Bid Limited Live Guru Limited Box Business Solutions Limited	Lombard Risk Management plc Lombard Risk Compliance Policies Limited Lombard Risk Systems Limited Lombard Risk Compliance Limited Youmeo.com Limited

- 9.3 Save as disclosed in paragraphs 9.3 and 9.4 below, as at the date of this Admission Document, no Director has:
- 9.3.1 any unspent convictions in relation to indictable offences (other than an offence under road traffic legislation in respect of which a custodial sentence was not imposed);
 - 9.3.2 been declared bankrupt or been subject to any individual voluntary arrangement;
 - 9.3.3 been a director of any company which has been placed into 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 whilst he was a director of that company or within 12 months after he ceased to be a director of that company;
 - 9.3.4 been a partner in any partnership which has been placed into compulsory liquidation, administration or partnership voluntary arrangement whilst he was a partner of that partnership or within 12 months after he ceased to be a partner in that partnership;
 - 9.3.5 been the owner of any asset or been a partner in any partnership which had an asset placed into receivership whilst he was a partner of that partnership or within 12 months after he ceased to be a partner of that partnership;
 - 9.3.6 been subject to any public criticisms by any statutory or regulatory authorities (including recognised professional bodies); or
 - 9.3.7 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.
- 9.4 Christopher Mills has been a director of the following companies which have been placed into liquidation or receivership/administration:
- 9.4.1 All creditors paid in full:
 - Nationwide Security Group plc – Receivership completed 2 March 2005
 - Tricor plc – resigned 3 February 2003 – Voluntary arrangement completed 2 April 2014
 - 9.4.2 Companies that went into administration and creditors lost money as a result of liquidation:
 - Valiant Sports Holdings Ltd – Creditors' voluntary liquidator appointed on 12 April 2013. The estimated deficiency to investors and creditors was £2,667,085
 - Jarvis Porter Group plc – Administration completed 28 August 2008 – a dividend of 3 pence per share was paid to unsecured creditors
 - United Industries plc – resigned 28 October 2005 – Administration completed 26 January 2008. The estimated deficiency to investors and creditors was £48,142,869
 - Versatile Group Limited – Administrative receiver appointed 3 September 1998 by Bank of Scotland who had charges and cross guarantees supporting a debt of £2.4 million. In addition, the group had estimated deficiencies as regards creditors of £0.6 million and total estimated deficiencies in excess of £0.7 million. Versatile Group Limited was struck off the register on 15 May 2001
 - 9.4.3 Administration ongoing:
 - W.G. Mitchell (2005) Limited – Christopher Mills resigned on 12 January 2015 – Administrator appointed 1 April 2009
 - W.G. Mitchell (Charlotte Square) Limited – Christopher Mills resigned on 12 January 2015 – Administrator appointed 1 April 2009
 - W.G. Mitchell (George Street) Limited – Christopher Mills resigned on 12 January 2015 – Administrator appointed 1 April 2009
 - W.G. Mitchell (Enterprises) Limited – Christopher Mills resigned on 12 January 2015 – Administrator appointed 1 April 2009
 - W.G. Mitchell (Fifteen) Limited – Christopher Mills resigned on 12 January 2015 – Administrator appointed 1 April 2009

- W.G. Mitchell (Seven) Limited – Christopher Mills resigned on 12 January 2015 – Administrator appointed 1 April 2009

9.5 Paul Tuson was previously a director of Youmeo.com Limited which was the subject of a creditors' voluntary liquidation before being dissolved on 18 March 2013. The estimated deficiency to members and creditors was £108,284.

10. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

The following are particulars of the executive Directors' service agreements and non-executive Directors' letters of appointment with the Company:

10.1 Peter Mann

Mr Mann has entered into a letter of appointment with the Company dated 15 March 2016 for his appointment as a non-executive director and Chairman effective from Admission. The appointment is terminable by either party giving three months' notice on or after the first anniversary and summarily by the Company in certain limited circumstances. The letter provides for payment of a director's fee of £50,000 per annum. Mr Mann has given certain non-compete undertakings which apply during his engagement and in respect of the period of six months post-termination.

10.2 Alan Durrant

Mr Durrant has entered into a service agreement with the Company (which replaces any existing service agreement with Harwood Capital) dated 15 March 2016 for his appointment as full time Joint Chief Executive Officer effective from Admission. The appointment is terminable on twelve months' notice given by either party on or after the first anniversary and summarily by the Company in certain limited circumstances. Mr Durrant's annual salary is £100,000 and he is entitled to various customary benefits. Mr Durrant has given certain non-compete and non-solicitation undertakings which apply during his engagement and in respect of the period of six months post termination.

10.3 Neil Dunkley

Mr Dunkley has entered into a service agreement with the Company (which replaces any existing service agreement with the Company) dated 15 March 2016 for his appointment as full time Joint Chief Executive Officer effective from Admission. The appointment is terminable on twelve months' notice given by either party on or after the first anniversary and summarily by the Company in certain limited circumstances. Mr Dunkley's annual salary is £100,000 and he is entitled to various customary benefits. Mr Dunkley has given certain non-compete and non-solicitation undertakings which apply during his engagement and in respect of the period of six months post termination.

10.4 Mark Howard

Mr Howard has entered into a service agreement with the Company (which replaces any existing service agreement with the Company) dated 15 March 2016 for his appointment as a full time Executive Director effective from Admission. The appointment is terminable on twelve months' notice given by either party on or after the first anniversary and summarily by the Company in certain limited circumstances. Mr Howard's annual salary is £100,000 and he is entitled to various customary benefits. Mr Howard has given certain non-compete and non-solicitation undertakings which apply during his engagement and in respect of the period of six months post termination.

10.5 Christopher Mills

Mr Mills has entered into a letter of appointment with the Company dated 15 March 2016 for his appointment as a non-executive director and Chairman of the Remuneration Committee effective from Admission. The appointment is terminable by either party giving three months' notice on or after the first anniversary and summarily by the Company in certain limited circumstances. No director's fee is payable. Mr Mills has given certain non-compete undertakings which apply during his engagement and in respect of the period of six months post-termination.

10.6 Paul Tuson

Mr Tuson has entered into a letter of appointment with the Company dated 15 March 2016 for his appointment as a non-executive director and Chairman of the Audit and AIM Rules Compliance

Committee effective from Admission. The appointment is terminable by either party giving three months' notice on or after the first anniversary and summarily by the Company in certain limited circumstances. The letter provides for a director's fee of £33,000 per annum. Mr Tuson has given certain non-compete undertakings which apply during his engagement and in respect of the period of six months post-termination.

- 10.7 All of the aforementioned service agreements and letters of appointment are governed by English law.
- 10.8 The aggregate remuneration (excluding dividends but including benefits in kind) paid or payable by any company in the Enlarged Group to the Directors during the year ended 31 October 2015 was £186,000. The aggregate estimated remuneration (excluding dividends but including benefits in kind) paid or payable to the Directors by any company in the Enlarged Group for the current financial year under the arrangements in force from Admission is expected to amount to £430,000 (also excluding any discretionary payments which may be made under these arrangements).
- 10.9 Save as disclosed in this Admission Document:
- 10.9.1 there are no existing or proposed service contracts between any Director and the Company or any other company in the Enlarged Group;
- 10.9.2 there are no existing or proposed arrangements which provide for benefits or additional payment upon any Director's termination of employment; and
- 10.9.3 there are no existing or proposed arrangements under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year preceding the date of this Admission Document.
- 10.11 Save as set out above and as set out in the Placing Agreement, the Lock-In Agreement and the Relationship Agreement (which are summarised in paragraphs 12.1, 12.2 and 12.4 respectively of this Part VII), there are no agreements, arrangements or understandings (including compensation agreements) between any of the Directors, recent directors, Shareholders or recent shareholders of the Company connected with or dependent upon Admission or the Placing.

11. EMPLOYEES

- 11.1 The number of employees employed by the Group for the three years ended 31 October 2015 were as follows:

	<i>As at 31 October 2013</i>	<i>As at 31 October 2014</i>	<i>As at 31 October 2015</i>
Board	2	4	5
Sales	8	8	8
Compliance	1	3	4
Accounts	3	4	4
Investment Management	3	3	3
Administration/Facilities	23	40	37
Total	<u>40</u>	<u>62</u>	<u>61</u>

- 11.2 As at the date of this Admission Document the Group has a total of 70 employees.
- 11.3 The above information on employees does not include the employees of Wellian or the Group's self-employed regulated financial advisers of which there are approximately 80 as at the date of this Admission Document.

12. MATERIAL CONTRACTS

Other than as set out below and in paragraph 15 of this Part VII, and other than contracts in the ordinary course of business, no Enlarged Group company has entered into any contracts in the two years immediately prior to the date of this Admission Document which are or may be material, or which contain any provision

under which any Enlarged Group company has any obligation or entitlement which is material, to the Enlarged Group as at the date of this Admission Document:

12.1 **Placing Agreement**

On or around 24 March 2016, the Company, the Directors, the Selling Shareholders and N+1 Singer will enter into the Placing Agreement pursuant to which:

- 12.1.1 the Company and the Selling Shareholders will appoint N+1 Singer as their respective agent and N+1 Singer agreed to use its reasonable endeavours to procure subscribers for the New Ordinary Shares and purchasers for the Sale Shares at the Placing Price;
- 12.1.2 the obligations of N+1 Singer are conditional, *inter alia*, upon:
 - (a) the Placing Shares being admitted as participating securities within CREST upon or immediately following Admission;
 - (b) the Acquisition being unconditional save for Admission; and
 - (c) Admission occurring not later than 8.00 a.m. on 29 March 2016 or such later time and/or date, being no later than 8.00 a.m. on 15 April 2016, as the Company may agree with N+1 Singer;
- 12.1.3 subject to Admission the Company shall pay to N+1 Singer:
 - (a) a corporate finance fee of £250,000; and
 - (b) a commission at the rate of 3.5 per cent. of the gross aggregate value of the New Ordinary Shares issued pursuant to the Placing;
- 12.1.4 subject to Admission each Selling Shareholder shall pay to N+1 Singer a commission at the rate of 3.5 per cent. of the gross aggregate value of their Sale Shares sold pursuant to the Placing;
- 12.1.5 subject to certain conditions, the Company shall pay all the costs and expenses (including any applicable VAT) of and incidental to the Placing including the fees and costs of legal advisers incurred by N+1 Singer and printing, filing and distribution charges;
- 12.1.6 the Company, the Selling Shareholders and the Directors have each given warranties in favour of N+1 Singer. The liability of the Directors and Selling Shareholders is limited in terms of the amount of the liability save in certain circumstances;
- 12.1.7 in addition, the Company has given N+1 Singer, its affiliates and their respective directors, officers, employees and agents an indemnity relating to certain losses and liabilities which may be incurred by such persons in the performance by N+1 Singer of its obligations and services rendered pursuant to the Placing and Admission; and
- 12.1.8 N+1 Singer has the right to terminate the Placing Agreement prior to Admission in certain circumstances, including:
 - (a) in the event of certain *force majeure* events or other events involving certain material adverse changes relating to the Enlarged Group; and
 - (b) in the event of a material breach by the Company, the Selling Shareholders or the Directors of their obligations or warranties contained in the Placing Agreement.

12.2 **Lock-in and Orderly Marketing Agreement**

On 15 March 2016, the Founders, Sian Dunkley, HCM, Alan Durrant, Richard Philbin, Peter Mann, Christopher Mills and Paul Tuson entered into a deed of undertaking in accordance with which they have each undertaken with N+1 Singer and the Company (subject to certain exceptions) not to dispose of any interest in any of their Ordinary Shares (or any Ordinary Shares purchased by them from time to time) until the first anniversary of Admission. Each of those Shareholders has further undertaken to observe certain orderly market restrictions with respect to the disposal of their Ordinary Shares in the period of 12 months following the first anniversary of Admission.

12.3 **Nominated Adviser and Broker Agreement**

On 30 July 2015, the Company, certain of the Directors, HCM and N+1 Singer entered into an agreement pursuant to which N+1 Singer agreed, *inter alia*, to act as nominated adviser and broker

to the Company following Admission as required by the AIM Rules. N+1 Singer shall provide, *inter alia*, such independent advice and guidance to the Directors and the Company as they may require from time to time as to the nature of their responsibilities and obligations to ensure compliance by the Company on a continuing basis with the AIM Rules. The Company agreed to pay N+1 Singer a retainer fee of £65,000 per annum as well as payment of any disbursements and expenses reasonably incurred by N+1 Singer in the course of carrying out its duties as nominated adviser and broker. The appointment is terminable on three months' notice given by either N+1 Singer or the Company on or after the first anniversary of Admission and summarily by N+1 Singer in certain limited circumstances.

12.4 Relationship Agreement

Pursuant to a relationship agreement dated 15 March 2016 and made between the members of the Concert Party, the Company and N+1 Singer, the parties agreed, effective from Admission, to regulate the on-going relationship between the Company and the Concert Party to ensure that the Company is capable of carrying on its business independently of the Concert Party and any of its members.

Pursuant to the Relationship Agreement, the members of the Concert Party each undertake, among other things, that they will (and, in relation to their associates, will procure that each of their associates will):

- (i) conduct all transactions, agreements and arrangements with the Enlarged Group on an arm's length basis and on normal commercial terms;
- (ii) ensure that no contract or arrangement between it and any member of the Enlarged Group is entered into or varied without the prior approval of a majority of independent Directors;
- (iii) exercise its voting rights to procure in so far as it is able that the Company may at all times carry on its business for the benefit of Shareholders as a whole and independently of the members of the Concert Party; and
- (iv) not, and will procure that its associates will not, seek to de-list the Ordinary Shares from trading on AIM (except in certain circumstances).

The Relationship Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

12.5 Licence of the Harwood trade mark and name

Pursuant to a licence agreement made between Harwood Capital and the Company dated 14 March 2016, Harwood Capital agreed to grant to each member of the Enlarged Group a non-exclusive, royalty free licence to use the registered UK trade mark 'Harwood' in the UK and the name 'Harwood' worldwide (so far as Harwood Capital has any rights associated with the name 'Harwood' for worldwide use). The licence extends to use by each member of the Enlarged Group as part of its corporate or trading name provided such use does not directly conflict with or is not confusingly similar to any of the existing corporate or trading names owned or used by Harwood Capital. The licence also extends to naming certain funds and to advertising, promotional and other physical and digital materials which are necessary for or relate to the operation and management of the businesses of the Enlarged Group.

Harwood Capital remains responsible for maintenance and protection of the trade mark in addition to any recordal obligations. Harwood Capital may terminate the licence immediately if the Company or another member of the Enlarged Group commits a material breach of the licence that is not remedied within 30 days or if the Company enters into an insolvency process that is not stayed or otherwise resolved within 30 days. Provided a period of three years' notice is given to the Company, Harwood Capital may terminate the licence if there is a change of control event in respect of shareholder voting interests of 50 per cent. or more in the Company at any point following Admission.

12.6 True Potential software licence

Pursuant to an agreement between True Potential LLP ("TP") and the Company entered into on 9 November 2009, certain of the Group's client assets are managed via TP, the provider of a web-based software investment platform solution for financial services businesses. Pursuant to the agreement, TP grants to the Group a non-exclusive, non-transferable licence during the term of the agreement to use its software for certain identified front office and back office applications. The Company pays TP a fee equal to 2.6 per cent. of the gross value of all its business conducted via the

platform. The agreement with TP can be terminated on 6 months' notice given by either party. In addition, either party may terminate the agreement if the other commits a breach of the agreement that is not remedied within 30 days or if one of them enters into an insolvency process that is not stayed or otherwise resolved within 30 days.

Share purchases

12.7 Agreement for the acquisition of Wellian

Pursuant to a conditional share purchase agreement made between the Company, WHL and HCM (as guarantor) dated 15 March 2016, WHL has agreed to sell and the Company has agreed to buy the entire issued share capital of Wellian. WHL is a wholly-owned subsidiary of HCM, a substantial shareholder in the Company. Christopher Mills, a Non-Executive Director, is the sole shareholder of HCM and is also one of its directors. The consideration payable by the Company for the transfer to it of Wellian shall be satisfied:

- 12.7.1 immediately prior to Admission by the allotment and issue to WHL by the Company of 3,243,243 Ordinary Shares credited as fully paid (which shares shall immediately be transferred by WHL to Alan Durrant and Richard Philbin for a consideration of £0.81 per Ordinary Share), such amount being loaned to them (on an unsecured basis) by HCM over a period of 10 years at an annual interest rate of 2.5 per cent. over the Bank of England base rate, such interest being payable quarterly in arrears;
- 12.7.2 by the assumption by the Company of the obligation of HCM (pursuant to a sale and purchase agreement entered into by it with the previous owners of WHL dated 15 May 2015) to make certain deferred cash payments in each of July 2016, 2017 and 2018 calculated in part by reference to Wellian's AUM as at each applicable date and currently estimated by the Directors to amount to approximately £1.25 million in aggregate; and
- 12.7.3 by the assumption by the Company of the obligation of Harwood Capital to make a further deferred cash payment in December 2016 to the previous managers of the Discovery funds currently estimated by the Directors to amount to approximately £161,000.

Under the terms of the share purchase agreement, WHL has given various customary undertakings, covenants, warranties and indemnities to the Company on an arm's length basis usual for a transaction of this nature. The warranties (apart from those relating to title to the shares in Wellian and authority for WHL and HCM to enter into the agreement, which are not subject to any limitations) are subject to certain limitations including *de minimis* monetary claim limits and a maximum overall claim limit of £3,000,000. The time limit for bringing a claim for breach of: (a) a tax warranty or indemnity is the seventh anniversary of the date of completion; and (b) any other warranty is the second anniversary of the date of completion.

An unconditional approval was given by the FCA on 29 January 2016 in relation to the Company's change of control application in respect of Wellian. Completion of the share purchase agreement is subject to a long stop date of 15 April 2016 and is conditional, *inter alia*, upon the Placing Agreement not having been terminated. Following completion, there may be a price adjustment calculated by reference to the actual net asset value of Wellian compared against an agreed target net asset value of £1.14 million.

WHL and HCM have each agreed not to be engaged or concerned in a competing financial services business other than the Company for so long as HCM, Alan Durrant and Richard Philbin are collectively the holders of at least 25 per cent. of the Ordinary Shares or, if longer, 3 years from Admission nor to deal with or to solicit or canvass the custom of any client of the Wellian business.

12.8 Agreement for the acquisition of John Clive Enterprises Limited

Pursuant to a conditional share purchase agreement made between the Company, Charles Bridges-Sparkes and others dated 19 February 2016, the vendors agreed to sell and the Company agreed to buy the entire issued share capital of John Clive Enterprises Limited, the parent company of Westhill Financial Services Limited ("**WFS**"), an IFA business based in Avon. Conditional upon de-authorisation of WFS by the FCA and payment by the Company of the initial cash consideration of £302,400, to be funded entirely from its existing cash resources, the transaction is expected to complete following Admission. The initial consideration is subject to an upward or downward

adjustment by reference to the level of completion net assets. In addition, the share purchase agreement provides for further amounts of £140,000 to be paid to the vendors on each of the first and second anniversaries of completion, subject to possible upward or downward adjustment by reference to the actual income achieved by the WFS business over those periods.

The vendor will give various customary undertakings, covenants, warranties and indemnities to the Company usual for a transaction of this nature, including that, as at 1 January 2016, the acquired business had funds under advice of approximately £35 million; and approximately 375 clients, as well as an indemnity having a three year duration in respect of any pre-existing advisory or regulatory related liabilities or to the extent that any commission received by WFS from a financial institution is subsequently clawed-back by it. The warranties (apart from those relating to title to the share capital of WFS and its parent company and authority for the vendors to enter into the agreement, which are not subject to any limitations) are subject to certain customary limitations for a transaction of this nature. The time limit for bringing a claim for breach of: (a) a tax warranty or indemnity is the seventh anniversary of the date of completion; and (b) any other warranty is the third anniversary of the date of completion.

For a period of 5 years from completion, the vendors will also agree not to be engaged or concerned in a competing financial services business operating within a defined geographic area and not to deal with or to solicit or canvass the custom of any client of the business.

12.9 **Agreement for the acquisition of Absolutely Independent Financial Advisers Limited**

Pursuant to a conditional share purchase agreement made between the Company and Brian John Ford dated 19 January 2016, Mr Ford agreed to sell and the Company agreed to buy the entire issued share capital of Absolutely Independent Financial Advisers Limited (“AIFA”), an IFA business based in Swindon, Wiltshire. Conditional upon de-authorisation of AIFA by the FCA and payment by the Company of the initial cash consideration of £160,650, to be funded entirely from its existing cash resources, the transaction is expected to complete post-Admission. The initial consideration is subject to an upward or downward adjustment by reference to the level of completion net assets. In addition, the share purchase agreement provides for further amounts of £73,125 to be paid to the vendor on each of the first and second anniversaries of completion, subject to possible upward or downward adjustment by reference to the actual income achieved by the AIFA business over those periods.

The vendor will give various customary undertakings, covenants, warranties and indemnities to the Company usual for a transaction of this nature, including that, as at 1 December 2015, the acquired business had annual gross trail income of at least £90,000, funds under advice of approximately £23 million, and approximately 470 clients, as well as an indemnity having a three year duration in respect of any pre-existing advisory or regulatory related liabilities or to the extent that any commission received by AIFA from a financial institution is subsequently clawed-back by it. The warranties (apart from that relating to authority for the vendor to enter into the agreement, which is not subject to any limitation) are subject to certain limitations customary for a transaction of this nature. The time limit for bringing a claim for breach of: (a) a tax warranty or indemnity is the seventh anniversary of the date of completion; and (b) any other warranty is the third anniversary of the date of completion.

For a period of 5 years from completion, the vendor will also agree not to be engaged or concerned in a competing financial services business operating within a defined geographic area and not to deal with or to solicit or canvass the custom of any client of the business. For a period of 24 months from completion, the vendor will agree to take reasonable steps to assist with the introduction of clients of the business to the Company.

12.10 **Agreement for the acquisition of Waterside Independent Financial Advisers Limited**

Pursuant to a conditional share purchase agreement made between the Company and Robert Duff and Graham Macneill dated 7 January 2016, the vendors agreed to sell and the Company agreed to buy the entire issued share capital of WIFA, an IFA business based in Hythe, Southampton. Following fulfilment of the relevant conditions and payment by the Company of the initial cash consideration of £388,800, funded entirely from its existing cash resources, the transaction completed on 29 January 2016. The initial consideration is subject to an upward or downward adjustment by reference to the level of completion net assets. In addition, the share purchase agreement provides for further amounts of £180,000 to be paid to the vendors on each of the first and second anniversaries of completion,

subject to possible upward or downward adjustment by reference to the actual income achieved by the WIFA business over those periods.

The vendors gave various customary undertakings, covenants, warranties and indemnities to the Company usual for a transaction of this nature and including that, as at 1 November 2015, the acquired business had annual gross trail income of at least £180,000, funds under advice of approximately £42 million, and 906 clients.

The warranties (apart from those relating to title to the share capital of WIFA and authority for the vendors to enter into the agreement, which are not subject to any limitations) are subject to certain customary limitations. The time limit for bringing a claim for breach of: (a) a tax warranty or indemnity is the seventh anniversary of the date of completion; and (b) any other warranty is the second anniversary of the date of completion.

For a period of 5 years from completion, the vendors also agreed not to be engaged or concerned in a competing financial services business operating within a defined geographic area and not to deal with or to solicit or canvass the custom of any client of the business. For a period of 24 months from completion, the vendors agreed to take reasonable steps to assist with the introduction of clients of the business to the Company.

12.11 Agreement for the acquisition of Meon Valley Financial Planning Limited

Pursuant to a conditional share purchase agreement made between the Company and Patricia Williams and Stephen Webb dated 26 August 2015, the vendors agreed to sell and the Company agreed to buy the entire issued share capital of MVFP, an IFA business based in Droxford, Hampshire. Following de-authorisation of MVFP by the FCA and payment by the Company of the initial cash consideration of £700,000, funded entirely from its existing cash resources, the transaction completed on 1 February 2016. The initial consideration is subject to an upward or downward adjustment by reference to the level of completion net assets. In addition, the share purchase agreement provides for further amounts of £300,000 to be paid to the vendors on each of the first and second anniversaries of completion, subject to possible upward or downward adjustment by reference to the actual income achieved by the MVFP business over those periods.

The vendors gave various customary undertakings, covenants, warranties and indemnities to the Company usual for a transaction of this nature, including that, as at 1 August 2015, the acquired business had annual gross trail income of at least £400,000, funds under advice of approximately £69 million, and approximately 695 clients and an indemnity having a three year duration in respect of any pre-existing advisory or regulatory related liabilities or to the extent that any commission received by MVFP from a financial institution is subsequently clawed-back by it. The warranties (apart from those relating to title to the share capital of MVFP and authority for the vendors to enter into the agreement, which are not subject to any limitations) are subject to certain customary limitations. The time limit for bringing a claim for breach of: (a) a tax warranty or indemnity is the seventh anniversary of the date of completion; and (b) any other warranty is the third anniversary of the date of completion.

For a period of 5 years from completion, the vendors also agreed not to be engaged or concerned in a competing financial services business operating within a defined geographic area and not to deal with or to solicit or canvass the custom of any client of the business. For a period of 24 months from completion, the vendors agreed to take reasonable steps to assist with the introduction of clients of the business to the Company.

12.12 Agreement for the acquisition of 4 Most Limited

Pursuant to a share purchase agreement entered into in July 2015 between the Company and Jeffrey Hoare and David Moore, the vendors agreed to sell and the Company agreed to buy the entire issued share capital of 4M, an IFA business based in Brixham, Devon. Following payment by the Company of the initial cash consideration of £551,250, funded entirely from its existing cash resources, the transaction completed on 13 October 2015. In addition, the share purchase agreement provides for further amounts totalling £238,875 to be paid to one of the sellers on the first and second anniversaries of completion, subject to a possible upward or downward adjustment by reference to the actual net trail income achieved by the 4M business over such periods. The other seller is entitled to receive a once only share of the net trail income achieved by the 4M business during the tenth

year following completion (or earlier in the event of a significant change of control, being a change of more than 40 per cent. in the Company's ownership prior to Admission).

The vendors gave various customary undertakings, covenants, warranties and indemnities to the Company usual for a transaction of this nature including that, as at 1 April 2015, the acquired business had annual net trail income of at least £420,000 and funds under advice of approximately £100 million and including a non-time barred indemnity in respect of any pre-existing advisory or regulatory related liabilities (subject to certain limitations) or to the extent that any commission received by 4M from a financial institution is subsequently clawed-back by it. The warranties (apart from those relating to title to the share capital of 4M and authority for the vendors to enter into the agreement, which are not subject to any limitations) are subject to certain limitations including de minimis monetary claim limits and a maximum overall claim limit of £1,029,000. The time limit for bringing a claim for breach of: (a) a tax warranty or indemnity is the seventh anniversary of the date of completion; and (b) any other warranty is the second anniversary of the date of completion.

The vendors also agreed not to be engaged or concerned in a competing financial services business operating within a defined geographic area for a period of 3 years from completion, for a period of 5 years from completion, not to deal with or to solicit or canvass the custom of any client of the business and, for 24 months from completion, to seek to introduce clients of the business to the Company's nominated FCA-authorized and regulated adviser(s).

Business and asset purchases

12.13 Agreement for the acquisition of the business and assets of Paul Knight

Under the terms of a sale and purchase agreement dated 9 March 2016, Paul Knight agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor and related assets and goodwill. Subject to the satisfaction of various conditions contained in the agreement around the assignment of client agreements, completion of the purchase is expected to occur during April 2016.

The initial consideration payable by the Company in relation to the acquisition of the business will be £75,000, to be funded entirely from its existing cash resources. Further amounts estimated at £37,500 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor will give certain warranties and indemnities to the Company in respect of his business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 January 2016, the acquired business had annual renewal income of at least £50,000.

The vendor will be subject to certain restrictive covenants for a period of five years from completion. In addition, the vendor has agreed for six months from completion to seek to introduce clients of the business to the buyer's nominated FCA authorised and regulated entities.

12.14 Agreement for the acquisition of the business and assets of Guest Financial Planning Limited

Under the terms of a sale and purchase agreement dated 2 March 2016, Guest Financial Planning Limited agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor and certain related assets and goodwill. Subject to the satisfaction of various conditions contained in the agreement around the assignment of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase is expected to occur later in March 2016.

The initial consideration payable by the Company in relation to the acquisition of the business will be £250,000, to be funded entirely from its existing cash resources. Further amounts estimated at £125,000 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor will give certain warranties and indemnities to the Company in respect of its business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 February 2016, the acquired business had annual renewal income of at least £125,000, funds under

advice of approximately £32.8 million, and 456 clients, based predominantly in Kent, Surrey, Sussex and London. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor and a guarantor also agreed not to be engaged or concerned in a competing financial services business operating within a defined geographic area for a period of 5 years from completion, for a period of 3 years from completion, not to deal with or to solicit or canvass the custom of any client of the business and, for 36 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA authorised and regulated entities.

12.15 Agreement for the acquisition of the business and assets of Peter Brackley

Under the terms of a sale and purchase agreement dated 1 February 2016, Peter Brackley agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor and related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase occurred on 29 February 2016.

The initial consideration paid by the Company in relation to the acquisition of the business was £43,746, funded entirely from its existing cash resources. Further amounts estimated at £21,868 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor gave certain warranties and indemnities to the Company in respect of his business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 January 2016, the acquired business had annual renewal income of at least £34,997. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor is subject to certain restrictive covenants for a period of 5 years from completion. In addition, the vendor has agreed for 24 months from completion to seek to introduce clients of the business to the buyer's nominated FCA-authorized and regulated adviser(s).

12.16 Agreement for the acquisition of the business and assets of MED Financial Limited

Under the terms of a sale and purchase agreement dated 21 January 2016, MED Financial Limited agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase occurred on 24 February 2016.

The initial consideration paid by the Company in relation to the acquisition of the business was approximately £187,000 (which included a £28,800 payment made on exchange of the agreement), funded entirely from its existing cash resources. Further amounts estimated at £144,000 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor gave certain warranties and indemnities to the Company in respect of its business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 November 2015, the acquired business had annual renewal income of at least £72,000, funds under advice of £23.5 million, and 2,366 clients, based predominantly in Hampshire, Wiltshire and London.

The vendor and a guarantor also agreed not to be engaged or concerned in a competing financial services business operating within a defined geographic area for a period of 3 years from completion, for a period of 5 years from completion, not to deal with or to solicit or canvass the custom of any client of the business and, for 36 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA authorised and regulated adviser(s).

12.17 Agreement for the acquisition of the business and assets of Gerry Reilly

Under the terms of a sale and purchase agreement dated 21 January 2016, Gerry Reilly agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor and related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase is anticipated to take place following Admission.

The initial consideration payable by the Company in relation to the acquisition of the business is £45,000, funded entirely from its existing cash resources. Further amounts estimated at £22,500 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor gave certain warranties and indemnities to the Company in respect of his business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 December 2015, the acquired business had annual renewal income of at least £30,000; funds under advice of £6 million; and approximately 36 clients, based predominantly in Wiltshire. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor is subject to certain restrictive covenants for a period of 5 years from completion. In addition, the vendor has agreed for 24 months from completion to seek to introduce clients of the business to the buyer's nominated FCA authorised and regulated adviser(s).

12.18 Agreement for the acquisition of the business and assets of Spire Asset Management

Under the terms of a sale and purchase agreement dated 14 January 2016, Kevin Mills agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor trading as Spire Asset Management and related assets and goodwill. Subject to the satisfaction of various conditions contained in the agreement around the assignment of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase is likely to take place in late March 2016.

The initial consideration payable by the Company in relation to the acquisition of the business is £28,500, to be funded entirely from its existing cash resources. Further amounts estimated at £14,250 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor has given certain warranties and indemnities to the Company in respect of his business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 December 2015, the acquired business had annual renewal income of at least £19,000, funds under advice of £3.2 million, and approximately 365 clients, based predominantly in Devon. The Company will be able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor will be subject to certain restrictive covenants for a period of 3 years from completion. In addition, the vendor has agreed for 24 months from completion to seek to introduce clients of the business to the buyer's nominated FCA authorised and regulated adviser(s).

12.19 Agreement for the acquisition of the business and assets of Leverets Consultancy.co.uk Limited

Under the terms of a sale and purchase agreement dated 28 October 2015, Leverets Consultancy.co.uk Limited agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor under the name Leverets Consultancy.co.uk and related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the novation of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase occurred on 5 February 2016.

The initial consideration paid by the Company in relation to the acquisition of the business was £180,000, funded entirely from its existing cash resources. Further amounts estimated at £90,000

(but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor gave certain warranties and indemnities to the Company in respect of its business customary (subject to normal limitations) for a transaction of this nature and including that, as at 30 July 2015, the acquired business had annual renewal income of at least £90,000, funds under advice of £20.1 million, and 180 clients, based predominantly in Kent, Surrey, Sussex and London. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor and a guarantor are subject to certain restrictive covenants for a period of 3 years from completion. In addition, the vendor and guarantor agreed for 24 months from completion to seek to introduce clients of the business to the buyer's nominated FCA authorised and regulated adviser(s).

12.20 Agreement for the acquisition of the business and related assets of Graham John Edwards

Under the terms of a sale and purchase agreement dated 19 May 2015, the vendor agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor as a registered individual with Independent Financial Services (UK) Limited and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase occurred on 11 August 2015.

The initial consideration paid by the Company in relation to the acquisition of the business was £160,000, funded entirely from its existing cash resources. Further amounts estimated at £80,000 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor gave certain warranties and indemnities to the Company in respect of his business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 April 2015, the acquired business had annual renewal income of at least £80,000. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor also agreed not to be engaged or concerned in, or to provide advice to, a competing financial services business operating within a defined geographic area for a period of 3 years from completion, for a period of 5 years from completion, not to deal with or to solicit or canvass the custom of any client of the business and, for 24 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA authorised and regulated adviser(s).

12.21 Agreement for the acquisition of the business and assets of Anthony James Sigler trading as Anthony Sigler Associates

Under the terms of a sale and purchase agreement dated 7 May 2015, the vendor agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor trading as Anthony Sigler Associates and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase occurred on 29 June 2015.

The initial consideration paid by the Company in relation to the acquisition of the business was £175,000, funded entirely from its existing cash resources. Further amounts estimated at £117,000 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor gave certain warranties and indemnities to the Company in respect of his business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 February 2015, the acquired business had annual renewal income of at least £117,000, funds under advice of £24 million, and 550 clients, based predominantly in Berkshire, Buckinghamshire, Essex, Hertfordshire, Kent, Surrey and Sussex. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor also agreed not to be engaged or concerned in, or to provide advice to, a competing financial services business operating within a defined geographic area for a period of 5 years from completion, for the same period, not to deal with or to solicit or canvass the custom of any client of the business and, for 24 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA-authorized and regulated adviser(s).

12.22 Agreement for the acquisition of the business and assets of Alison Carole Bennett

Under the terms of a sale and purchase agreement dated 7 April 2015, the vendor agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor as a registered individual with John Lamb LLP and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment or novation of client agreements and cancellation of the vendor's FCA authorisation, completion of the purchase occurred on 30 June 2015.

The initial consideration paid by the Company in relation to the acquisition of the business was £178,000, funded entirely from its existing cash resources. Further amounts estimated at £89,000 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor gave certain warranties and indemnities to the Company in respect of her business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 March 2015, the acquired business had annual renewal income of at least £89,000, funds under advice of £11 million, and 68 clients, based predominantly in Sussex. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor also agreed not to be engaged or concerned in, or to provide advice to, a competing financial services business operating within a defined geographic area for a period of 3 years from completion, for a period of 5 years from completion, not to deal with or to solicit or canvass the custom of any client of the business and, for 36 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA-authorized and regulated adviser(s).

12.23 Agreement for the acquisition of the business and assets of Osborne Financial Services Limited

Under the terms of a sale and purchase agreement dated 21 November 2014, Osborne Financial Services Limited agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the novation of client agreements, completion of the purchase occurred on 18 March 2015.

The initial consideration paid by the Company in relation to the acquisition of the business was £92,173, funded entirely from its existing cash resources. Further amounts estimated at £46,086 (but to be calculated by reference to a multiple of ongoing annual renewal income) will become payable following each of the first and second anniversaries of completion.

The vendor gave certain warranties and indemnities to the Company in respect of its business customary (subject to normal limitations) for a transaction of this nature and including that, as at 30 October 2014, the acquired business had annual renewal income of at least £67,035. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor and a guarantor are each subject to certain restrictive covenants for a period of 5 years from completion. In addition, the vendor and guarantor agreed for the same period not to deal with or to solicit or canvass the custom of any client of the business and, for 24 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA-authorized and regulated adviser(s).

12.24 Agreement for the acquisition of the business and assets of Philip Henry Vaughan trading as £SD Financial Solutions

Under the terms of a sale and purchase agreement dated 23 September 2014, the vendor agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor trading as £SD Financial Solutions and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements, completion of the purchase occurred on 4 November 2014.

The initial consideration paid by the Company in relation to the acquisition of the business was £152,000, funded entirely from its existing cash resources. Following the first anniversary of the completion date, the Company made a second payment of £72,272, which was calculated by reference to a multiple of renewal income during the prior year. A further amount initially estimated at £76,000 (but to be calculated by reference to a multiple of renewal income over the second year) will become payable in 2017.

The vendor gave certain warranties and indemnities to the Company in respect of his business customary (subject to normal limitations) for a transaction of this nature and including that, as at 1 September 2014, the acquired business had annual renewal income of at least £76,000, funds under advice of £16 million, and 75 clients, based predominantly in London and the South East. The Company is able to bring claims for breach of any warranty for a period of up to two years following the date of completion.

The vendor also agreed not to be engaged or concerned in, or to provide advice to, a competing financial services business operating within a defined geographic area for a period of 5 years from completion, for the same period, not to deal with or to solicit or canvass the custom of any client of the business and, for 24 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA-authorized and regulated adviser(s).

12.25 Agreement for the acquisition of the business and assets of Merchants IFA Limited

Under the terms of a sale and purchase agreement dated 11 April 2014, Merchants IFA Limited agreed to sell and the Company agreed to buy the financial advisory business carried on by the vendor and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the novation of client agreements, completion of the purchase occurred on 14 June 2014.

The initial consideration paid by the Company in relation to the acquisition of the business was £234,000, funded entirely from its existing cash resources. Following the first anniversary of the completion date, the Company made a second payment of £159,042, which was calculated by reference to a multiple of renewal income during the prior year. A further amount initially estimated at £117,000 (but to be calculated by reference to a multiple of renewal income over the second year) will become payable in 2016.

The vendor gave certain warranties and indemnities to the Company in respect of its business customary (subject to normal limitations) for a transaction of this nature and including that, as at 2 April 2014, the acquired business had annual renewal income of at least £142,000, funds under advice of £50 million, and 3,500 clients, based predominantly in Hampshire. The Company is able to bring claims for breach of any warranty for a period of up to 36 months following the date of completion.

The vendor and a guarantor are each subject to certain restrictive covenants for a period of 36 months from completion. In addition, the vendor and guarantor agreed for a period of 5 years from completion not to deal with or to solicit or canvass the custom of any client of the business and, for 36 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA-authorized and regulated adviser(s).

12.26 Agreement for the acquisition of the business and assets of Anita Jane Morley trading as M&W Associates

Under the terms of a sale and purchase agreement dated 28 March 2014, the vendor sold and the Company acquired the financial advisory business carried on by the vendor trading as M&W

Associates and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements, completion of the purchase occurred on 28 April 2014.

The initial consideration paid by the Company in relation to the acquisition of the business was £140,000, funded entirely from its existing cash resources. Following the first anniversary of the completion date, the Company made a second payment of £81,132, which was calculated by reference to a multiple of renewal income during the prior year. A further amount initially estimated at £70,000 (but to be calculated by reference to a multiple of renewal income over the second year) will become payable in 2016.

The vendor gave certain warranties and indemnities to the Company in respect of her business customary (subject to normal limitations) for a transaction of this nature and including that, as at 14 March 2014, the acquired business had annual renewal income of at least £70,000, funds under advice of £30 million, and 460 clients, based predominantly in East Sussex. The Company is able to bring claims for breach of any warranty for a period of up to six years following the date of completion.

The vendor also agreed not to be engaged or concerned in, or to provide advice to, a competing financial services business operating within a defined geographic area for a period of 5 years from completion, for the same period, not to deal with or to solicit or canvass the custom of any client of the business and, for 24 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA-authorized and regulated adviser(s).

12.27 Agreement for the acquisition of the business and assets of Fairfield Financial LLP

Under the terms of a sale and purchase agreement dated 9 April 2014, Fairfield Financial LLP sold and the Company acquired the financial advisory business carried on by the vendor and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements, completion of the purchase occurred on 11 May 2014.

The initial consideration paid by the Company in relation to the acquisition of the business was £160,000, funded entirely from its existing cash resources. Following the first anniversary of the completion date, the Company made a second payment of £172,728, which was calculated by reference to a multiple of renewal income during the prior year. A further amount initially estimated at £80,000 (but to be calculated by reference to a multiple of renewal income over the second year) will become payable in 2016.

The vendor gave certain warranties and indemnities to the Company in respect of its business customary (subject to normal limitations) for a transaction of this nature and including that, as at 2 March 2014, the acquired business had annual renewal income of at least £80,000, funds under advice of £20 million, and 400 clients, based predominantly in Oxfordshire. The Company is able to bring claims for breach of any warranty for a period of up to 36 months following the date of completion.

The vendor, a guarantor and the seller's designated members are each subject to certain restrictive covenants for a period of 5 years from completion. In addition, the vendor and guarantor agreed for the same period not to deal with or to solicit or canvass the custom of any client of the business and, for 36 months from completion, to seek to introduce clients of the business to the buyer's nominated FCA-authorized and regulated adviser(s).

12.28 Agreement for the acquisition of the business and assets of Moneycare Financial Planning Limited

Under the terms of a sale and purchase agreement dated 9 July 2013, Moneycare Financial Planning Limited sold and the Company acquired the financial advisory business carried on by the vendor and certain related assets and goodwill. Following the satisfaction of various conditions contained in the agreement around the assignment of client agreements, completion of the purchase occurred on 16 August 2013.

The initial consideration paid by the Company in relation to its acquisition of the business was £140,000, funded entirely from its existing cash resources. Further amounts initially estimated at

£70,000 (but to be calculated by reference to a multiple of ongoing annual renewal income) became payable following each of the first and second anniversaries of completion. The actual level of deferred consideration payable by the Company pursuant to the sale and purchase agreement is the subject of an ongoing legal dispute described in paragraph 21.3 of this Part VII.

The vendor and guarantors gave certain warranties and indemnities to the Company in respect of the business customary (subject to normal limitations) for a transaction of this nature and including that, as at 31 March 2013, the acquired business had annual renewal income of at least £70,000, funds under advice of £26 million, and 1,600 clients, based predominantly in Somerset. The Company is able to bring claims for breach of any warranty for a period of up to 36 months following the date of completion.

The vendor, guarantors and directors also agreed for a period of 5 years from completion not to deal with or to solicit or canvass the custom of any client of the business.

13. SIGNIFICANT INVESTMENTS

Save as disclosed in this Admission Document, there have been no significant investments by the Company or any other company in the Enlarged Group since 31 October 2015 (being the date to which the financial information set out in Parts III to V of this Admission Document has been prepared) and there are no significant authorised or contracted capital commitments or principal investments that are in progress and no future investments in respect of which the Directors have already made firm commitments which are significant to the Enlarged Group.

14. TAXATION

UK Taxation

The following statements are intended to address only certain general aspects of the UK tax treatment of the Company and certain UK tax consequences of the issue and the holding and disposing of Ordinary Shares. The statements apply in respect of Shareholders who are resident and, in the case of individuals, resident and domiciled in the UK (and not only temporarily non-resident), who are beneficial owners of their Ordinary Shares and the dividends on those Ordinary Shares and who hold their Ordinary Shares as an investment. They may not apply to certain classes of Shareholders including (but not limited to): (i) dealers in securities; (ii) persons who have acquired their Ordinary Shares by reason of any office or employment; (iii) persons who control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, (a) 10 per cent. or more of the Ordinary Shares (or any class of shares), (b) 10 per cent. or more of the voting power of the Company, or (c) any other interests in the Company, whether debt, equity or otherwise; or (iv) persons who acquire Ordinary Shares other than for *bona fide* commercial reasons or who have a tax avoidance purpose or motive. Such persons may be subject to a materially different tax treatment.

If Shareholders are resident or domiciled for tax purposes in a jurisdiction other than the UK, or if Shareholders are unsure as to any aspect of their tax treatment, they should consult their own professional tax advisers.

Taxation of dividends

Withholding Taxes

The Company is not required to withhold UK income tax when paying a dividend on the Ordinary Shares.

Individual Shareholders within the charge to UK income tax – current position

A UK resident individual Shareholder who receives a dividend from the Company will (for the tax year 2015/16) generally be entitled to a tax credit equal to one-ninth of the dividend received. The dividend received plus the related tax credit (the “gross dividend”) will form part of the Shareholder’s total income for UK income tax purposes and will, generally, fall to be taxed as the top slice of that income. The tax credit (which equates to 10 per cent. of the gross dividend) will be set off against the tax chargeable on the gross dividend.

A UK resident individual Shareholder who is liable to income tax only at the starting rate (applied on savings income, excluding dividend income, only) or at the basic rate, will be subject to tax on the gross dividend at the rate of 10 per cent. (for the tax year 2015/16). The tax credit will, therefore, satisfy in full such a Shareholder's liability to income tax in respect of the dividend.

A UK resident individual Shareholder for whom the gross dividend falls between the thresholds for the higher and additional rates of income tax will, to that extent, be subject to tax on the gross dividend at a rate of 32.5 per cent. (for the tax year 2015/16). The tax credit will therefore not fully satisfy such a Shareholder's liability to income tax in respect of the dividend. After taking account of tax credit, the Shareholder will be taxed at an effective rate of income tax of 25 per cent. of the cash dividend received.

A UK resident individual Shareholder for whom the gross dividend falls above the threshold for the additional rate of income tax will, to that extent, be subject to tax on the gross dividend at a rate of 37.5 per cent. (for the tax year 2015/16). The tax credit will therefore not fully satisfy such a Shareholder's liability to income tax in respect of the dividend. After taking account of the tax credit, the Shareholder will be taxed at an effective rate of income tax of approximately 30.6 per cent. of the cash dividend received.

A UK resident individual Shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to claim repayment of the tax credit.

Individual Shareholders within the charge to UK income tax – Post-April 2016

On 9 December 2015, the UK Government published draft legislation to reform the taxation of dividends for UK resident individuals in accordance with a proposal announced in July 2015. Under this draft legislation, the tax credit which would otherwise attach to dividends paid by the Company will be abolished generally and replaced for UK resident individuals by a dividend allowance from 6 April 2016.

The draft legislation provides that there will be no income tax payable in respect of the first £5,000 of cash dividend income received (although such income would still count towards the basic, higher and additional rate thresholds). For dividends received above £5,000, the cash dividend received will be taxable at 7.5 per cent, 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively. UK resident Shareholders should therefore seek the appropriate advice on how these legislative reforms may impact their tax affairs and should note that the current draft legislation may be amended or withdrawn prior to becoming law. These changes are not expected to change the principle that dividend income is treated as the top slice of a Shareholder's total income for UK income tax purposes.

Corporate Shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of United Kingdom taxation of dividends) will be subject to UK corporation tax on dividends paid by the Company on the Ordinary Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Ordinary Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Ordinary Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules.

To the extent that dividends are not exempt, they will be subject to corporation tax. The current maximum rate of UK corporation tax is 20 per cent. This rate is due to fall to 19 per cent. and then 18 per cent. with effect from April 2017 and 2020, respectively.

Taxation of chargeable gains

Shareholders who sell or otherwise dispose of their Ordinary Shares may, depending on their circumstances and subject to any available exemption or relief, incur a liability to UK capital gains tax (for individual Shareholders) or UK corporation tax on chargeable gains (for corporate Shareholders).

Individual Shareholders

Individual Shareholders who are subject to the starting or basic rates of UK income tax, will be subject to a maximum 18 per cent. tax rate on any chargeable gains. Individual Shareholders subject to the higher and additional rate income tax rates will be subject to a maximum 28 per cent. tax rate on any chargeable gains. Individual Shareholders may, depending on their circumstances, have gains reduced by the annual exemption.

Corporate Shareholders

Corporate Shareholders will be subject to corporation tax on any chargeable gains. The current maximum rate of UK corporation tax is 20 per cent. Corporate Shareholders subject to UK corporation tax may have their gains reduced by indexation allowance (but this allowance will not create or increase an allowable loss) and other forms of relief.

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The following comments are intended as a general guide to the UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules may apply.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares. Nor should there be any liability to stamp duty/SDRT on subsequent transactions involving Ordinary Shares listed on AIM, since the abolition of such tax on transfers post April 2014.

Any person who is in any doubt as to his tax position, whether in the UK or in any other jurisdiction in which he may be liable to tax, and any person subject to tax in any other jurisdiction should consult, and rely on, the advice of his own professional adviser in respect of the tax consequences of an investment in the Ordinary Shares.

15. RELATED PARTY TRANSACTIONS

Save for the transactions described in the agreements referred to in paragraphs 12.1 to 12.5 and 12.7 of this Part VII, and as set out below, no company in the Enlarged Group has entered into any related party transaction in the financial periods covered by the reports in Part III, Part IV and Part V of this Admission Document or from the end of those periods to the date of this Admission Document:

- 15.1 The agreement for the acquisition of Wellian, further details of which appear at paragraph 12.7 of this Part VII. WHL is a wholly-owned subsidiary of HCM, a substantial shareholder in the Company. Christopher Mills, a Non-Executive Director, is the sole shareholder of HCM and is also one of its directors.
- 15.2 On 15 March 2016 the Company entered into deeds of release with the Founders, Sian Dunkley and HCM and with the Directors and a former director of the Company discharging each of them from any liability arising out of payment by the Company of the historic interim dividends referred to in paragraph 3.5.4 of this Part VII. Further details of this appear in note 30 of Section B of Part III of this Admission Document.
- 15.3 On 15 March 2016 the Company entered into a lease extension with Neil Dunkley (Joint Chief Executive) and Mark Howard (Executive Director) in respect of 5 Lancer House, Hussar Court, Waterlooville, Hampshire PO7 7SE for a term expiring on 31 March 2025 at an annual rent of £24,000.
- 15.4 During the period covered by the financial information contained in Parts III to V of this Admission Document, the Group paid a total of £84,000 to SAS Corporate Services LLP (“SAS”). SAS is an entity the members of which are Sian Dunkley, the wife of Neil Dunkley (Joint Chief Executive) and Suzanne Banborough, the partner of Mark Howard (Executive Director). SAS was engaged by the Group to provide marketing support, organise business seminars and act as a recruitment agent. The Directors do not intend to utilise the services of SAS following Admission.
- 15.5 In the financial year ended 31 October 2013 the Group paid £20,000 to Time Financial Solutions Limited (“Time”) in relation to client complaint work unrelated to the Group. Time was previously a

wholly-owned subsidiary of the Group but was sold to Neil Dunkley (Joint Chief Executive) and Mark Howard (Executive Director) in 2013. In addition, the Group waived a £14,800 debt from Time in the financial year ended 31 October 2014.

16. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry that the Enlarged Group will have sufficient working capital for its present requirements, that is, for at least the period of 12 months from Admission.

17. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Company or any other company in the Enlarged Group since 31 October 2015, being the date to which the financial information set out in Parts III to V of this Admission Document has been prepared. The Directors are unaware of any exceptional factors which might have influenced the Enlarged Group's activities.

18. INTELLECTUAL PROPERTY

There are no patents or (save in respect of the contracts described in paragraphs 12.5 and 12.6 of this Part VII above) other intellectual property rights, licences or know-how related contracts which are or may be of fundamental importance to the Enlarged Group's business and the Enlarged Group is not dependent on any other patents or licences or know-how related contracts which are material to its business or profitability.

19. PROPERTY AND EQUIPMENT

19.1 The Enlarged Group principally occupies offices at:

- 19.1.1 4 Lancer House, Hussar Court, Waterlooville, Hampshire PO7 7SE under a lease for a term expiring on 31 March 2025 at an annual rent of £24,000;*
- 19.1.2 5 Lancer House, Hussar Court, Waterlooville, Hampshire PO7 7SE under a lease for a term also expiring on 31 March 2025 at an annual rent of £24,000; *
- 19.1.3 Garden Level Office Suite, 77 Mount Ephraim, Tunbridge Wells, Kent TN4 8BS under a lease for a term expiring on 31 March 2017 at an annual rent of £30,000;
- 19.1.4 25 Bolton Street, Brixham, Devon TQ5 9BZ under a lease for a term expiring on 12 October 2017 at an annual rent of £18,000;
- 19.1.5 1st Floor, 1 New Road, Hythe, Hampshire SO45 6YP under a lease for a term expiring on 15 August 2019 at an annual rent of £10,000;
- 19.1.6 Unit 1, Coy Pond Business Park, Ingworth Road, Poole BH12 1JY under a lease for a term expiring on 11 June 2025 at an annual rent of £29,000;
- 19.1.7 1st Floor Suite, 15 Brooklands House, 22 Marlborough Road, Lancing BN15 8AF under a rolling 12 month licence terminable on three months' notice at an annual licence fee of £9,600;
- 19.1.8 part of the premises at Unit 9, Regal Way, Faringdon, Oxon SN7 7BX under a rolling one month licence at an annual fee of £7,380; and
- 19.1.9 Office 1, The Merchants House, 6 & 8 High Street, Bishops Waltham, Southampton SO32 1AA under a lease for a term expiring on 13 March 2018 at an annual rent of £4,600.

*Property owned by the Founders

19.2 The Enlarged Group does not own or occupy any other material property.

20. ENVIRONMENTAL ISSUES

Neither the Company nor the Directors are aware of any environmental issues or risks affecting the utilisation of the property or operations of the Enlarged Group.

21. LITIGATION

- 21.1 From time to time the Enlarged Group receives a small number of complaints from clients which are promptly investigated and, in most cases, resolved without material liability to the Enlarged Group.
- 21.2 One of the Group's former clients brought a complaint to the FOS in respect of advice allegedly received in 2010. The FOS issued a provisional decision against the Group in respect of which it lodged an appeal. The complaint has recently been upheld and the compensation amount payable by the Group, which is not insured, is likely to be approximately £55,000 plus costs.
- 21.3 The Company and CWMC are currently engaged in a dispute relating to the Moneycare business and asset acquisition which was concluded in July 2013, further details of which are set out in paragraph 12.26 in this Part VII. A claim was issued on behalf of Moneycare Financial Planning Limited ("**Moneycare**") on 25 June 2015 in the Bristol Mercantile Court for alleged breach of contract, specifically for the failure to pay monies owed pursuant to the sale and purchase agreement and a related introducer's agreement. The claim relates specifically to the trail income alleged to be payable to Moneycare in respect of the first deferred payment period which ended on 9 December 2014 and the amount in dispute is approximately £197,500 plus interest and costs of around £15,000.

CWMC filed an amended defence together with a counterclaim for breach of warranty on 2 October 2015 and has paid Moneycare £58,310, which it considers is the sum owed pursuant to the relevant agreements. Moneycare filed a reply and defence to the counterclaim on 16 October 2015. On 26 November 2015, the Court ordered that proceedings be stayed for 3 months to enable both parties to perform a reconciliation exercise on the financial records of the acquired business, and to explore options for settlement. CWMC has proposed that the dispute be determined by expert determination. However, the stay ended on 26 February 2016 and the matter has not yet been settled.

Since bringing its initial claim, Moneycare has asserted that the trail income payable to it in respect of the second deferred payment period which ended on 9 December 2015 is £162,432. CWMC considers that the further sum actually owed by it for this period is £55,262 and this amount was paid to Moneycare on 7 January 2016. The total amount that remains in dispute between the parties therefore is approximately £261,360.

- 21.4 Save as set out in paragraphs 21.2 and 21.3, neither the Company nor any other member of the Enlarged Group is or has during the 12 months preceding the date of this Admission Document been engaged in any governmental, legal or arbitration proceedings nor, as far as the Directors are aware, are there any governmental, legal or arbitration proceedings pending or threatened against the Company or any other member of the Enlarged Group which may have or have had during the 12 months preceding the date of this Admission Document a significant effect on the Enlarged Group's financial position or profitability.

22. CONSENTS

- 22.1 N+1 Singer, the nominated adviser of the Company, is a member of the London Stock Exchange and is authorised and regulated by the FCA. N+1 Singer has given and has not withdrawn its written consent to the issue of this Admission Document with the inclusion of its name and references to it in the form and context in which they appear.
- 22.2 RSM Corporate Finance LLP of 25 Farringdon Street, London EC4A 4AB is regulated by the Institute of Chartered Accountants in England and Wales and has given and not withdrawn its written consent to the inclusion in this Admission Document of its reports set out in Section A of Parts III, IV and V of this Admission Document and references to its name in the form and context in which they appear.

23. THIRD PARTY INFORMATION

- 23.1 Certain data used in this Admission Document has been extracted from independent sources. The Company has not verified the underlying data from these sources and cannot give any guarantee of the accuracy or completeness of such data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications, risks and uncertainties.
- 23.2 Where information has been sourced from a third party, the information has been accurately reproduced and, as far as the Company and 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. Reference materials include various historical and recent publications. A comprehensive list of reports and information used in the preparation of this Admission Document is available if required.

24. FINANCIAL INFORMATION

The auditors of the Company for the two years ended 31 October 2014, until their resignation received on 20 October 2015, were Bayliss Ware Ltd regulated by the Institute of Chartered Accountants in England and Wales whose registered office is at 9 Stratfield Park, Eletttra Avenue, Waterlooville, Hants PO7 7XN. RSM UK Audit LLP whose registered office is at 6th Floor, 25 Farringdon Street, London EC4A 4AB and who are registered to carry on audit work by the Institute of Chartered Accountants of Scotland were appointed as auditors to the Company for the year ended 31 October 2015.

25. EXPENSES AND NET PROCEEDS

- 25.1 The total costs and expenses payable by the Company in connection with the Placing (including costs associated with the Acquisition) and Admission (including professional fees, commissions, the costs of printing and registrar's fees) are estimated to amount to approximately £1,186,000 excluding VAT.
- 25.2 The total net proceeds of the Placing payable to the Company are estimated to be £8,814,000.

26. MISCELLANEOUS

- 26.1 The Placing Price is 81 pence per Ordinary Share. The Ordinary Shares are in registered form.
- 26.2 In the event of the Placing not being completed or any Ordinary Shares applied for not being allotted or transferred (either generally or in relation to a given application), monies received will be returned to each concerned applicant (without interest) by telegraphic transfer or by cheque.
- 26.3 Save for the information set out in Parts III to V of this Admission Document, no other audited information is included in this Admission Document and no financial information contained in this Admission Document is intended to represent or constitute a forecast of profits by the Company nor to constitute publication of accounts by it. The financial information relating to the Enlarged Group set out in the accountant's reports in Part III, Part IV and Part V of this Admission Document does not comprise statutory accounts within the meaning of Part 15 of the Act.
- 26.4 Save as disclosed in this Admission Document, no person (excluding professional advisers otherwise disclosed in this Admission Document, trade suppliers and counterparties of contracts being in the ordinary course of business) has received, directly or indirectly, from the Company within the twelve months preceding the Company's application for Admission, or entered into contractual arrangements (not otherwise disclosed in this Admission Document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
- 26.4.1 fees totalling £10,000 or more;
 - 26.4.2 securities in the Company with a value of £10,000 or more calculated by reference to the expected price of an Ordinary Share at Admission; or
 - 26.4.3 any other benefit with a value of £10,000 or more at the date of Admission.

- 26.5 Save as disclosed in this Admission Document, the Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for the current financial year.
- 26.6 Save as disclosed in this Admission Document, the Directors are not aware of any other information that they reasonably consider necessary for investors to know in order to form a full understanding of (i) the assets and liabilities, financial position, profits and losses and prospects of the Company and the Ordinary Shares for which Admission is being sought; or (ii) the rights attached to Ordinary Shares. No public takeover bids have been made by third parties in respect of the Company's issued share capital in the period from the date of incorporation of the Company to the date of this Admission Document.

27. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this Admission Document will be available for download from the Company's website at www.harwoodwealth.co.uk.

Dated: 15 March 2016

