EUROPEAN
WEALTH

Protect and grow your wealth

European Wealth Group Limited

Annual Report and Accounts 2014

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Company's Registered Number
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Highlights and Summary Information

Operational Highlights

- Admission onto AIM following the acquisition and reverse takeover of European Wealth Management Group Limited ("EWMG") in May 2014;
- Acquisition of Compass Financial Benefits Limited, a financial planning business with approximately £31million of funds under influence, in June 2014;
- Acquisition of P&C Global Wealth Managers SA and the associated GTI Fund Investment Ltd, a Swiss based asset manager with approximately £92million of discretionary funds under management, in November 2014; and
- Expansion of network of local and regional offices into the North West of England with the opening of an office in Hardman Square, Manchester, on 1 September 2014.

Financial Highlights

Group

- Group revenue of £5.6 million (2013: £1.9 million) and operating profit of £0.3 million (2013: £1.6 million), reflecting the inclusion of the European Wealth Management Limited figures as of 7 May 2014;
- Profit before tax and exceptional items of £22,000 (2013: £1.56 million); and
- Group net asset position of £16.6 million (2013: £8.0 million).

European Wealth Management Group Limited

- Full year revenue increase of 16% to £6.7 million (2013: £5.8 million);
- Funds under management and influence increase of over 59% growing to £1.03 billion (2013: £629 million);
- EWMG's EBITDA loss narrowed in the period to £0.2 million (2013: £(0.4) million) reflecting ongoing investment into the development of the business.

Summary information

European Wealth Group Limited ("European Wealth" or the "Company") was incorporated in 2004 as Equity Pre-IPO Investments Limited and floated on the Alternative Investment Market (now AIM market) of the London Stock Exchange plc ("AIM") in February 2005.

In the early part of 2012, the Board concluded that the financial services sector had the potential to deliver strong growth with a number of high quality businesses offering attractive investment opportunities. The Directors believed that the increase in asset management and financial planning regulation, coupled with the fact that individuals are today taking more interest and control over their own financial affairs, means that building an integrated financial services business that embraces the latest technology could attract significant premiums, if well executed.

In April 2012, the Company (at this time still named Kingswalk Investments Limited) acquired a 33.33 per cent. stake in European Wealth Management Group Limited ("EWMG"), identifying it as an excellent platform to exploit this opportunity. In January 2013, the Company changed its name to EW Group Limited to reflect the Company's interest in financial and wealth services, and in the European Wealth Management Group together with its subsidiaries (the "EWMG Group") in particular.

On 7 May 2014, the Company changed its name to European Wealth Group Limited and also completed the acquisition of 100 per cent. of EWMG. The transaction was classed as a reverse takeover under the AIM rules and as a result the Company was re-admitted to AIM on 7 May 2014. EWMG is now the only company in which European Wealth owns a material stake.

European Wealth Group Limited and its subsidiaries (the "Group") is a fast growing private wealth management business which was founded in 2009 and commenced trading in 2010. Its core services are financial planning, corporate pension advisory and investment management in both equity and fixed interest instruments.

Its client base currently ranges from individuals with up to £8 million of assets to invest to institutions investing up to £84 million. It currently manages over £1 billion of funds under management or influence ("FUM") and has its headquarters in London and regional offices in Brighton, Cheltenham, Worcester, Wokingham, East Malling and Manchester, as well as an office in Zurich through the acquisition of P&C Global Wealth managers SA ("P&C") during 2014. European Wealth and its subsidiaries (the "Group") currently has 60 employees as well as using the services of 8 consultants.

EWMG's structure is split into two principal business divisions: Investment Management and Financial Planning.

Under the Investment Management division the two trading subsidiaries are European Investment Management Limited ("European Investment Management") and European Wealth Trading Limited ("European Wealth Trading").

European Investment Management is the investment management arm of the Group providing institutional style investment management for private clients, trusts, pension funds and charities. It also manages money on behalf of third party independent financial advisers. As at the year end European Investment Management had approximately £647 million of FUM split between approximately £348 million of, mainly discretionary, equity investments and approximately £299 million of fixed interest investments.

European Wealth Trading is a member of the London Stock Exchange and is the dealing arm for the Group with its main activity being the provision of dealing services to European Investment Management.

The trading business in the Financial Planning division is European Financial Planning Limited ("European Financial Planning"). European Financial Planning currently acts for over 5,800 clients and 51 corporate pension schemes ranging in size from 10 to 4,500 members, with aggregate funds under advice of approximately £380 million. European Financial Planning provides advice to clients covering three core services – financial planning, corporate pension advisory and tax planning.

Chairman's Statement

Following my appointment as Executive Chairman of European Wealth Group Limited ("European Wealth" or the "Company") in May 2014, I am delighted to present the first Annual Report and Accounts following the completion of the Reverse Takeover of European Wealth Management Group ("EWMG") in May 2014.

The Company made its first investment in EWMG back in April 2012 following a change in the investment objectives of the Company, since then further investments were made to support the rapid growth of EWMG and, finally, in the first quarter of 2014, the Board concluded that the best way to deliver value to shareholders was to facilitate the listing on AIM of EWMG by way of a reverse takeover. At the same time, the name of the Company was changed to European Wealth Group Limited.

As noted above, the reverse acquisition was completed in May 2014 and therefore the financial figures that are being reported to 31 December 2014 do not include the historical EWMG figures, as the 2014 Income Statement only recognises the revenue of EWMG after 7 May 2014. Prior to that date, for the period 1 January 2013 to 6 May 2014 the Company was an investment company and as a result its revenues were mainly related to re-valuations of the EWMG investment.

For the year to 31 December 2014, revenues increased from £1.9 million to £5.5 million however the profit before tax and exceptional items fell from £1.5million to £22,000. The strong profit performance in 2013 reflected an increase in the carrying value of investment in European Wealth.

For the 12 months to December 2014, the underlying performance of European Wealth Management Group Limited is detailed below:

	EWMG Year ended 31 December 2014 figures (£'000)	EWMG Year ended 31 December 2013 figures (£'000)
Revenue	6,673	5,821
Costs	(6,876)	(6,199)
EBITDA	(203)	(378)
Interest, tax amortisation and depreciation	(464)	(620)
Loss after tax	(667)	(998)

Revenue has increased in line with the underlying growth in funds under management or influence ("FUM"), and whilst EBITDA remains negative, margins have improved. This negative EBITDA is also a reflection of several new teams that were brought in during 2014 of who we expect to see the financial benefits start to be achieved during the course of the current year.

The Company is still a rapidly growing business as demonstrated by the increase in FUM over the period covered by this report. FUM grew by over 59% increasing from £629 million at 31 December 2013 to in excess of £1billion at 31 December 2014.

Growing a business at this speed inevitably puts pressure on the infrastructure of the business, however over the same period the total headcount has increased from 56 to 67 reflecting the benefits the company is achieving from having invested in market-leading IT and support systems.

Nevertheless, there has been a necessity to strengthen the senior management team over the last 12 months and I am pleased to report that Adam Suggett joined as Financial Controller of the trading subsidiaries in July 2014 and has subject to Financial Conduct Authority ("FCA") approval been appointed a Director to the regulated subsidiaries and Financial Controller of the Group.

Since the year end we have also redefined the role of our Chief Operating Officer, Simon Ray to ensure he has the necessary time and resource to ensure the administrative functions across the Group are run as efficiently as possible.

The growth in our funds under influence has been driven by three main ambitions. When European Wealth was admitted to AIM in May 2014, the Directors stated their strategy to pursue a policy of growing the business by acquisition, organic growth and by attracting highly qualified staff – many with a client following. Your Board has stayed true to these three ambitions. Since the completion of the reverse acquisition, two acquisitions have been made.

The first, Compass Financial Planning, was completed in June 2014. Compass was a financial planning business that advised a number of Group Pension schemes together with a wide range of private individuals. Within four months, we were able to integrate the Compass administration systems on to our own systems within European Financial Planning and we were able to accommodate the two advisers within our Head Office in Austin Friars, London.

At the end of 2014, the second acquisition was completed being the purchase of P&C Wealth Management, a Zurich based wealth management business. This acquisition represents an important strategic move expanding our offshore wealth management offering.

Switzerland has always had a tradition of providing high quality investment management services, and the Board believes that over the last few years, the Swiss fund management business has become far more transparent and is itself starting to go through some significant regulatory change.

The Board believes that this regulatory change will continue for a number of years and the wealth management industry in Switzerland is likely to go through the changes and consolidation that have been experienced in the UK industry over the last five years. It is widely accepted that much of the regulation that is being introduced across Europe is being based on the practices and rules in the UK. Consequently, your Board believes that with the Company's experience in making acquisitions and knowledge of the UK regulatory environment, the Company could be able to benefit over the medium term from the inevitable consolidation.

Together with making acquisitions, the Company also extended its domestic reach in September 2014 by opening a regional office in Manchester. The office was established to facilitate the recruitment of two experienced wealth managers and to establish a European Wealth presence in one of the most dynamic and fast-growing cities in the UK outside London. Since the year end additional experienced investment managers have been recruited to develop our presence in Manchester. The early indications are encouraging with a steady flow of new clients and an increasing awareness of European Wealth within the local community.

Organic growth is something that takes time for a new company to achieve. Not only is there the necessity for the company to establish a brand name and reputation, there is also a need to be of a certain size to attract a wider range of clients. As we progressed through 2014, it was noticeable how the Group's organic growth was beginning to accelerate. This was particularly true with our institutional fixed interest division where funds under management during 2014 increased from £193 million to £299 million, all of which was generated by new investment mandates being won or existing clients increasing the amount of money managed with European Investment Management.

Further on in my report, I will comment on each of the divisions in the Group, however the fact that your company has a diverse range of skills within both the investment management and the financial planning businesses has allowed for the beginning of referrals from one business to another. Again, this is something that will only grow slowly and has to be acceptable to the client and of added value to the individual client requirements.

The third pillar of our growth has been attracting individuals with a client following to the Group. During 2014, five new revenue generating staff were employed and whilst this inevitably had a negative impact on our profitability during 2014, the benefits will be seen in 2015. It takes time for advisers to transfer clients over and experience has shown us that this type of expansion is a drain on the profitability of the Company in the short term. Nevertheless, the rewards in the future are significant given the marginal profitability of additional revenue.

The Board consider it very important that the service provided to clients continues to meet their expectations. One of the most important areas is that of investment performance as clients are becoming far more commercial and if they are paying fees, they expect to see some added value service. It is pleasing to note that during 2014 and the early part of 2015, European Investment Management, has continued to win industry awards for both its investment management capability, but more importantly, its investment strategy. It is the latter that was developed over the first year of the company's existence and delivers a very structured and risk adjusted investment discipline.

At this stage of the Group's development, it is important to establish some key performance indicators which will measure the performance of the Group in the future.

Whilst your Board recognises the importance of the headline funds under management, consideration should also be given to the profitability of the Group.

In the medium term, our intention is to reach an EBITDA margin of 15%. As part of the key performance indicators, your Board will also focus on staff numbers and particularly the ratio of administration staff to revenue-generating staff in each division.

European Wealth Group has two key divisions which have been established to allow the Group to offer a very diverse yet complimentary wealth management service.

Financial Planning

As at December 2014, European Financial Planning advised on £380 million of funds under influence on behalf of over 5,800 clients and 51 group pension schemes.

The business is structured into three distinct financial planning disciplines. The largest in terms of turnover is the general financial planning discipline which accounts for some 66% of the financial planning division's revenue. This will always be the cornerstone of the business advising clients on a broad range of financial planning issues.

The introduction of new regulations, known within the industry as Retail Distribution Review ("RDR"), has had a material impact on the way this part of the financial planning industry operates. Businesses have been forced to move away from the old practice of charging clients commissions either upfront or ongoing. These have been replaced with a transparent charging structure whereby the clients fully understand the costs of the services they are being provided.

When European Financial Planning was established in 2009, many of the new regulations had been drafted and this allowed the company to be structured in a way that would comply with the new rules. Nevertheless it has caused considerable turmoil in the industry which is something your Board expects to continue for the medium term and may present further opportunities.

Following the acquisition of Bradley Stuart in 2012, our financial planning business gained a number of Group Personal Pension Schemes to administer which today accounts for 26% of the financial planning division's revenue. By administering these schemes, our financial planners gain exposure to a wide range of employees ranging from Chief Executives to administrative staff. Inevitably, a number of these members require additional services beyond advice on contributions to a company scheme, this has been a healthy source of organic growth for the financial planning business and is a trend your Board would expect to continue into 2015.

As with the general financial planning industry, the Group Personal Pensions industry has gone through a material change over the last nine months resulting in all the schemes that the Company administer moving away from a commission based arrangement to a standard fee. This was a difficult transition for many of the clients as the cost of running these schemes were effectively transferred from the individual members who were making contributions, to the company providing the pension scheme.

It is clear that the Government is determined to complete the liberalisation of pension schemes and allow individuals far more access to their pension assets at a relatively early age. Whilst this will create a significant opportunity for the industry, it is one that must be approached with caution. It is well reported in the press that the population is living longer and the cost of care in old age is ever-increasing. Consequently, your Board believes there will be increasing demand for independent financial planning that can help clients understand the financial implications of living longer and the inherent cost.

This can only be accommodated during the years when individuals are at their peak period of wealth accumulation which, generally, is between 10 - 15 years before retirement. Your Board believes that financial planning will become far more of an ongoing project management function rather than its historic role of providing one-off advice.

The third discipline within the financial planning business is that of specialist tax planning for high net worth individuals. This accounts for 8% of financial planning turnover and the service is primarily aimed at individuals generating a significant level of earnings where they are looking for advice on EIS and VCT investments together with other tax efficient investments.

There has been much publicity over the last 12 months around some of the more adventurous tax planning schemes and there is a clear trend that HMRC are becoming far more active in challenging some of the schemes. All of the advice provided to clients around tax efficient investments is focused on structures that have been pre-approved by HMRC and also go through a very stringent internal approval system. Your Board consider that demand for this service will increase over the coming years as many successful people find they have contributed their maximum level to pensions and are therefore looking for other tax efficient investments.

Investment Management

The investment management business had £647 million of funds under management as at 31 December 2014. These funds are managed for a very diverse range of clients ranging from institutions to individuals, trusts and pension schemes. This division can be split into three main disciplines, which are discretionary and advisory multi-asset investment management, treasury and cash management and execution only stockbroking.

Discretionary and advisory multi-asset investment management is the backbone of the business accounting for 77% of the divisions turnover. A significant amount of time and energy has been spent on defining the service to clients not only by developing a whole of market investment offering but also ensuring that the internal administration systems are both robust and state of the art.

The Group decided very early on in its development that a structure would be put in place whereby client assets can be held by our own subsidiary, European Investment Nominees Limited rather than engaging the services of a third party administrator. Many companies of our size have taken the decision to outsource their back office function and whilst this is possibly cheaper in the short term, your Board believe this strategy would have a negative impact on the profitability of the business as it grows.

In an effort to improve the profitability of the investment management business, European Wealth Trading Limited, also a member of the Group, became a member of the London Stock Exchange enabling trades to be executed directly with the market thus avoiding third party brokerage costs. The Group has established a specialist execution-only desk who have managed to build a number of external clients and at the same time handle an increasing flow of business from the in-house asset management team. In 2014, the execution only team accounted for 15% of the revenue of European Investment Management which is expected to grow strongly during 2015.

Unlike many of our competitors, we have established an institutional treasury and cash management service which accounts for a significant amount of our funds under management but due to the low management fees chargeable, the contribution to the turnover is more modest at 8%. Whilst the returns available from this type of investment discipline are at near record low, reflecting the low level of current interest rates in the UK, the Board believes that it is an investment discipline that is vital to a number of institutions who are seeking to generate a return greater than that available from cash, but, importantly, without taking any significant amount of risk.

As I commented earlier on in my report, the funds under management within this division have grown significantly over the past twelve months and given the investment returns achieved together with the experience of the investment managers, we expect this division to continue to grow during 2015.

Despite the significant growth in the number of discretionary investment management offerings and a trend amongst many private client stock brokers to develop into wealth managers; there is a steady and growing demand for straightforward, execution-only stockbroking.

Outlook

The Board believes that a combination of an increased demand for the services the industry offers, together with a continued consolidation can only provide an attractive opportunity for the continued development of the Group. Your Board feels that the Company is well-placed to benefit from the consolidation in the industry by pursuing the three cornerstones of the Group's development being acquisition, attracting revenue-generating individuals and organic growth. This together with the broad spectrum of services offered, should place the Group in a strong position.

The consolidation in the wealth management industry is expected to continue in the current year and your Board is regularly assessing a number of opportunities to continue to accelerate the growth of the Group by further acquisition.

2014 has been an important period of change for the Group and is only the start of a plan to significantly grow both the turnover and the funds under management. Such ambitions can only be realised with the support and dedication of every member of staff within the Group. I would like to take this opportunity to thank everybody associated with European Wealth for the commitment and determination they have shown over the last 12 months. Your Board and all the staff within the Group are committed to making European Wealth a growing name within the wealth management industry and look forward to the future with confidence.

A J Morton

Executive Chairman

Strategic Report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to European Wealth Group Limited and its subsidiary undertakings, when viewed as a whole.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this Report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Objectives and strategy

The Group's strategy is to become a leading independent provider of asset management and financial planning services. The Group intends to achieve this through its three main ambitions which are growing the business by acquisition, organic growth and by attracting highly qualified staff – many with a client following. This strategy has already resulted in the four fold increase in the Group's FUM over the last two years.

The Directors have identified a number of themes which they believe will continue to be central to growing a successful wealth management business in a post RDR environment, most notably:

1. the need for an appropriate integration of investment management and financial planning disciplines to deliver a unified wealth management service where personal service is key;

2. the ability to respond effectively to changes in both regulatory environment and industry developments; and

3. the ability to maintain profitability at times when operating margins come under pressure.

The Directors believe that the increasing regulation and compliance requirements for small and medium-size investment management companies and financial advisory firms has created significant consolidation opportunities. The Group has a clearly established track record of supplementing its organic growth with profitable acquisitions. The Directors believe that the Group is in a good position, with improved access to capital markets, to exploit further such consolidation opportunities.

To enable the Group to achieve this strategy it will utilise it's key strengths, which include:

- Genuine delivery of wealth management – financial planning fully integrated with investment management;
- The business is de-risked through having six separate unrelated revenue streams that all make material contributions;
- In-house administrative functions allow for acquisitions to be brought in with minimal additional cost;
- Structured investment process – results are transparent and measurable;
- Access to product – the financial planning business is independent under FCA regulations and the investment management business selects best of breed from the whole market;
- Strong and highly experienced management team who all have experience of working in growing businesses.

Results for the financial year

The financial year ended December 2014 was a period in which the business underwent significant changes. As well as the acquisition of EWMG, the Group completed two other significant acquisitions and brought in a number of new revenue generating individuals. Due to the European Wealth acquisition of EWMG only completing on 7 May 2014, the results of EWMG have only been consolidated into the Group accounts as from that date. Prior to that date European Wealth Group Limited was an investment company and had no subsidiaries.

Revenues are derived from trading in all business divisions.

European Wealth's revenue for the year was £5.6 million (2013: £1.9 million) which generated an operating profit excluding the costs of the reverse acquisition of £0.3 million (2013: £1.6 million).

Loss before tax was £0.3 million (2013: profit £1.6 million).

At the year end the Group's net assets amounted to £16.6 million (2013: £8.0 million), and net current liabilities amounted to £1.6 million (2013: net current assets of £2.8 million).

EWMG's trading results for the full relevant periods have resulted in revenues of £6.7 million (2013: £5.8 million) with an Earnings before interest, tax depreciation and amortisation ("EBITDA") loss of £0.2 million (2013: loss of £0.4 million).

Key performance indicators

A review of the Group's business and an indication of likely future developments are contained in the Chairman's statement and in the Review of the Business. The Group's key performance indicators going forward will include, but are not limited to, assets under management and/or control, number of clients, revenues, EBITDA margins, fund performance and the resulting retainer fee base and the ratio of administration staff to revenue generating staff. These KPI's are disclosed where relevant in the subsidiary accounts and will be monitored going forward on a Group basis and disclosed in future reports.

Key risks affecting the business

There are a number of potential risks and uncertainties that could have an impact on the performance of the Group and Company.

Whilst there are other risks identified (and approved by the Board in terms of their management through its systems and controls) in the Company's documented risk management framework, the key risks include:

Operational risk

This is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. The Group has embedded a risk management framework that identifies and assesses risks in order to manage and mitigate them in an efficient manner.

EWMG is a relatively young company and has been loss making since its inception, which is a reflection of it building up its infrastructure to support the business it is today. Consequently, the business expects its future growth to improve its operating margins whilst appreciating the risk that if this growth is not delivered then the business strategy will need to be reviewed.

Solvency risk

The Group and Company maintain a mixture of cash and cash equivalents that is designed to meet the Company's operational and trading activities. Having prepared detailed forecasts, the Company is confident that it has sufficient liquidity for the foreseeable future.

The Directors understand the risk of not being able to meet the long term and short term obligations of the business, especially with regards to its capital requirements. In order to mitigate this risk the Group's finance team analyses cashflow on a regular basis and has implemented strong internal controls so that all outgoings are budgeted for. The Company itself has robust plans in place that will enable it to bring in new capital and restructure the existing capital base if forecasted targets are not achieved and additional capital is required.

Dependence on key personnel

The Group's performance is dependent on its current and future management team. The loss of any of its existing directors or key employees or a failure to recruit additional directors and/or senior executives could, therefore, significantly reduce the Group's ability to make successful acquisitions or manage the Group and its operations effectively.

The future performance of the Group cannot be guaranteed

There is no certainty and no representation or warranty is given by any person that the Group will be able to achieve any returns referred to in this document. The financial operations of the Group may be adversely affected by general economic conditions, by conditions within the UK financial services market generally or by the particular financial condition of other parties doing business with the Company.

Prospective acquisitions may fail to deliver expected performance

There can be no guarantee that suitable companies or businesses will be available for the Group to successfully identify and acquire in the future. The asset management sector has a number of large businesses operating within it, together with many of medium size and a substantial number of small operations. The Company therefore will face competition to acquire other operations. A number of competitors are larger and have greater resources than the Company and may prevent the successful implementation of the Company's business plan.

Future funding requirements

Funding may be required in the future to implement the Group's strategy. The Group may attempt to raise additional funds through equity or debt financings or from other sources to implement this strategy. Any additional equity financing may be dilutive to holders of Ordinary Shares and any debt financing, if available, may require restrictions to be placed on the Group's future financing and operating activities. The Group may be unable to obtain additional financing on acceptable terms or at all if market and economic conditions, the financial condition or operating performance of the Group or investor sentiment (whether towards the Group in particular or towards the market sector in which the Group operates) are unfavourable. The Group's inability to raise additional funding may hinder its ability to implement its strategy, grow in the future or to maintain its existing levels of operation.

Regulatory risk

Regulatory risk is the risk that the regulated entities fail to comply with any of the regulations set by the various regulatory bodies that each company operates under. The Group is engaged in activities which are regulated by the Financial Conduct Authority ("FCA"). The Group may, therefore, be required from time to time to review and update its regulatory permissions and the status of its authorised persons to ensure that its existing and new activities, as they develop, are consistent with the Group's regulatory permissions. Failure to do so could lead to public reprimand, the imposition of fines, the revocations 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 Group's business. There may, in the future, be changes to, or new laws and regulations that govern the operations of the 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 Group. It is possible that the Group may be adversely affected by changes in the applicable laws or regulations.

Key to managing this risk is:

1. Adopting a robust "top down" system of risk management headed by the non-executive Risk and Compliance committee which is chaired by the Company's senior non-executive director. The committee meets in person every quarter and on an ad-hoc basis in between. The heads of risk and compliance for European Investment Management, European Wealth Trading and European Financial Planning attend all meetings of the committee with senior members of the firm's finance function;

2. A non-executive board of two directors bringing significant business expertise in the financial services sector and seeking to enhance an independent and balanced decision making process, particularly around regulatory matters;

3. An effective risk and compliance team handling day to day management of regulatory risk for the Group and monitoring of its business to ensure compliance with the rules of the Financial Reporting Council, the Financial Conduct Authority and of the London Stock Exchange.

Stock market conditions

The Group's business will be partially dependent on market conditions. Adverse market conditions may have a significant negative effect on the Group's operations through reducing the assets under management.

Approved by the Board

A J Morton

Executive Chairman

The Board

John Morton

Executive Chairman

John is the Executive Chairman of European Wealth Group and an executive director and founder shareholder of European Wealth Management Group. John was previously the founding Chief Executive of Ashcourt. He has over 30 years' experience of managing institutional and private client investments, and the management and acquisition of wealth management businesses. He began his career with Hill Samuel Investment Management and became a director of Abtrust Fund Managers (now Aberdeen Asset Managers) where he specialised in managing European equities before establishing the investment function for Brachers solicitors which subsequently became the founder of the Ashcourt Group. He is also on the Boards of three UK charities and a non executive director of AIM listed Hermes Pacific Investments Plc.

Rod Gentry

Chief Executive Officer

Rod is the Chief Executive of European Wealth Management Group and was a founder shareholder. He is also the Chairman of the main subsidiary companies and the Chair of the Group's Investment Management Committee. Previously, he was the Chief Executive of Ashcourt, and oversaw its development as it reached assets under management of £1.5 billion. Rod has over 20 years' experience in the wealth management industry, having previously managed investment funds for solicitors DMH in Brighton. He was a director and Treasurer of the Association of Solicitors Investment Managers.

Kenneth ("Buzz") West

Senior Non Executive Director

Buzz is a senior independent non executive director of European Wealth Group. He is also a senior non executive director at AIM listed telecoms company Norcon and entertainment group, Cannonco. He was previously the Chairman of AIM listed wealth manager, Ashcourt and Chairman of the loss adjusting group GAB Robins. He runs investment advisory group Kenneth West Associates, and has successfully developed a number of companies with international trading interests in Europe, Middle East and United States in the high technology, natural resources and service sectors. He spent 15 years with Reuters, the financial services information group, latterly as Bahrain based Managing Director of Middle East & Africa.

Kishore Gopaul

Non-Executive Director

Kish is a non-executive director of European Wealth Group Limited and of European Wealth Management Group. He has over 30 years' experience in international finance and investment. He is the Vice Chairman and Managing Partner of the Swiss wealth management firm Courvoisier et Associés, Vice Chairman of CNG Participations & Gestion, Vice Chairman of Courvoisier Capital, and Chairman of Merchant Bridge (Switzerland). He previously held executive roles at Citibank.

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements, for the year to 31 December 2014. The Corporate Governance Statement set out on page 19 onwards, the strategic report on page 10 and the Company Summary on page 4 form part of this report. All financial information given in this Directors' Report is taken solely from the statutory results prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

Incorporation

The Company was incorporated on 15 September 2004 under the name of Equity Pre-IPO Investments Limited with registered number 42316. The Company was originally admitted to AIM on 24 February 2005 and on 30 July 2009 changed its name to Kingswalk Investments Limited. On 8 January 2013 the Company changed its name to EW Group Limited and then on 7 May 2014 the company was re-admitted to AIM as a result of the reverse acquisition of EWMG and changed its name to European Wealth Group Limited.

Principal activities

The principal activities of the Group are the operation of a wealth management and financial planning business.

Financial risk management objectives and policies

Information about the Group's risk management is included in the Strategic Report.

Dividends

The Directors are not proposing the payment of any dividend on ordinary shares in respect of the year ended 31 December 2014 (year ended 31 December 2013: same).

Capital Structure

Details of European Wealth's issued share capital, together with details of the movements in the number of shares during the year, are shown in note 30.

The Company has re-organised its share capital such that it now has one class of ordinary shares of nominal value 5 pence each and one class of deferred shares which have very limited rights (contained in the New Articles) such that, in practical terms, they have no value. Nor do they carry any rights to voting, dividends or a return on capital (otherwise than on a winding up).

Both before and after the end of the year under review, there are no specific restrictions on the size of a holding nor on the transfer of any class of shares, which are both governed by the general provisions of the Company's articles of association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

In addition, the Company has a convertible loan note ("CLS") in issue. The CLS prior to their conversion have no right to share in the Company's profits or in any surplus in the event of its liquidation. The CLS pay a coupon of 10 per cent. per annum and have stepped conversion terms. Further details of the note can be found at note 28 and also in the Company's admission document dated 16 April 2014.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong capital structure in order to support the development of its business, to maximise shareholder value and to provide benefits for its other stakeholders. Details of the management of this risk can be found in the strategic report.

In addition European Investment Management, European Wealth Trading and European Financial Planning are regulated by the FCA and have to comply with the FCA capital adequacy rules and regulations.

Directors

John Morton, Rod Gentry, Kishore Gopaul and Paul Everitt served throughout the year.

Buzz West was appointed as a Director of the Company on 7 May 2014.

Paul Everitt resigned as a Director of the Company on 11 March 2015.

Ian Parry resigned as a director on 7 May 2014.

Tim Revill resigned as a director on 7 May 2014.

With regard to the appointment and replacement of directors, the Group is governed by its Articles of Association, the UK Corporate Governance Code, The Companies (Guernsey) Law, 2008 and related legislation. The Articles themselves may be amended by special resolution of the Group's shareholders.

The Group's Articles of Association provide that generally one third (rounded down to the nearest whole number) of the Board of Directors are required to retire by rotation save for Directors who are appointed during the year who must stand down and offer themselves for re-election at the next occurring annual general meeting of the Group. Accordingly, Mr John Morton and Mr Kenneth ("Buzz") West have offered themselves for re-election.

Directors' interests

The Directors who held office at 31 December 2014 had the following beneficial interests in the ordinary shares of the Company as at 31 December 2014:

Name of Director	Number of Ordinary Shares held
John Morton	2,322,206
Rod Gentry	2,314,471
Kishore Gopaul as a representative of Courvoisier	1,635,021
Buzz West	318,806
Paul Everitt (resigned 11.3.15)	-

No changes have taken place in the beneficial interests in ordinary shares of the Company of Directors who held office as at 31 December 2014 between that date and 21 May 2015.

Save in respect of his own contract of employment with the Company, no Director had any interest in any contract with the Company or any member of its Group during the year under review.

The Directors who held office at 31 December 2014 had the following share options over ordinary shares of the Group as follows:

Director	Scheme	Number of Ordinary Share Options	Date of Grant	Exercise Price per Share	Exercise Period
John Morton	EMI OPTION	17,000	27 March 2012	500p	Excercisable 50% on/after 1 Oct 2012 or after 1 April 2013
Rod Gentry	EMI OPTION	17,000	27 March 2012	500p	Excercisable 50% on/after 1 Oct 2012 or after 1 April 2013

Employees

It is the Company's policy to involve employees in the day to day operation of the Group's business and ensure that matters which could concern them, including the Group's strategic objectives and performance are communicated in an open and timely fashion. The Directors seek to achieve this through Management Committee meetings, Investment Management Committee meetings, subsidiary board meetings, e-mail communication and informal staff communication.

The Company is committed to an equal opportunity policy for all prospective and existing employees such that selection takes place on the basis of ability, qualifications and suitability for the job, irrespective of background, age, race, gender or sexual orientation. The Company's executives, senior management and employees are required to support and implement all such policies in their daily work ethic in order to maximise the potential of its entire workforce.

Employees who become disabled during their employment with the Company will be retained and retrained where possible.

Future developments and events after the balance sheet date

A review of the Group's business and an indication of likely future developments are contained in the Chairman's statement and in the Strategic Report. There were no material events to report after the balance sheet date.

Substantial shareholdings

On 21 May 2015, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company of 3% or more of the issued share capital of the Company:

Name of Shareholder	Percentage of voting rights and issued share capital	No. of ordinary shares
John Morton	11.75%	2,322,206
Rod Gentry	11.70%	2,314,471
Courvoisier and Associates	8.27%	1,635,021
Septer Investments Limited	6.84%	1,352,769
George Robb	5.48%	1,083,283
Peter Mullins	5.41%	1,068,995
Southern Rock Insurance	4.52%	892,857
Susan Roughley	3.89%	769,533
Bruce Albrecht	3.31%	654,810
Iain Little	3.31%	654,810

All shareholdings stated above are beneficial.

Policy of payment to suppliers

It is the Company's policy to ensure that payments are made according to the terms and conditions of business agreed with the supplier. Trade creditors of the group at 31 December 2014 were equivalent to 70 days' purchases (2013: 81 days' purchases), based on the average daily amount invoiced by suppliers during the year.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Charitable contributions

During the year the Company made charitable donations of £nil (2013: £nil).

Going concern

The Financial Reporting Council issued a guidance note in November 2009 requiring all companies to provide fuller disclosures regarding the directors' assessment of going concern. The financial statements of the Group have been prepared on a going concern basis.

The Company's business activities, together with the factors likely to affect its future development and liquidity and capital position, are set out in the Review of the Company's Business section of the Strategic Report on page 10.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of European Wealth and its subsidiaries to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditor

Each of the persons who is a Director of the Company at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s249 of The Companies (Guernsey) Law, 2008.

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Mill Court

La Charroterie

St Peter Port

Guernsey GY1 3QZ

By order of the Board

A J Morton

Executive Chairman

21 May 2015

Corporate Governance Statement

The Company and its Board are committed to operating and maintaining high standards of corporate governance and the effective management of risk with such matters being embedded in the Group's culture.

As an AIM listed company, European Wealth Group Limited is not required to comply with the UK Corporate Governance Code issued in 2012 by the Financial Reporting Council (the "Code") but, as outlined in this section, the Board considers that it is in the interests of shareholder protection and value to have regard to the Code's principles of good governance and code of best practice where this is considered to be in the interests of shareholders.

Board Composition

During the year under review, the Board comprised of:

- John Morton (Executive Chairman throughout the year);
- Rod Gentry (Chief Executive Officer throughout the year);
- Kishore Gopaul (Non-Executive Director throughout the year);
- Kenneth "Buzz" West (appointed as Non-Executive Director on 7 May 2014); and
- Paul Everitt (Non-Executive Director throughout the year, resigned on 11 March 2015).

The Board considers Buzz West is independent as defined in the Code. Having regard to its size, the Board considers that the balance of Executive and Non-Executive Directors is appropriate at present.

The full Board meets for scheduled Board meetings, on average, every quarter. In the year under review the full board met formally 5 times throughout the year.

Formal meetings of the full Board are held at the Group's offices in London or via conference call. In person meetings of the full subsidiary boards take place every month.

The Board has approved a formal schedule of matters reserved for its consideration and decision. These can be divided into a number of key areas, including but not limited to:

- Group strategy and transactions;
- financial reporting (including approval of interim and final financial statements and dividends);
- the Group's finance, banking, capital structure arrangements;
- regulatory matters (including the issue of shares, communication and announcements to the market);
- approval of the Group's compliance and risk management and control (as recommended by the Audit and Risk and Compliance Committees);
- approval of policies on remuneration (as recommended by the Remuneration Committee);
- the constitution of the Board, including its various Committees, and succession planning (as recommended by the Remuneration Committee); and
- approving the Group's policies in general in respect of, inter alia, Health & Safety, Corporate Responsibility and the environment.
- any HR issues or concerns.

Matters requiring Board and Committee approval are generally the subject of a proposal by the Executive Directors submitted to the Board, together with supporting information, as part of the Board or Committee papers circulated prior to the relevant meeting. All Directors receive appropriate information on the Group comprising a financial report and other relevant paperwork from each of the responsible Executives and other members of senior management before each scheduled Board meeting. The Executive Directors or other invited members of senior management present reports on key issues including risk, compliance, finance and legal issues and general strategy at each such meeting.

The Board recognises the importance of on-going professional development and education, particularly in respect of new laws and regulations to the business of the Group. Such training may be obtained by the Directors individually through the Group. Directors and staff are all encouraged to attend seminars and training operated by professional advisory firms and other external bodies. Directors may additionally obtain independent professional advice at the Group's expense. Third party Directors' and Officers' liability insurance at a level considered appropriate for the size and nature of the Group's business is maintained.

The terms and conditions of appointment of each of the Directors are available for inspection at the Company's head office in London during normal business hours. The letters of appointment of each of the non-executive directors specifies the anticipated level of time and commitment including, where relevant, additional responsibilities in respect of the Audit, Risk and Compliance and Remuneration Committees. Details of other material commitments of the non-executive directors are disclosed to the Board and a register of the same maintained by the Company Secretary.

Subsidiary Boards

Each of the subsidiary companies in the Group has it's own independent board which meets once a month to discuss key matters pertaining each individual company. The Executive Chairman and Chief Executive Officer sits on each of these individual boards.

Corporate Governance Structure

The post of senior Independent Non-Executive Director is held by Buzz West, the post of Executive Chairman is held by John Morton and that of Chief Executive Officer is held by Rod Gentry. The Board considers that the non-executive directors provide a strong and consistent independence to the Executive Board. None of the non-executive directors are involved with the day-to-day management of the Group and are free from any business or other relationship which could materially interfere with their judgement. Biographies of the Directors are contained on page 14.

In his role as such, the Chairman is responsible for leadership of the Board and creating conditions for overall Board and individual Director effectiveness. The Chief Executive Officer is responsible for running the Group's business day to day and, subject to Board agreement, the development and implementation of strategy. The minutes of scheduled meetings of the Board are taken by the Chairman's PA. In addition to constituting records of decisions taken, the minutes reflect questions raised by the Board members in relation to the Group's business and, in particular, issues raised from the reports included in the Board or Committee papers circulated prior to the relevant meeting. Unresolved issues (if any) are recorded in the minutes.

The Board is of the opinion that the background of the Board's non-executive directors indicates that they are of sufficient calibre and experience to carry appropriate weight in the Board's decision making process.

Corporate Governance and the management of the Group's resources is achieved by regular review through regular meetings and conference calls, management meetings, monthly management accounts, presentations and external consultant reports and briefings.

The Board has established various committees, each of which has written terms of reference. These are the Audit, Remuneration, Risk and Nomination Committees. The terms of reference for each Committee are available for viewing at our London office.

Audit Committee

The Audit Committee is chaired by Kish Gopaul. The audit committee is responsible for providing formal and transparent arrangements for considering how to apply suitable financial reporting and internal control principles having regard to good corporate governance and for monitoring external audit function including the cost-effectiveness, independence and objectivity of the Company's auditor.

The independence and effectiveness of the external auditor is reviewed annually. The possibility of undertaking an audit tender process is considered once a year. The Audit Committee meets at least once year with the auditors to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. As well as providing audit related services, the auditors also provide taxation advice. The fees in respect of audit and tax services are set out in Note 10 of the Notes to the Group Financial Statements. Fees for non-audit services paid to the auditors are not deemed to be of such significance to them as to impair their independence and therefore the Audit Committee considers that the objectivity and independence of the auditors is safeguarded.

Internal Control

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. The system of internal controls is designed to manage, rather than eliminate, the risk of failure of the achievement of business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Audit Committee continues to monitor and review the effectiveness of the system of internal control and report to the Board when appropriate with recommendations.

The annual review of internal control and financial reporting procedures did not highlight any issues warranting the introduction of an internal audit function. It was concluded, given the current size and transparency of the operations of the Group, that an internal audit function was not required.

The main features of the internal control system are outlined below:

- A control environment exists through the close management of the business by the Executive Directors. The Group has a defined organisational structure with delineated approval limits. Controls are implemented and monitored by Executive Directors.
- The Board has a schedule of matters expressly reserved for its consideration and this schedule includes acquisitions and disposals, major capital projects, treasury and risk management and approval of budgets.
- The Group utilises a detailed budgeting and forecasting system. Detailed budgets are prepared annually by the Executive Directors before submission to the Board for approval. Forecasts are updated to reflect changes in the business and are monitored by the Board including future cash flow projections. Actual results are monitored against annual budgets in detail with variances highlighted to the Board.
- Financial risks are identified and evaluated for consideration by the Board and senior management.
- Standard financial control procedures are operated throughout the Group to ensure that the assets of the Group are safeguarded and that proper accounting records are maintained.

Remuneration Committee

The remuneration committee is chaired by Buzz West. The remuneration committee is responsible for establishing a formal and transparent procedure for developing policy on Executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Executive Chairman, all other executive Directors, the Company Secretary and such other members of the executive management of the Company as it is designated to consider.

It is also responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options. No Director will play a part in any decision about his own remuneration.

There was one Remuneration Committee meetings during the financial year ended 31 December 2014. The Board considers the composition of the committee appropriate given the size of the Group. No Director has a service contract for longer than 12 months.

The Board retains responsibility for overall remuneration policy. Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Group. The Remuneration Committee recommends to the Board the remuneration packages by reference to individual performance and uses the knowledge and experience of the Committee members, published surveys relating to AIM companies, the financial services industry and market changes generally. The Remuneration Committee has responsibility for recommending any long-term incentive schemes.

The Board determines whether or not Executive Directors are permitted to serve in roles with other companies. Such permission would only be granted on a strictly limited basis, where there are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Group. Earnings from such roles would be required to be disclosed to the Chairman.

There are four main elements of the remuneration package for Executive Directors and staff:

1. Basic salaries and benefits in kind: Basic salaries are recommended to the Board by the Remuneration Committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Benefits in kind, comprising death in service cover are available to all staff and Executive Directors. Benefits in kind are non-pensionable.

2. Share options: The Company operates approved share option schemes for Executive Directors and other employees to motivate those individuals through equity participation. Exercise of share options under the schemes is subject to specified exercise periods and compliance with the AIM Rules. The schemes are overseen by the Remuneration Committee which recommends to the Board all grants of share options based on the Remuneration Committee's assessment of personal performance and specifying the terms under which eligible individuals may be invited to participate. The Code refers to the requirement for the performance related elements of remuneration to form a significant proportion of the total remuneration package of Executive Directors and should be designed to align their interests with those of shareholders. In this re-structuring and development phase of the Group the Remuneration Committee currently considers that the best alignment of these interests is through the continued use of incentives for performance through the award of share options.

3. Bonus Scheme: The Group has a bonus scheme for staff and Executive Directors which is specific to each individual and the role performed by that individual within the Group.

4. Pension Contributions: the Group pays a defined contribution to the pension scheme of Executive Directors and other employees. The individual pension schemes are private and their assets are held separately from those of the Group.

Nomination Committee

The nomination committee is chaired by Kish Gopaul and is also comprised of Buzz West. The nomination committee is responsible for considering Board appointments, reviewing Board structure, size and composition and identifying the need for Board appointments by reference to the balance of skills, knowledge and experience on the Board and the scale of the Enlarged Group.

There was one Nomination Committee meeting during the financial year ended 31 December 2014. The Board considers the composition of the committee appropriate given the size of the Group.

Policy on Non Executive Remuneration

The Non-Executive Directors each receive a fee for their services as a director which is approved by the Board, mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. Non-Executive Directors are also reimbursed for travelling and other incidental expenses incurred on Group business.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors alike and in normal circumstances does not allow Directors to undertake dealings of a short term nature.

The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the Non-Executive Directors and will seek guidance from its advisors if, at any time, it is concerned that the shareholding of any Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company. Directors' emoluments, including Directors' interest in share options over the Group's share capital, are set out in Note 38 of the Financial Accounts.

Risk and Compliance Committee

The Board has appointed a Risk and Compliance Committee, which, at present, comprises the Executive Directors of the Company, the 2 CF10's responsible for the compliance of European Financial Planning, European Investment Management and European Wealth Trading along with various directors of the subsidiary boards. The Committee's Chairman is Buzz West. The Committee will generally convene every quarter and the Board considers the composition of the Committee appropriate given the size of the Group's business. During the year under review, the Committee met formally a total of 5 times.

The Committee is authorised and empowered by the Board to, inter alia, provide oversight and advice to the Board in relation to current and potential risk exposure and future compliance/risk strategy, review the Group's risk profile relative to current and future risk appetite, monitor risk and make recommendations to the Board concerning all elements of the Group's compliance with the FCA's rules and those of the London Stock Exchange, make recommendations to the Board in respect of the Group's risk appetite and any associated authorities and limits and oversee the Group's risk management framework to ensure effective risk identification and management throughout the Group.

In addition, the Group utilises various other means to ensure that it is in compliance with the rules set out by the FCA and operates within the appropriate risk limits set by the Board. These include a compliance manual covering significant business and operational activities, policies covering conflicts of interest, insider dealing, market abuse, personal account dealing and client acceptance procedures as well as regular monitoring of market and credit risk. These matters are the subject of periodic review by the Risk and Compliance Committee.

Certain subsidiaries in the Group are regulated by the FCA Rules and as such are required to ensure that they maintains sufficient regulatory capital at all times. The Company has developed a risk management framework that dovetails into its ICAAP (Internal Capital Adequacy Assessment Process). The ICAAP is used to ensure that the Group has sufficient capital in place to immediately cover risks identified. The ICAAP is regularly reviewed and updated.

Re-election

Under the Group's articles of association, all Directors are subject to election by shareholders at the annual general meeting following appointment and all Directors are subject to retirement by rotation requiring re-election at intervals of no more than three years.

Performance evaluation

A formal evaluation of the Board and each of the individual Director's own performances is undertaken annually. This will include a review of success in achieving objectives set during the year and agreeing areas for improvement going forward.

Relationship with shareholders and dialogue with institutional shareholders

The Senior Non-Executive Director, Executive Chairman and Chief Executive Officer maintain dialogue with key shareholders in relation to, inter alia, strategy and corporate governance issues.

All shareholders will receive the Report and Financial Statements and are welcome to attend the Company's annual general meeting ("AGM"). The Directors attend the meeting and are available to answer questions both formally during the meeting and informally afterwards.

The collection and analysis of the proxy votes will be handled independently by the Group's registrars. The Chairman of the meeting announces the results of the proxy votes that have been lodged after shareholders have voted on a show of hands. Details of the AGM are set out in the notice of the meeting enclosed with this report. All Committee chairmen are, where possible, available at the AGM. The non-executive directors are available to shareholders and may be contacted through the Chairman's PA.

The Group's website at www.europeanwealth.com is an important source of information for investors, including information required in compliance with AIM Rule 26, and is updated regularly.

Corporate social responsibility

The Group is committed to conducting its business in a socially responsible manner and to respect the needs of employees, investors, customers, suppliers, regulators and other stakeholders. The Group is also committed to being a responsible employer and to promoting values, standards and policies designed to assist our employees in their conduct, working and business relationships.

The most significant impact on the environment resulting from the Group's activities is the emission of greenhouse gases as a result of running the Group's offices, associated travel and the recycling of waste. The Group is committed to minimising the amount of travel that its employees undertake and to recycling as much of the group's waste as possible. The Group will continue to look at ways to act in a socially responsible manner.

Internal control and risk management

The Board, with the assistance of its committees, is responsible for analysing the strategic financial and operational risks which could affect the Group's business. Any potential impact is prioritised and evaluated not only in terms of the possible financial impact on the Group such as loss of income or additional expenditure but also according to potential effects on employee's operational processes and stakeholder regulations.

The successful management of such risks is seen as key to the Group's ability to achieve its corporate financial objectives. The Group's key risks are explained in detail in the Strategic Report.

Overall responsibility for the risk management process rests at Board level. The Board systematically reviews and evaluates the risks of the Group regularly, which ensures that as new risks emerge in connection with projects or general market developments, appropriate actions can be discussed, agreed and taken in a flexible manner. The Group's Risk and Compliance Committee is integral to this process.

Overall, the Board, together with its Audit Committee, is responsible for the development of the systems of internal controls. This responsibility includes safeguarding the Group's assets against unauthorised use, maintaining proper accounting records and ensuring accurate financial information. The Directors recognise that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives but cannot provide absolute assurance against material misstatement, financial loss or fraud. The Board appoints experienced, professional staff to fulfil their duties and responsibilities. The Board considers that the size and centralisation of the key finance activities of the Group, at present, do not justify the creation of an internal audit function at the present time but will review this on a regular basis.

Directors' Remuneration Report

Directors' Emoluments

Companies whose securities are traded on AIM are not required to provide a formal Remuneration Report and accordingly this report is provided, for information only, to give a greater transparency to the manner in which Directors are remunerated:

	Basic salary received	Benefits in kind received	Bonuses received	31 December 2014 total
	£	£	£	£
Executive				
John Morton	195,833	22,139	-	**217,972**
Rod Gentry	195,833	21,555	-	**217,388**
Non-Executive				
Kishore Gopaul	24,500	-	-	**24,500**
Paul Everitt (resigned 11 March 2015)	10,473	-	-	**10,473**
Buzz West	44,000	-	-	**44,000**
Tim Revill (resigned 7 May 2014)	3,000	-	-	**3,000**
Ian Parry (resigned 7 May 2014)	-	-	-	**-**
Aggregate emoluments	473,639	43,694	-	**517,333**

Approval

This report was approved by the Board of Directors on 21 May 2015 and signed on its behalf by:

A J Morton

Executive Chairman

Directors' responsibilities statement

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom and Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By order of the Board

Executive Chairman	*Chief Executive Officer*
A J Morton	*R Gentry*
21 May 2015	*21 May 2015*

Independent auditor's report to the members of European Wealth Group Limited

We have audited the financial statements of European Wealth Group Limited for the year ended 31 December 2014 which comprise a Consolidated Statement of Comprehensive Income, a Consolidated and Company Balance Sheet, a Consolidated and Company Cash Flow Statement, a Consolidated Statement of Changes in Equity and the related notes 1 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of The Companies (Guernsey) Law, 2008.

This report is made solely to the company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014, and of the group's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Deloitte LLP

Chartered Accountants

Edinburgh, United Kingdom

21 May 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 £'000	Re-stated (note 4) Year ended 31 December 2013 £'000
Income from trading activities		4,647	-
Gains from re-valuations of investments		830	1,715
Interest income		101	186
Revenue		**5,578**	**1,901**
Cost of sales		(906)	-
Gross profit		**4,672**	**1,901**
Administrative expenses		(4,214)	(304)
Depreciation and amortisation		(204)	-
Operating profit		**254**	**1,597**
Finance costs	**12**	(232)	(33)
Profit before tax and exceptional items		**22**	**1,563**
Exceptional items	**13**	(359)	-
(Loss)/profit before tax		**(337)**	**1,563**
Tax	**14**	(11)	-
Total comprehensive (loss)/profit for the year		**(348)**	**1,563**
(Loss)/earnings per share			
Basic	**16**	**(0.03)p**	**0.19p**
Diluted	**16**	**(0.02)p**	**0.19p**

All the Group's revenue and operating profit was derived from continuing operations.

There were no items of comprehensive income in the current year or prior year, other than the loss as shown above. Accordingly, no statement of comprehensive income is presented.

The operating profit and total comprehensive (loss)/profit for the year are attributable to the equity holders.

Consolidated Balance Sheet

As at 31 December 2014

	Note	Group 31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
Non-current assets				
Fixtures and equipment	17	202	-	-
Intangible assets and goodwill	19	22,437	-	-
Investments	20	9	5,639	2,380
Loans and deferred consideration		-	45	1,576
Deferred tax asset	21	428	-	-
		23,076	5,684	3,956
Current assets				
Trade and other receivables	22	715	108	36
Loans receivable	24	-	2,757	6
Cash and bank balances	25	237	36	19
		952	2,901	61
Total assets		24,028	8,585	4,016
Current liabilities				
Trade and other payables	26	2,122	77	72
Short term borrowing	27	500	-	-
		2,622	77	72
Long term liabilities				
Convertible loan note	28	4,025	-	-
Other long term liabilities	29	735	500	625
		4,760	500	625
Total liabilities		7,382	577	697
Net current (liabilities)/assets		(1,670)	2,824	(11)
Net assets		16,646	8,008	3,320
Equity				
Share capital	30	983	634	300
Share premium account	31	9,851	2,899	108
Capital reserve	32	1,719	34	-
Retained earnings	33	4,093	4,441	2,912
Total equity		16,646	8,008	3,320

The financial statements of European Wealth Group Limited (registered number 42316) were approved by the Board of Directors and authorised for issue on 21 May 2015.

They were signed on its behalf by:

A J Morton

Executive Chairman

21 May 2015

Company Balance Sheet

For the year ended 31 December 2014

		Company		
	Note	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
Non-current assets				
Investments	**20**	**16,329**	5,639	2,380
Loans and deferred consideration		**-**	45	1,576
		16,329	5,684	3,956
Current assets				
Trade and other receivables	**22**	**296**	108	36
Loans receivable	**24**	**5,735**	2,757	6
Cash and bank balances	**25**	**176**	36	19
		6,207	2,901	61
Total assets		**22,536**	8,585	4,016
Current liabilities				
Trade and other payables	**26**	**890**	77	72
Short term borrowing	**27**	**500**	-	-
		1,390	77	72
Long term liabilities				
Convertible loan note	**28**	**4,025**	-	-
Other long term liabilities	**29**	**-**	500	625
		4,025	500	625
Total liabilities		**5,415**	577	697
Net current assets/(liabilities)		**4,817**	2,824	(11)
Net assets		**17,121**	8,008	3,320
Equity				
Share capital	**30**	**983**	634	300
Share premium account	**31**	**9,851**	2,899	108
Capital reserve	**32**	**1,719**	34	-
Retained earnings	**33**	**4,568**	4,441	2,912
Total equity		**17,121**	8,008	3,320

The financial statements of European Wealth Group Limited (registered number 42316) were approved by the Board of Directors and authorised for issue on 21 May 2015.

They were signed on its behalf by:

A J Morton

Executive Chairman

21 May 2015

Consolidated and Company Statement of Changes in Equity

For the year ended 31 December 2014

Consolidated	Share Capital £'000	Share Premium Account £'000	Equity reserve £'000	Retained Earnings £'000	Total £'000
Balance at 31 December 2012	**300**	**108**	**34**	**2,878**	**3,320**
Loss for the period	-	-	-	1,563	1,563
Issue of share capital	334	2,791	-	-	3,125
Balance at 31 December 2013	**634**	**2,899**	**34**	**4,441**	**8,008**
Profit for the period	-	-	-	(348)	(348)
Issue of share capital	455	6,952	-	-	7,407
Issue of convertible loan note	-	-	203	-	203
Deferred consideration	-	-	1,374	-	1,374
Share based payments	-	-	2	-	2
Share cap re-org	(106)	-	106	-	-
Balance at 31 December 2014	**983**	**9,851**	**1,719**	**4,093**	**16,646**

Company	Share Capital £'000	Share Premium Account £'000	Equity reserve £'000	Retained Earnings £'000	Total £'000
Balance at 31 December 2012	**300**	**108**	**34**	**2,878**	**3,320**
Loss for the period	-	-	-	1,563	1,563
Issue of share capital	334	2,791	-	-	3,125
Balance at 31 December 2013	**634**	**2,899**	**34**	**4,441**	**8,008**
Profit for the period	-	-	-	127	127
Issue of share capital	455	6,952	-	-	7,407
Issue of convertible loan note	-	-	203	-	203
Deferred consideration	-	-	1,374	-	1,374
Share based payments	-	-	2	-	2
Share cap re-org	(106)	-	106	-	-
Balance at 31 December 2014	**983**	**9,851**	**1,719**	**4,568**	**17,121**

Consolidated and Company Cash Flow Statement

For the year ended 31 December 2014

		Group		Company	
	Note	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Net cash used in operating activities	**34**	(436)	(253)	(370)	(253)
Investing activities					
Receipts from sale of investments		-	22	-	22
Property, plant and equipment purchased		(14)	-	-	-
Acquisition of investments		(368)	(4)	-	(4)
Loans advanced		-	(1,600)	(400)	(1,600)
Cash acquired on acquisitions		273	-	-	-
Net cash used in investing activities		(109)	(1,582)	(400)	(1,582)
Financing activities					
Net proceeds on issue of shares		570	1,211	570	1,211
Interest paid		(161)	-	(52)	-
Loans receivable repaid		205	8	265	8
New loans received		-	575		575
Interest income		132	-	127	-
Issue of equity to settle creditors		-	58		58
Net cash from financing activities		746	1,852	910	1,852
Net (decrease)/increase in cash andcash equivalents		201	17	140	17
Cash and cash equivalents at beginning of year		36	19	36	19
Cash and cash equivalents at end of year	**25**	**237**	**36**	**176**	**36**

Notes to the Financial Statements

For the year ended 31 December 2014

1. General information

European Wealth Group Limited is a public company incorporated in Guernsey under The Companies (Guernsey) Law, 2008. The shares of the Group are traded on AIM. The nature of the Group's operations and its principal activities are set out in the Strategic Report. Certain subsidiaries in the Group are subject to the FCA's regulatory capital requirements and therefore required to monitor its compliance with credit, market and operational risk requirements, in addition to performing their own assessment of capital requirements as part of the Individual Capital Adequacy Assessment Process (ICAAP).

2. Basis of accounting

The financial statements of the Group and the Company have been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

For all periods up to and including the year ended 31 December 2013, the Group prepared its financial statements in accordance with local UK generally accepted accounting practice. These financial statements for the year ended 31 December 2014 are the first the Group has prepared in accordance with IFRS. Refer to Note 4 for information on how the Group adopted IFRS.

3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group made up to 31 December each year. From 1 January 2013 to 6 May 2014, the Group consisted solely of European Wealth Group Limited, which at the time was an Investment Company.

The Group now consists of the following subsidiaries, European Wealth Management Group Limited, European Investment Management Limited, European Financial Planning Limited, European Wealth Trading Limited, P&C Global Wealth Managers SA, GTI Fund Investment Ltd P&C Global, European Investment Management Nominees Limited, Compass Financial Benefits Limited, EW Investments Limited and Matthews Smith (Financial Consultants) Limited.

All acquisitions are consolidated on the date of acquisition.

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company and the presentational currency for the consolidation financial statements.

European Wealth Management Group Limited, European Investment Management Limited, European Financial Planning Limited, European Wealth Trading Limited have been consolidated to the Income Statement as of 7 May 2014.

Compass Financial Benefits Limited has been consolidated as of 25 June 2014.

P&C Global Wealth managers SA has been consolidated as of 1 December 2014. This company reports its company accounts in Swiss Francs. These have been converted into Sterling for the purposes of the consolidation based on year end rates for the balance sheet and average rates for the Income Statement.

EIM Nominees Limited has net assets of £21 and therefore that Company's information is not shown separately. Under The Companies (Guernsey) Law, 2008, EIM Nominees Limited is exempt from the requirement to present its own income statement.

EW Investments Limited and Matthews Smith (Financial Consultants) Limited are non trading entities.

4. First time adoption of IFRS

These financial statements, for the year ended 31 December 2014, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2013, the Group prepared its financial statements in accordance with UK GAAP. Accordingly, the Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2014, together with the comparative period data as at and for the year ended 31 December 2013, as described in the accounting policies. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2013, the Group's date of transition to IFRS.

In assessing the impact of the conversion to IFRS, no adjustments were required to the opening balances as at 1 January 2013 or as at 1 January 2014.

The Income Statement and the Cashflow Statement have been represented in accordance with IAS 1 but no adjustments to the figures were required.

5. Adoption of new and revised standards

The Consolidated Group and Parent Company Financial Statements of European Wealth Group Limited have been prepared in accordance with European Union endorsed International Financial Reporting Standards ('IFRSs'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and The Companies (Guernsey) Law, 2008 applicable to companies reporting under IFRS.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2014 but have been adopted and applied to 2013 as well:

- IFRS 1 (amendments) 'Severe hyperinflation and removal of fixed dates', 'Government loans';
- IFRS 7 (amendment) 'Disclosures – offsetting financial assets and liabilities';
- IFRS 10 'Consolidated financial statements';
- IFRS 11 'Joint arrangements';
- IFRS 12 'Disclosure of interests in other entities'
- IFRS 13 'Fair value measurement';
- IAS 1 (amendment) 'Presentation of items of other comprehensive income';
- IAS 12 (amendment) 'Recovery of underlying assets'
- IAS 19 'Employee benefits' (as revised in 2011);
- IAS 27 'Separate financial statements' (as revised in 2011); and
- IAS 28 'Investments in associates and joint ventures' (as revised in 2011).

The following standards, interpretations and amendments to existing standards are not yet effective and have not been early adopted by the Group:

- IFRS 9 'Financial instruments'. This standard is the first step in the process to replace IAS 39, 'financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The mandatory implementation date for this standard has not been finalised nor has the standard been endorsed by the European Union. It is expected that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018. The Group is in the process of assessing IFRS 9's full impact;

The above standards have not had a significant on the Group or on the Company other than on disclosures.

6. Significant accounting policies

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on pages 15 to 18.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Management fees

Investment management fees are based on funds under management and are recognised over the period in which the service relates to is completed.

Commission income

Commissions are recognised when the service is completed.

Fee income

Fees for consultancy services are recognised as the service is performed.

Other income

Other income is recognised as the services are provided.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Operating lease payments

The rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, unless another basis is more appropriate.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Retirement benefit costs

The company contributes to defined contribution pension schemes, held in separately administered funds. Contributions to the schemes are charged to the profit and loss account when payable

Operating loss

Operating loss is stated before charging finance costs and investment income.

Taxation

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

Current tax

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

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Detailed financial forecasts are in place to support the carrying value of the deferred asset.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Fixtures and equipment

Fixtures and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Equipment, fixtures and fittings: 15% per annum on a straight line basis

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

Business combinations

All business combinations are accounted for by applying the acquisition method. The acquisition method involves recognition, at fair value, of all identifiable assets and liabilities, including contingent liabilities, of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. The cost of business combinations is measured based on the fair value of the equity or debt instruments issued and cash or other consideration paid, plus any directly attributable costs.

Goodwill arising on a business combination represents the excess of cost over the fair value of the Group's share of the identifiable net assets acquired and is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Negative goodwill arising on an acquisition is recognised immediately in the income statement. On disposal of a subsidiary the attributable amount of goodwill that has not been subject to impairment is included in the determination of the profit or loss on disposal.

On 7 May 2014, the Company completed the acquisition of 100% of EWMG. The transaction was classed as a reverse takeover under the AIM rules. As there was an equity interest previously held, which qualified as an associate under IAS 28, the acquisition has been treated as if it were disposed of and reacquired at fair value on the acquisition date.

A profit has therefore been calculated from the "sale" of the associate, which was established as the fair value of the stake less the carrying value of the investment. For the immediate reacquisition, the amount of additional consideration paid for the stake, was added to the fair value of the original stake, to calculate the total consideration that was paid for the 100% shareholding, less the fair value of the net assets of the business in order to calculate the goodwill acquired. This has included calculating the fair value of the intangibles acquired as would be the case in normal acquisition accounting.

This accounting treatment has been adopted rather than "reverse acquisition accounting", as it was not considered by the directors that either of the former shareholders of the entity whose shares were acquired owned the majority of shares, and controlled the majority of votes, in the combined entity, or that the management of the combined entity were drawn predominantly from the entity acquired. This conclusion was reached as control was deemed to have passed with the final acquisition in the present year, meaning that EWMG shareholders that became EWG shareholders by way of the earlier two transactions, were already considered EWG shareholders in respect of those interests when considering the final transaction. In addition, when looking at the qualitative factors in this transaction, EWG had been acting as an investment holding company, and the three partial acquisitions were not a series of linked transactions which supported the accounting analysis.

Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

After initial recognition intangible assets are carried at cost less accumulated amortisation and impairment losses. The carrying amounts are reviewed at each reporting date when events or circumstances indicate that the assets may be impaired. If any such indication exists or as in the case of goodwill, when annual impairment testing is required, the asset's recoverable amount is estimated.

The recoverable amount is the higher of the asset's fair value less costs to sell (or net selling price) and its value-in-use. Value-in-use is the discounted present value of estimated future cash inflows expected to arise from the

continuing use of the asset and from its disposal at the end of its useful life.

Impairment is identified at the individual asset level where possible. Where the recoverable amount of an individual asset cannot be identified, it is calculated for the smallest cash-generating unit (CGU) to which the asset belongs.

A CGU is the smallest identifiable group of assets that generates cash inflows independently. When the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered to be impaired and is written down to its recoverable amount. An impairment loss is immediately recognised as an expense.

Financial instruments

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

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value thr– classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Classification

All investments are classified as "fair value through profit and loss". These financial assets are designated by the directors at fair value through profit or loss at inception.

Financial assets designated at fair value through profit and loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition

Purchases and sales of investments are recognised on the trade date or the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets at fair value through profit and loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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 by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest rates

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Client money

The Group holds money on behalf of clients in accordance with the client money rules of the Financial Conduct Authority and other regulatory bodies. Such money and the corresponding liabilities to clients are not shown on the face of the balance sheet, as the Group is not beneficially entitled thereto. The amounts held on behalf of clients at the balance sheet date are stated in note 25.

Deferred consideration

Deferred consideration, which is included within liabilities or equity depending on the form it takes, relates to the directors' best estimate of amounts payable in the future in respect of certain client relationships and subsidiary undertakings that were acquired by the Group. Deferred consideration is measured at its fair value based on the discounted expected future cash flows. Deferred consideration is recognised in equity when the amount payable is for a fixed amount of shares at a fixed price.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with original maturities of three months or less and bank overdrafts. Cash and cash equivalents are stated net of the bank overdraft.

7. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Group and Company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in financial statements.

Share based payments

The calculation of the fair value of share based payments requires assumptions to be made regarding market conditions and future events. These assumptions are based on historic knowledge and industry standards. Changes to the assumptions used would materially impact the charge to the income statement. Details of the assumptions are set out in note 36.

Deferred tax rates

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. As outlined in note 21 the directors have recognised a deferred tax asset of £428,000 and have not recognised an asset in respect of remaining losses.

Goodwill and intangible assets

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas goodwill is not amortised and could result in differing amortisation charges based on the allocation to goodwill and finite lived intangible assets.

Convertible loan note

The amount of the convertible loan note that is classified as a liability in the financial statements has been adjusted to reflect its fair value. This involves calculating the amount of the loan that relates to liabilities and the amount that relates to equity through applying an effective rate.

This effective interest rate is an estimate based on the directors industry knowledge of rates for similar interest rates without the conversion element.

8. Business and geographical segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focussed on the category of customer for each type of activity. The Group's reportable segments under IFRS 8 are as follows:

- Wealth Management
- Financial Planning

Information regarding the Group's operating segments is reported below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment for the year to 31 December 2014. The table below details full years worth of revenue and results for the principal business divisions, which has then reconciled to the results included in the Income Statement:

	Investment Management Year ended 31 December 2014 £'000	Financial Planning Year ended 31 December 2014 £'000	Consolidated Year ended 31 December 2014 £'000
Revenue			
External sales – presents full year	3,900	2,773	6,673
Result			
Segment result – presents full year	540	595	1,135
Central administrative expenses – presents full year			(1,372)
Operating result of trading segments			**(237)**
Post acquisition contribution of P&C Global			69
Re-valuation of EWMG investment			830
European Wealth Group Limited central costs			(442)
Removal of pre-acquisition EWMG Group result			238
Finance costs			(232)
Amortisation and depreciation			(204)
Profit before tax and extraordinary items			**22**
Tax and extraordinary items			(370)
Loss after tax			**(348)**

The comparative figures relate to the period when there were no distinguishable operating segments therefore the results have not been disclosed separately.

The Directors do not consider the net assets readily identifiable and consequently have not disclosed these separately in this note.

Geographical information

All of the Group's revenue is materially generated within the UK.

9. Loss for the year

Loss for year ended 31 December 2014 has been arrived at after charging:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Depreciation of fixtures and equipment	25	-
Amortisation of intangibles	179	-
Operating lease – property and equipment	23	-
Staff costs	2,715	53

See directors remuneration report for details of directors remuneration during the period.

10. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Fees payable to the Group's auditor		
Audit of Company	15	40
Audit of Subsidiaries	27	-
Total audit fees	**42**	**40**
Taxation fees	15	-
Client money reporting fees	18	
Total non-audit fees	**33**	**-**

The other services pursuant to legislation includes fees in respect to taxation matters and client money reporting.

11. Staff costs

The average monthly number of employees (including Executive Directors) from 1 January 2014 to 31 December 2014:

	Year ended 31 December 2014	Year ended 31 December 2013
Investment management and financial planning	34	-
Administration	24	6
Total	**58**	**6**

Their aggregate remuneration comprised:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Wages and salaries	2,217	53
Social security costs	260	-
Other pension costs	114	-
Other benefits	122	-
Share based payments	2	-
Total	**2,715**	**53**

12. Finance costs

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Bank and other finance charges	232	33
Total finance costs	**232**	**33**

13. Exceptional items

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Costs in relation to the reverse acquisition of EWMG	359	-
Total exceptional items	**359**	**-**

14. Tax

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Corporation tax:		
Current year	11	-
Adjustments in respect of prior years	-	-
	-	-
Movement in Deferred tax (note 21)	-	-
Total	**11**	**-**

In July 2012, legislation was enacted to reduce the main rate of corporation tax in the United Kingdom from 24% to 23% from 1 April 2013.

The Autumn Statement 2012 proposed to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014

The March Budget 2014 proposed to reduce a further 1% reduction in the main rate of corporation tax from 21% to 20% from April 2015, the small profits rate and the main rate will be unified at 20%.

Consequently deferred tax balances have been remeasured to 20%.

European Wealth Group Limited operated under Guernsey tax law until 7 May 2014 at which point the Company was considered to be UK tax resident.

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Loss/(profit) before tax on continuing operations	(337)	1,563
Tax at the UK corporation tax rate of 21.5% (2013: 22.17%)	(72)	391
Effect of Guernsey registered investment company	-	(391)
Expenses not deductible for tax purposes	106	-
Adjustments for balance sheet items	(11)	-
Revenue not eligible for tax purposes	(178)	-
Unrelieved tax losses carried forward	158	-
Tax charge on profits ineligible for Group relief	11	-
Total tax charge for the year	11	-

15. Dividends

The Directors are not proposing to pay a dividend in respect of the year ended 31 December 2014 (year ended 31 December 2013: same).

16. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

Losses

	Year ended 31 December 2014 £’000	Year ended 31 December 2013 £’000
Losses for the purposes of basic loss per share being net loss attributable to owners of the Group	(348)	1,563
Number of shares	**’000**	**’000**
Weighted average number of ordinary shares for the purposes of basic loss per share	13,339,002	8,182,134
Effect of dilutive potential ordinary shares:		
Share options	274,500	13,333
Convertible loan notes in issue	4,228,750	-
Weighted average number of ordinary shares for the purposes of diluted loss per share	17,842,252	8,195,467

The earnings per share is (0.03)p (2013: 0.19p) diluted loss per share is (0.02)p (2013: diluted earnings per share 0.19p). The number of ordinary shares for the year ended 31 December 2013 has been restated based on the 60 for 1 share consolidation that occurred on 7 May 2014.17.

17. Fixtures and equipment

	Group Fixtures and equipment £’000	Company Fixtures and equipment £’000
Cost		
At 31 December 2012 and 31 December 2013	-	-
Additions	227	-
At 31 December 2014	**227**	**-**
Accumulated depreciation		
At 31 December 2012 and 31 December 2013	-	-
Charge for the year	25	-
At 31 December 2014	**25**	**-**
Carrying amount		
At 31 December 2014	**202**	**-**
At 31 December 2013	-	-

18. Business combinations

During the period under review, the Group completed 3 acquisitions.

On 7 May 2014, European Wealth Group Limited acquired 100 per cent of the issued share capital of European Wealth Management Group Limited. The subsidiaries of EWMG are detailed in note 23 to these accounts.

European Wealth Management Group Limited is a fast growing private wealth management business which was founded in 2009 and commenced trading in 2010. Its core services are financial planning, corporate pension advisory and investment management in both equity and fixed interest instruments.

The consideration paid totalled £13.5 million with further details provided in note 19 to these accounts.

During the post acquisition period from 7 May 2014 to 31 December 2014, EWMG generated revenue of £4.3 million and made a loss before tax of £0.4m.

On 25 June 2014, EWMG acquired 100 per cent of the issued share capital of Compass Financial Benefits Limited ("Compass") a financial planning business with £31million of funds under influence.

Compass was acquired for a maximum consideration of three times its recurring income (being Compass's retail distribution review compliant recurring income) for the 12 months following completion. The consideration is payable in two tranches; an initial tranche, payable on completion, of £539,150, was satisfied half in cash, being £269,575, and half in 269,575 ordinary shares of European Wealth Group Limited at a price of 100p per share. The remainder of any consideration due will be similarly be satisfied half in in cash and half in ordinary shares.

During the post acquisition period from 25 June 2014 to 31 December 2014, Compass generated revenue of 100k and made a profit before tax of £55k. Please note that this excludes revenue and costs recognised in the financial statements of European Financial Planning which is where the client agreements were novated to post acquisition.

On 14 November 2014, European Wealth Group Limited acquired 100 per cent of the issued share capital of P&C Global Wealth Managers SA and GTI Fund Investment Limited.

P&C is a Swiss company which was founded over 10 years ago by Iain Little and Bruce Albrecht, in order to provide a range of high quality financial and related services to international clients. GTI is a sister company, incorporated in the Cayman Islands, which offers a range of funds advised by P&C.

The consideration for is split into two tranches. The intial tranche of £1,387,598 was satisfied via the payment of approximately £13,807 in cash and the issue of 1,309,620 ordinary shares of 5p each in the capital of the Company at an issue price of 104.9p per share.

Up to a further £1,373,791 will be due in early 2016, dependent on the funds under management and pipeline as at 13 November 2015. The deferred consideration will be satisfied through the issue of up to 1,309,620 ordinary shares, also at an issue price of 104.9p per share. Both the initial tranche of shares and the deferred consideration shares will be subject to 12-month orderly market arrangements.

During the post acquisition period from 14 November 2014 to 31 December 2014, P&C generated revenue of £300k and made a profit before tax of £60k.

If the Group had been consolidated as of 1 January 2014 the revenue for the year would have been £8.4 million and the loss before tax would have been £0.8m)

19. Intangible assets and goodwill

Acquisition of European Wealth Management Group

On 7 May 2014, European Wealth Group Limited acquired 100 per cent of the issued share capital of European Wealth Management Group Limited.

European Wealth Management Group Limited is a fast growing private wealth management business which was founded in 2009 and commenced trading in 2010. Its core services are financial planning, corporate pension advisory and investment management in both equity and fixed interest instruments.

Acquisition of European Wealth Management Group Limited	£'000
Financial assets	
Net assets	(1,367)
Less: intangibles not recognised in goodwill calc	(3,905)
Identifiable intangible assets	5,072
Total identifiable assets	**(200)**
Goodwill	13,753
Total consideration	**13,553**
Satisfied by:	
Ordinary shares of European Wealth Group Limited	1,880
Convertible loan notes	5,217
Fair value of pre-existing stake in EWMG	6,456
Goodwill and intangible assets acquired	**13,553**

Pre-acquisition financial details of EWMG are as follows:

Company	*Date of latest pre-acquisition audited accounts*	*Revenue (£'000)*	*Operating loss (£'000)*	*Gross Assets (£'000)*
European Wealth Management Limited (Group results)	Year to 31 December 2013	5,821	(597)	5,077

Acquisition of P&C Global Wealth Managers SA ("P&C") and GTI Fund Investment Ltd ("GTI")

On 14 November 2014, European Wealth Group Limited acquired 100 per cent of the issued share capital of P&C Global Wealth Managers SA and GTI Fund Investment Limited.

P&C is a Swiss company which was founded over 10 years ago by Iain Little and Bruce Albrecht, in order to provide a range of high quality financial and related services to international clients. GTI is a sister company, incorporated in the Cayman Islands, which offers a range of funds advised by P&C.

	£'000
Financial assets	
Net assets	30
Identifiable intangible assets	1,182
Total identifiable assets	**1,212**
Goodwill	1,549
Total consideration	**2,761**
Satisfied by:	
Ordinary shares of European Wealth Group Limited	1,374
Deferred ordinary shares of European Wealth Group Limited	1,374
Cash	13
Goodwill and intangible assets acquired	**2,761**

Pre-acquisition financial details of P&C are as follows:

Company	*Date of latest pre-acquisition audited accounts*	*Revenue (£'000)*	*Pre tax loss (£'000)*	*Net Assets (£'000)*
P&C and GTI	Year to 31 December 2013	401	(117)	117

Acquisition of Compass Financial Benefits Limited ("Compass")

On 25 June 2014, European Wealth Management Group Limited (a fully owned subsidiary of European Wealth) acquired 100 per cent of the issued share capital of Compass.

Compass is a Financial Planning business with £31million of funds under influence.

	£'000
Financial assets	
Net assets	43
Identifiable intangible assets	717
Total identifiable assets	**760**
Goodwill	234
Total expected consideration	**994**
Satisfied by:	
Ordinary shares of European Wealth Group Limited	270
Deferred ordinary shares of European Wealth Group Limited	454
Cash	270
Goodwill and intangible assets acquired	**994**

Pre-acquisition financial details of Compass are as follows:

Company	*Date of latest pre-acquisition audited accounts*	*Revenue (£'000)*	*Pre tax loss (£'000)*	*Net Assets (£'000)*
Compass	Year to 31 December 2013	434	154	60

Goodwill

European Wealth Group Limited has recognised goodwill in respect of the European Wealth Management Group Limited acquisition, the P&C and GTI acquisition and the Compass acquisition as per the table below. The factors that make up the goodwill recognised include but are not limited to, the greater P/E ratio valuations placed on firms with assets under management compared to assisting in delivering the benefits of recurring and non-trading dependent revenue.

	Group £'000
Cost	
At 31 December 2013	-
Additions	15,644
At 31 December 2014	**15,644**
Impairment	
At 31 December 2013	-
Charge for the year	-
At 31 December 2014	**-**
Net book values	
At 31 December 2014	**15,644**
At 31 December 2013	-

The Group will test, for each Cash Generating Unit (CGU), at least annually for goodwill impairment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flows based on financial budgets prepared by management covering a five year period and then extrapolated for the remaining useful economic life based on relevant estimated growth rates for revenue and costs. This will then be adjusted for the anticipated terminal growth value. This net cash flow is then discounted by an appropriate cost of capital in order to estimate their present value

The key assumptions for the value-in-use calculations are those regarding the discount rate, growth rates and expected changes to revenues and costs in the period. Management has made these assumptions based on past experience and future expectations in the light of anticipated market conditions, combined with the actions taken during this and last year to streamline the Group's operations whilst maximising revenue potential.

Where the value-in-use exceeds the carrying value of the goodwill asset, it has been concluded that no impairment is necessary. However, where this is not the case, goodwill is written down to the net present value of cash flows at the balance sheet date.

The amounts recognised in respect of the identifiable assets required and liabilities assumed are as set out in the table below:

Intangible assets

	Group £'000
Cost	
At 31 December 2013	-
Additions	6,972
At 31 December 2014	**6,972**
Amortisation	
At 31 December 2013	-
Charge for the year	179
At 31 December 2014	**179**
Net book values	
At 31 December 2014	**6,793**
At 31 December 2013	-

The above addition to intangible assets represents the value of the funds under management acquired and client base acquired as part of the EWMG acquisition, the Compass acquisition (a fully owned subsidiary of EWMG) and the P&C acquisition.

The intangible assets are valued using a the value applied to the assets under management (i.e. the client lists).

The assets are assessed for their useful life on an asset by asset basis in order to determine amortisation rates. There are currently £6.7 million of intangible assets being amortised over 20 years and £0.3 million have been assessed to have an infinite useful life.

20. Investments

	Group Investments £'000	Company Investments £'000
Cost		
At 31 December 2012	2,380	2,380
Additions	1,607	1,607
Disposals	(62)	(62)
Changes in fair value:		
Realised	5	5
Unrealised	1,709	1,709
At 31 December 2013	**5,639**	**5,639**
Additions		10,690
Eliminated on Group consolidation	(5,630)	-
At 31 December 2014	**9**	**16,329**

The amount recognised as an investment in the Company accounts represents the purchase price of the 2 acquisitions detailed in note 18 plus the carrying value of an immaterial investment in a quoted company.

21. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current year and prior reporting year.

	Group Total £'000	Company Total £'000
At 1 January 2013 and 1 January 2014	**-**	**-**
Acquired	428	-
As at 31 December 2014	428	-

Deferred tax assets and liabilities may only be offset where the Group has a legally enforceable right to do so.

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Deferred tax assets	428	-	-	-

At the balance sheet date, the Group has unused tax losses of £3.5 million (2013: £nil) available for offset against future profits. A deferred tax asset of £428,000 (2013: £nil) has been recognised as the Group expects to be able to restructure to utilise these losses. No deferred tax asset has been recognised in respect of the remaining tax losses as there is some uncertainty as to how effective the future restructuring will be.

22. Trade and other receivables

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Prepayments	15	-	3	-
Other debtors	187	108	-	108
Trade receivables	513	-	-	-
Intercompany	-	-	292	-
Total	**715**	**108**	**296**	**108**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. All amounts are due within 12 months.

23. Subsidiaries

European Wealth Group Limited has the following subsidiaries:

European Wealth Management Group Limited ("EWMG") (UK company)	100% owned subsidiary	Holding company
EW Investments Limited (UK company)	100% owned subsidiary	Non-trading
P&C Global Wealth Managers SA (Switzerland Company)	100% owned subsidiary	Investment Management
GTI Fund Investment Ltd P&C Global (Cayman Company) ("GTI")*	Fund structure – shares owned by P&C, controlled by Unit Holders	Fund structure
European Investment Management Limited ("EIM") (UK company)	100% owned by EWMG	Investment Management
European Financial Planning Limited (UK company)	100% owned by EWMG	Financial planning
European Wealth Trading Limited (UK company)	100% owned by EWMG	Trade execution
Compass Financial Benefits Limited (UK company)	100% owned by EWMG	Financial panning
European Investment Management Nominees Limited (UK company)	100% owned by EIM – non trading company	Nominee company
Matthews Smith (Financial Consultants) Limited (UK company)	100% owned by EWMG	Dormant

* GTI is held on the balance sheet of P&C for a nominal amount. EWG has no exposure to any potential losses of GTI as all gains and losses are attributed to the unit holders. P&C receives management fees for providing investment management services to GTI.

24. Loans receivable

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Loans receivable from the EWMG Group	-	2,757	**5,735**	2,757

All loans are to the Company's 100 per cent. fully owned subsidiary, European Wealth Management Group Limited. The loans are unsecured and attract an interest rate of 10 per cent. per annum.

25. Cash, cash equivalents

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Cash at bank and in hand	**237**	36	**176**	36

Client money

Client money, held in segregated accounts not included in the balance sheet, was £23.1 million (31 December 2013 - £nil).

26. Trade and other payables

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Trade payables	**865**	-	**390**	-
Intercompany	**-**	-	**261**	-
Accruals and other creditors	**913**	77	**239**	77
Deferred consideration	**69**	-	**-**	-
Other taxation and social security	**275**	-	**-**	-
	2,122	77	**890**	77

The Directors consider that the carrying amount of trade payables approximates to their fair value.

27. Short term borrowings

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Short term borrowing	**500**	-	**500**	-

In August and December 2013, loans of £300,000 and £200,000, respectively of two-year non-convertible unsecured loans were taken out, both attracting interest at 10% p.a. Both loans remain outstanding as at the date of these financial statements. In 2013 these were classified as long term liabilities as per note 29.

28. Convertible loan note

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Convertible loan note	**4,025**	-	**4,025**	-

On 7 May 2014 as part of the acquisition of EWMG, £5,750,390 worth of convertible loan notes ("CLS") were issued. The CLS is available in individual units worth £10 and CLS attracts a coupon rate of 10 per cent. per annum payable half yearly. The CLS has stepped conversion terms, which along with all other terms, are detailed in the Admission Document which is available on the Company's website.

On the first conversion date in November 2014, 222,789 CLS units (representing £2,227,890 in nominal amount) converted into Ordinary shares in the Company at a price of 72 pence per share.

In December 2014 a further 70,625 CLS units (representing £706,250 in nominal amount) were issued in respect of deferred consideration due to Mr Peter Mullins pursuant to the agreement for the acquisition of Bradley Stuart, dated 18 October 2012.

As a result there are currently 422,875 CLS units in issue (representing £4,228,750 in nominal amount). Of this total amount £203,135 has been taken to the capital reserves in accordance with IAS 32. This is based on an assumed effective interest rate of 12 per cent. per annum.

29. Other long term liabilities

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Directors loan (note 38)	**200**	-	**-**	-
Hire purchase creditor	**109**	-	**-**	-
Deferred consideration	**426**	500	**-**	500
	735	**500**	**-**	**500**

30. Share capital

	Share capital
	£'000
Authorised, allotted, issued and fully paid:	
As at 1 January 2013	
299.7 million ordinary shares of £0.001 each	300
Issue of shares	334
As at 31 December 2013:	
633.7 million ordinary shares of £0.001 each	**634**
Issue of shares	455
Share capital re-organisation	(106)
As at 31 December 2014	
19.8 million ordinary shares of £0.05 each	**983**

The Company has one class of ordinary shares of nominal value of 5 pence each and one class of deferred shares which have very limited rights, such that in practical terms they have no value.

In March 2013, the Company issued 56,847,461 new Ordinary Shares of 0.1p each ("Ordinary Shares") valued at 0.01375p each in consideration for the acquisition of 58,948 shares in European Wealth Management Group.

In April 2013, the Company completed a subscription to raise £626,750 through the issue of 62,675,000 Ordinary Shares at a subscription price of 1p per Ordinary Share ("Subscription"). On the same day, the Company also issued 3,250,000 Ordinary Shares in satisfaction of professional fees incurred in connection with the Subscription.

In June 2013, 142,857,143 Ordinary Shares were issued in connection with the conversion of £1.0 million of unsecured convertible loan notes issued by the Company variously between October 2012 and February 2013 ("Loan Notes").

In October 2013, the Company completed a subscription to raise £584,400 through the issue of 58,440,000 Ordinary Shares at a subscription price of 1p per Ordinary Share. On the same day, the Company issued 7,398,644 Ordinary Shares to acquire £73,986.44 of short term debt from European Wealth and also issued a further 2,539,044 Ordinary Shares in satisfaction of interest due on the Loan Notes.

On 7 May 2014, the Company undertook a share capital re-organisation due to the relatively large number of shares that were in existence. The share reorganisation was effected by:

1. The consolidation and conversion of each block of 60 Existing EWG Shares into one New Ordinary Share and one New Deferred Share; and

2. Where any Existing Shareholder's holding of Existing EWG Shares is not divisible by 60, the compulsory redemption of all of the remaining unconsolidated Existing EWG Shares held by that Existing Shareholder.

The effect of the re-organisation was to reduce the number of ordinary shares in issue from 633,712,300 Existing EWG shares of 0.1p each to 10,561,858 New Ordinary Shares of 5p each.

On 7 May 2014, as part of the consideration for European Wealth Management Group Limited, 2,611,084 new ordinary shares of 5p each were issued to the former shareholders of European Wealth Management Group Limited.

On 25 June 2014, as part of the consideration for Compass Financial Benefits Limited ("Compass"), 269,575 new ordinary shares of 5p each were issued to the former shareholders of Compass at a price of 100p per share.

On 25 June 2014 the Company raised a total of £674,000 via the issue of 749,303 new ordinary shares of 5p each in the Company at a price of 90p per share.

On 25 June 2014 Hearth Investments Limited ("Hearth") agreed to convert a loan plus interest, amounting to £40,997, into 56,940 new ordinary shares at a price of 72p, being the price agreed in the original agreement dated 25 March 2014.

On 25 June 2014, a number of directors subscribed for 56,251 new ordinary shares of 5p each in the Company, in aggregate, at a price of 90p per share raising a total of approximately £51,000 for the Company.

On 25 June 2014, Buzz West agreed to convert his entire loan plus interest to EWMG, amounting to £61,512, into 68,346 ordinary shares of the Company at a price of 90p.

On 25 July 2014 as part of the deferred consideration for Bradley Stuart, 43,488 new ordinary shares of 5p each were issued to Mr Peter Mullins at a price of 100p per share.

On 14 November 2014 the Company issued 1,309,620 new ordinary shares of 5p each at an issue price of 104.9p per share as part of the consideration for the acquisition of P&C Global Wealth Managers SA and GTI Fund Investment Ltd.

On 28 November 2014 the Company issued 3,094,288 new ordinary shares of 5p each at an issue price of 72p per share as a result of the conversion of 222,789 convertible loan note units (representing £2,227,890 in nominal amount).

On 23 December 2014 as part of the deferred consideration for Bradley Stuart, 943,750 new ordinary shares of 5p each were issued to Mr Peter Mullins at a price of 100p per share.

31. Share premium account

	Group and Company £'000
Balance at 31 December 2012	**108**
Premium arising on issue of equity shares	2,791
Balance at 31 December 2013	**2,899**
Premium arising on issue of equity shares	7,105
Transaction costs associated with the issue of shares	(153)
Balance at 31 December 2014	**9,851**

32. Equity reserve

	Group and Company £'000
At 31 December 2012 and 31 December 2013	**34**
Equity portion of Convertible loan note	203
Capital element of deferred consideration due	1,374
Share based payments liability taken to equity	2
Deferred share capital	106
At 31 December 2014	**1,719**

The equity reserve contains deferred consideration where we are expecting to issue shares in the future. The balance is unlikely to be distributed.

33. Retained loss

	Group £'000	Company £'000
Balance at 31 December 2012	**2,878**	**2,878**
Net profit for the year	1,563	1,563
Balance at 31 December 2013	**4,441**	**4,441**
Net loss for the year	(348)	127
Balance at 31 December 2014	4,093	4,568

34. Notes to the cash flow statement

Cash and cash equivalents comprise cash and cash equivalents with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents are detailed in note 25.

	Group		Company	
	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
(Loss)/profit for the year	**(348)**	**(100)**	**127**	**(100)**
Adjustments for:				
Finance costs	232	-	269	-
Interest income	(101)		(292)	
Tax charge	11	-		-
Expenses charged to capital	-	(51)		(51)
Depreciation and amortisation	224	-		-
Share-based payment expense	2	-	2	-
Profit on disposal of subsidiary	(830)	-	(830)	-
Operating cash flows before movements in working capital	**(810)**	**(151)**	**(724)**	**(151)**
Increase in receivables	(608)	(107)	(2)	(107)
Increase in payables	982	5	356	5
Net cash outflow from operating activities	**(436)**	**(253)**	**(370)**	**(253)**

35. Operating lease arrangements

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Minimum lease payments under operating leases recognised as an expense in the year	23	-	-	-

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Within one year	39	-	-	-
In the second to fifth years inclusive	110	-	-	-
	149	**-**	**-**	**-**

Operating lease payments represent rentals payable by the group for its office refurbishment. Leases are negotiated for an average term of five years.

36. Share based payments

The Group has 1 share option schemes which have been established for the Group's employees or consultants (as appropriate):

1. the European Wealth Group Limited EMI Scheme 2014, an HMRC approved scheme under Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 pursuant to which options over ordinary shares of the Group may be granted to individuals (as selected by and in amounts determined by the Group's Remuneration Committee) who are employees of the Company or of other members of its group;

If options granted under any of the schemes remain unexercised for a period of ten years from the date of grant then the options expire.

In certain circumstances, options may be exercised earlier than the vesting date if the option holder ceases to be an employee of the relevant Group member. In particular, options may be exercised for a period of six months after the option holder ceases to be employed within the Group by reason of injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee), redundancy or retirement on or after reaching the age of 55 or upon the sale or transfer out of the Group of the relevant Group member or undertaking employing or contracting with him.

In the event of cessation of employment or engagement of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within twelve months following the date of his death. Where an option holder ceases to be employed within the group for any other reason, options may also become exercisable for a limited period at the discretion of the Remuneration Committee. There are no additional performance conditions attached to the share options presently issued.

	Number of share options
Outstanding at 1 January 2014	-
Issued during the year	274,500
Outstanding at the end of the year	274,500
Exercisable at 31 December 2014	274,500

The Company has adopted the provisions of IFRS 2 as regards share-based payment charges. These provisions require a calculation of the fair value at the date of grant of share options granted to directors and employees. This fair value is then charged to the income statement over the vesting period of three years of the options, and is based on an expected number of employees leaving before their options vest. The fair value is calculated using a variant of the Black Scholes model.

The options outstanding at 31 December 2014 had a weighted average exercise price of approximately £1 (2013: £nil) and a weighted average remaining contractual life of approximately 10 years (2013: £nil).

The inputs into the Black-Scholes model are as follows:

	31 December 2014	31 December 2013
Weighted average exercise price	£1	-
Range of exercise price	£1	-
Expected volatility	2%	-
Expected life	10 Years	-
Risk-free rate	0.56%	-
Expected dividend yields	0%	-

Expected volatility was determined by taking the average one year historic volatility figure of a peer group. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The charge to the Income Statement in the period was £2,351 (2013: £nil).

37. Financial instruments

The following table states the classification of financial instruments and is reconciled to the balance sheet:

Financial Instruments	Loans and receivables £'000	Held for trading £'000	Amortised cost £'000	Non-financial instruments £'000	Total £'000
As at 31 December 2014					
Fixtures and equipment	-	-	-	202	**202**
Intangible assets and goodwill*	-	-	22,437		**22,437**
Deferred tax asset	-	-	-	428	**428**
Trade and other receivables	700	-	-	15	**715**
Investments	-	9	-	-	**9**
Cash and bank balances	237	-	-	-	**237**
Trade and other payables	-	-	(1,847)	(275)	**(2,122)**
Short term borrowing	-	-	(500)	-	**(500)**
Long term borrowing	-	-	(4,025)	-	**(4,025)**
Other long term liabilities	-	-	(735)	-	**(735)**
	937	9	15,330	370	**16,646**

*Non-financial instrument

	Loans and receivables £'000	Held for trading £'000	Amortised cost £'000	Non-financial instruments £'000	Total £'000
As at 31 December 2013					
Trade and other receivables	2,908	-	-	2	**2,910**
Investments	-	5,639	-	-	**5,639**
Cash and bank balances	36	-	-	-	**36**
Trade and other payables	-	-	(49)	(28)	**(77)**
Long term borrowing	(500)	-	-	-	**(500)**
	2,444	5,639	(49)	(26)	**8,008**

The held for trading assets are Level 3 fair value and is the only fair value item.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

Trade and other receivables

	Group		Company	
	31 December 2014 £'000	31 December 2013 £'000	31 December 2014 £'000	31 December 2013 £'000
Cash	**237**	36	**176**	36
Trade and other receivables	**700**	108	**239**	108
	937	144	**415**	144

The Group's exposure to credit risk on cash and bank balances is considered by the Directors to be low as the Group holds accounts at banks with strong credit ratings.

The below table shows the ageing of due but not impaired receivables.

	Other trade receivables £'000	Other receivables £'000	Total £'000
As at 31 December 2014			
Neither impaired nor past due on reporting date	513	187	**700**
Past due less than 30 days	-	-	**-**
Between 30 and 60 days	-	-	**-**
Over 60 days	-	-	**-**
	513	187	**700**
As at 31 December 2013			
Neither impaired nor past due on reporting date	-	107	**107**
Past due less than 30 days	-	-	**-**
Between 30 and 60 days	-	-	**-**
Over 60 days	-	-	**-**
	-	107	**107**

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The controls and limits surrounding the Company's market making books and credit risk together with cash monitoring processes ensures that liquidity risk is minimised.

The below table illustrates the maturity profile of undiscounted financial liabilities outstanding as at 31 December 2014.

	Repayable on Demand £'000	3 months or less but no Repayable on Demand £'000	Over 3 months but not Repayable on Demand £'000	Total £'000
As at 31 December 2014				
Trade and other payables	2,122	-	-	2,122
Cash flows from financial liabilities	**2,122**	**-**	**-**	**2,122**
As at 31 December 2013				
Trade and other payables	77	-	-	77
Cash flows from financial liabilities	77	-	-	77

Market Risk

As with other firms in our sector, European Wealth Group Limited is vulnerable to adverse movements in the value of financial instruments.

Interest Rate Risk

Interest rate risk is the risk of financial loss as a result of an increase in interest rates on borrowings. Sensitivity analysis has not been performed on the Group as all of the Group's interest bearing instruments are at fixed rates. As such, a 10% movement in interest rates would have an immaterial impact on the financial statements.

The below table illustrates non-interest and interest bearing financial instruments.

	Non-interest bearing £'000	Fixed interest £'000	Non financial assets/ liabilities £'000	Total £'000
As at 31 December 2014				
Cash and bank balances	237	-	-	237
Short term borrowing	-	(500)	-	(500)
Trade and other receivables	700	-	15	715
Trade and other payables	(1,847)	-	(275)	(2,122)
	(910)	**(500)**	**(260)**	**(1,670)**
As at 31 December 2013				
Cash and bank balances	36	-	**-**	**36**
Trade and other receivables	108	2,757	-	**2,865**
Trade and other payables	(77)	-	-	**(77)**
	67	**2,757**	**-**	**2,824**

38. Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on page 25.

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Short-term employee benefits	473,639	49,000
Post-employment benefits	43,694	-
	517,333	49,000

During the year ended 31 December 2014, European Investment Management charged fees totalling £5,833 (2013: £7,229) to related parties who have assets managed by European Investment Management. This cash was managed at the standard rate for staff and related parties.

On 24 October 2014 John Morton and Rod Gentry loaned EWMG £100,000 each. The loans were made at an interest rate of 0% and are repayable at the Company's discretion. As at the year end £200,000 was outstanding (2013: £nil).

39. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong capital structure in order to support the development of its business, to maximise shareholder value and to provide benefits for its other stakeholders. Details of the management of this risk can be found in the strategic report and the directors report.

In addition European Investment Management, European Wealth Trading and European Financial Planning are regulated by the FCA and have to comply with the FCA capital adequacy rules and regulations.

40. Ultimate Controlling Party

The directors do not consider there to be an ultimate controlling party for the Company.

NOTICE OF ANNUAL GENERAL MEETING

EUROPEAN WEALTH GROUP LIMITED

*(the "**Company**", incorporated in Guernsey under The Companies (Guernsey) Law, 2008 (as amended) (the "**Law**") with company number 42316)*

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company (the "**AGM**") will be held at 10.00 a.m. on 28 July 2015 at Panmure Gordon & Co, One New Change, London EC4M 9AF for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed ordinary resolutions as set out below:

ORDINARY RESOLUTIONS

1. To receive and consider the annual accounts of the Company for the year ended 31 May 2014 in accordance with article 36.2 of the articles of incorporation of the Company (the **"Articles"**) and section 252 of the Law, together with the reports thereon of the auditors and the directors of the Company.

2. To re-elect Kenneth Reginald Dawson West who retires as a director of the Company in accordance with article 23 of the Articles and, being eligible, offers himself for re-election as a director of the Company.

3. To re-elect John Morton who retires as a director of the Company in accordance with article 23 of the Articles and, being eligible, offers himself for re-election as a director of the Company.

4. To re-appoint Deloitte LLP of 2 New Street Square, London EC4A 3BT as auditors of the Company until the end of the next financial year of the Company in accordance with section 257(4) of the Law.

5. To authorise the directors to fix the remuneration of the auditors in accordance with section 259(a)(ii) of the Law.

By order of the board of directors of the Company

Lumiere Fund Services Limited

Company Secretary
Registered Office
PO Box 268
Mill Court
La Charroterie
St Peter Port
Guernsey GY1 3QZ

Date: 22 June 2015

Notes to the Notice of AGM

Registered Office : PO Box 268, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 3QZ

1. Any member entitled to attend, speak and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at a meeting of the Company. A proxy need not be a member of the Company.

2. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise rights attached to a different share or shares held by him.

3. To be valid, the enclosed Form of Proxy for the AGM together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 11.00 a.m. on 26 July 2015 at the offices of the Company's registrars, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, BR3 4TU.

4. Completion of the Form of Proxy or submission of a valid electronic proxy appointment will not prevent you from attending and voting in person.

5. Pursuant to regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009, only shareholders registered in the register of members of the Company as at 6.00 p.m. on 26 July 2015 shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at such time. If the AGM is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. on the day two days before the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita Asset Services (ID RA10), by 11.00 a.m. on 26 July 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34(1) of the Uncertificated Securities (Guernsey) Regulations 2009.

9. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

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