Expertise in action

PraxisIFM

2017 Annual Report & Accounts

CONTENTS

MANAGEMENT REPORT

Company Information – PraxisIFM Group Limited (the "Company")

Where appropriate, this report refers to the group of companies controlled by PraxisIFM Group Limited as the "Group".

Directors (the "Board")
Simon Thornton (Chief Executive Officer)
Andrew Haining (Non Executive Group Chairman), appointed 6 April 2017
Iain Stokes (Non Executive Director) appointed 6 April 2017
Timothy Cumming (resigned 6 April 2017)
Robert Fearis (resigned 6 April 2017)
Christopher Gambrell (resigned 6 April 2017)
Richard Kearsey (resigned 6 April 2017)
John Medina (resigned 6 April 2017)
Brian Morris (resigned 6 April 2017)
Anthony Paul (resigned 6 April 2017)

Company Secretary
Julia Wilkes (Group Company Secretary – appointed 6 April 2017)
Andrew Ingrouille (Group Company Secretary – resigned 6 April 2017)

Registered Office
Sarnia House
Le Truchot
St Peter Port, Guernsey, GY1 4NA

Registered Number
30367

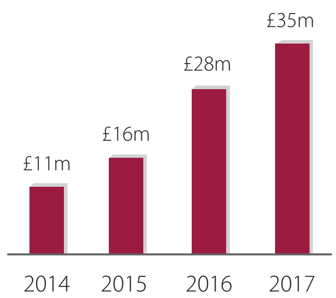
Listing Sponsor and Market Maker
Ravenscroft Limited
PO Box 222, Level 5, The Market Buildings
Fountain Street
St Peter Port, Guernsey, GY1 4JG

Independent Auditors
BDO Limited
PO Box 180, Place du Pré
Rue du Pré
St Peter Port, Guernsey, GY1 3LL

ISIN
GB00BD0RGF89

BUSINESS AND FINANCIAL HIGHLIGHTS

Revenues
£35.1m
(2016: £28.0m)



Revenue up by
26%

Net Profit
£5.5m
(2016: £4.4m)

Earnings Per Share
6.8p
(2016: 6.0p)

EBITDA
£8.3m
(2016: £6.4m)

Core Revenue
+19%
1 year

Core Revenue
+17%
5 year CAGR

Core Revenue
+13%
12 year CAGR

We acquired
2
complementary businesses

We integrated
4
recent acquisitions

We opened
1
new operation

300+
People in
9
Jurisdictions

68%
of staff qualified or studying

53%
of staff have an equity interest

CHAIRMAN'S STATEMENT

The Group continues to develop its three operating divisions on its multi-jurisdictional platform. The Group sees considerable opportunities to expand delivery of its core offerings through a combination of organic growth and strategic acquisition. The recent listing on The International Stock Exchange ("TISE") represents a considerable step forward for the Group.

Culture

The Group has taken a commercial and enterprising approach to its development and it is extremely mindful of the importance of compliance and regulation. Effective risk management and regulatory compliance are essential in today's climate as regulatory and reporting regimes across the world continue to develop.

The Board sees significant opportunity for the Group to take advantage of the operational platform it has created over the last three years since the merger of Praxis and IFM whilst maintaining a considered and risk conscious approach to growth.

With a highly qualified and professional staff base, the Board considers that the Group is well placed for a business climate of increasing regulation, transparency and enhanced reporting requirements.

Strategy

The Group continues to develop its professional approach to existing business, risk management, client take-on, business development and acquisitions.

The Group has integrated several acquisitions over the last few years and continues to grow via a combination of organic growth and value-accretive acquisitions that help to diversify its jurisdictional reach and service offerings.

The senior management team has a pragmatic and considered evaluation method for acquisitions that continues to deliver significant stakeholder value. The Board plays an active role in the process and is of the opinion that the direction being taken continues to be effective.

The Group is majority owned by management. This ensures alignment of interest with external shareholders. The Board actively seeks to widen share ownership amongst employees through share option and buy-as-you-earn schemes.

Governance

The Board considers effective governance to be at the heart of good business management and has performed a full review of the governance regime and mechanisms within the Group.

The Group's approach is set out within this report and focusses on ensuring that the process the Group follows to make key business decisions allows for careful consideration of the impact those decisions have on the wider stakeholder group.

The mechanisms and approach taken comply with the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Service Commission and have been developed with UK Corporate Governance Code in mind.

Board Composition

The Board is made up of two non executive directors and the Chief Executive Officer. During this period of significant growth the Group needs to remain flexible whilst ensuring effective governance and considered decision making.

Board members have been carefully selected for their experience in similar environments to that in which the Group currently operates and to assist with delivery of the Group's growth strategy.

CHIEF EXECUTIVE'S STATEMENT

The results set out within this report show continued growth of the business during the year ended 30 April 2017. The year has seen the integration of new business into Guernsey, Geneva and Mauritius together with expansion into the UK and Middle East.

Group Activity

This year has seen considerable change within the Group culminating in raising external capital and listing on The International Stock Exchange in April 2017. As anticipated, the listing has delivered many benefits for the Group.

We have made considerable progress integrating our previous acquisitions whilst maintaining strong organic growth.

We have restructured the governance regime and we were delighted to appoint two experienced non executives, Andrew Haining as Non-Executive Chairman and Iain Stokes as Non-Executive director and Chair of the Audit Committee. The executive directors who previously sat on the Group Board now sit on the Management Committee.

Andrew has a wealth of experience in mergers and acquisitions over a 30 year career in banking and private equity. Iain was previously Group Managing Director at Mourant International Fund Administration ('MIFA') where he was part of the executive team that managed the sale of MIFA to State Street.

Performance

The year ending 30 April 2017 saw Group revenues grow to £35.1m. This represents a 26% uplift against 2016. It has been achieved through a combination of acquired revenues and continued organic growth.

The core business has grown strongly with a compound annual growth rate ("CAGR") of 17% over the last five years and 19% during 2017.

Unadjusted EBITDA (£8.3m) grew by 29% during the year as our smaller, more recently established businesses matured and the integration of acquired business was completed. The Group has fully expensed significant amounts of short term and one off costs associated with its listing and its recent acquisitions. As the Group continues to evolve we expect to reap the benefits of this investment.

Our Trust and Corporate Division remains the largest segment of our business and it performed well last year with revenues rising to £22.3m.

The Funds Division has another strong year with a 28% growth in revenue. Our IFM AIFM business grew particularly strongly.

The Pensions Division continues to build critical mass and despite a very competitive environment, is delivering growth for the Group.

Within Ancillary Services, our Treasury and our Asset Finance businesses performed very strongly. During the year, we made the strategic decision to dispose of our interest in United Ventures and this process was completed well before the year end.

Staff

Our staff are fundamental to our success. The Group employs more than 300 people across 9 jurisdictions. The vast majority of colleagues are client facing and spend their time dedicated to delivering service excellence to our widely varied clients.

We actively encourage our colleagues to undertake professional qualification and engage in continuing professional development. More than 68% of staff are either qualified or studying for a professional qualification. We believe this ethos delivers a high level of professionalism across the Group that is at the core of our culture and business approach.

We want our employees to benefit from their collective efforts and the Group's success. Over 53% of staff members have an equity interest in the Group. Since the year end we introduced a buy-as-you-earn share scheme to extend this further, with 27% of our staff choosing to participate in the scheme.

New Business

The revenues of our core businesses grew strongly last year, continuing a long term trend of growth.

As the Group grows, we continue to refine our approach and the new business pipeline remains good across all three Divisions.

CHIEF EXECUTIVE'S STATEMENT (continued)

Projects

During the year a new version of the core administration platform was installed, with Jersey migrating across from their legacy system.

Exposure to cyber threats and the potential impact is greater in Financial Services than in other businesses. We have invested considerable time and resources in order to protect our businesses. Additionally we have invested in training and system monitoring to limit the impact caused by any potential interruption.

Integration of Acquisitions

During the prior year, the Group acquired 100% of the equity in Ampersand Management which had offices in Geneva and Mauritius. This acquisition, together with that of Balmor Management, has had a very beneficial impact on the performance of our Geneva operations and the teams are fully integrated into the existing PraxisIFM business.

The Group has successfully integrated the Confiance team and clients into our Guernsey Trust operation and the combined business is performing above our initial expectations at the time of acquisition.

The UK Fund Administration business acquired in 2015 has been fully integrated into our Fund Administration Division.

Acquisitions and New Ventures

During this Financial Year the Group made two further acquisitions and opened one new operation.

Cavendish Corporate Investments is a Guernsey company specialising in the business of writing pensions and annuities on human life and bespoke annuities.

Ryland Gray is based in the United Arab Emirates and specialises in the administration of End of Service Benefit Schemes.

The Group was delighted to obtain the first license for Trust Administration in Abu Dhabi Global Markets. Subsequent to the year end the Group also obtained the first license for Fund Administration in Abu Dhabi Global Markets.

Summary

We have had a busy 12 months and I would like to take the opportunity to thank everyone who has helped the Group to date.

BUSINESS OVERVIEW

The PraxisIFM Group is a multi-jurisdiction specialist provider of administration and reporting services to the Trust and Corporate, Fund and Pension sector.

Trust & Corporate Services

Trust & Corporate Services Division administers structures for International Corporate, Family Office and high net worth individuals. The teams provide fiduciary, reporting, accountancy and administrative services for a variety of structures. The Group works closely with clients in tandem with their professional advisors to deliver complete service solutions.

The strategic aims of the division are to retain and grow its client base and to continue to widen and deepen its referral network with key introducers in target markets whilst maintaining its reputation for providing quality service.

Fund Services

The Funds Services Division administers funds with focus on debt, equity, fund of funds, private equity, infrastructure and property. The majority of the funds are structured as closed ended, although open ended funds are administered. Fund services include listings, risk analysis, bookkeeping and accounting, valuations, preparation of financial statements, company secretarial, compliance, registrar, and project management of new fund launches.

The strategic aim of the funds division is to grow in tandem with existing clients as well as to source new mandates through targeted jurisdictional marketing.

Pension Services

The Pension Services Division includes the Trireme brand and administers a variety of personal and corporate pensions.

The strategic aims of the Pension division are to build on its existing referral network and to expand its abilities in international corporate pensions servicing.

Additional Services

In addition to the three main divisions, the Group offers a number of complementary services, the principal ones being fund management, treasury services and asset finance.

The Group can trace its roots back over 45 years and since 2015, the Group has consolidated its two offices in Geneva and unified its operations on a common operational platform. This allows the Group to offer certain services across the enlarged Group and facilitate the centralisation of certain operational functions.

The Group has also made acquisitions in Guernsey, Malta, Geneva, Dubai and the UK as well as setting up operations in Abu Dhabi and disposing of part of its joint venture in United Ventures Limited. The Group has offices in Guernsey, Jersey, Geneva, Malta, Luxembourg, Mauritius, New Zealand, the UK, Abu Dhabi and Dubai.

The Group has a mixed client base which is well-diversified, with no single client comprising more than 3.29 per cent of annual billings in the financial year ended 30 April 2017. Furthermore, the top 10 clients accounted for less than 14.52 per cent of billings in the financial year ended 30 April 2017.

STAKEHOLDER RELATIONS

The Group places significant value on its stakeholder relationships with particular focus on employees, regulators, shareholders and the local communities in which it operates.

Clients

Our clients are at the heart of everything we do. We pride ourselves on providing our clients with dedicated and highly experienced professionals who can provide them with an efficient, informed and intelligent service.

Providing community to our clients is a key factor in delivering a high quality service and our low staff turnover rates are testament to the importance we place on our clients and our people.

Employees

The Group recognises that our most valuable resource is our people. They build relationships, create value for clients, drive shareholder value and contribute significantly to the Group's identity through delivery of service excellence. Professional development is encouraged at every level, with staff fully supported in their studies for professional qualifications.

Engaging with, supporting and investing in employees is essential to the Group's continued success, and the following specific initiatives have been undertaken with this in mind;

Graduate training scheme to recruit promising individuals and provide exposure to all areas of the business.

Buy As You Earn share scheme, so that staff can take ownership of the Group and have a vested interest in its continued growth.

Continued support for our staff in selecting and attending external courses that fit in with personal development objectives and ongoing technical requirements.

Regulators

The Group operates within complex regulatory environments in each of its jurisdictions. We aim to ensure we meet or exceed those regulatory requirements.

We put compliance at the forefront of everything we do from client engagement to reporting and it remains a core focus in all day-to-day activity and staff training.

We deal with our Regulators in an open manner and have a constructive dialogue with them as required.

Shareholders

Our shareholder base provides the capital that underpins the Group's ability to operate, to grow and to deliver long term strategic plans.

The Group attaches significant importance to the effective and timely communication with its shareholders subject to statutory and regulatory constraints. Attendance at the AGM is encouraged and all questions are welcomed. Shareholders are also able to contact the company directly through the Company Secretary (Julia.Wilkes@PraxisIFM.com) or in writing with correspondence addressed to the Company Secretary.

Corporate Social Responsibility

The Group has offices in multiple jurisdictions and has a pro-active approach to establish and develop the Group's reputation and engagement within local communities.

The Group's business model is underpinned by the requirement to be socially responsible, sustainable and ethically sound. Principally in local communities, this takes the following forms;

Minimising negative impact on our environment;

Supporting charities, organisations, sporting teams and events;

Development of our staff through professional qualifications and approved training programmes;

Actively encouraging our staff to get involved in events, charities and voluntary work.

GROUP BOARD OF DIRECTORS

Andrew Haining, MA Cantab

Non Executive Group Chairman

Andrew joined PraxisIFM as Group Chairman in April 2017. Andrew has had a 30 year career in banking and private equity with Bank of America, CDC (now Bridgepoint) and Botts & Company. During this career, he has been responsible for over 20 private equity investments with transactional values in excess of $1bn. He holds several Guernsey and UK board positions including Chairman for Aurigny, the Guernsey owned Channel Islands airline.

Simon Thornton, BA PhD ACA

Chief Executive Officer

Simon joined PraxisIFM in 1992 after completing his PHD in retailing at Nottingham University. As CEO, he has overseen the development and growth of Praxis including the merger with IFM during 2015. Simon sits on the PraxisIFM Group Board, is a director on several Guernsey companies and has acted as chairman of numerous Audit and Remuneration committees of listed and private companies.

Iain Stokes, BA FCCA

Non Executive Director

In his early career, Iain worked for BDO and Guernsey International Fund Managers Limited (part of ING Barings) before joining Mourant International Finance Administration ("MIFA") in 2003. As Group Managing Director, he was a member of the executive team that managed the sale of MIFA to State Street in 2010 and where he was a Senior Managing Director until 2012. He holds a range of non-executive directorships on fund management and fund investment companies focused on alternative asset strategies.

DIRECTOR'S REPORT

The directors present their report and the audited consolidated financial statements for the year ended 30 April 2017.

Incorporation

The Company was incorporated in Guernsey on 15 December 1995.

Statements of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- the financial statements give a true and fair view and have been prepared in accordance with United Kingdom Accounting Standards and the Companies (Guernsey) Law, 2008.

Principal activities

The Company provides private client, fund administration, pension administration and cash management services.

Results and dividends

During the year gross dividends of £1,976,301 (2016: £2,532,974) were paid to the Company's shareholders. Earnings before interest, tax, deprecation and amortisation ("EBITDA") for the year was £8,293,070, the calculation for which is set out below:

	2017 £'000	**2016 £'000**
Profit for the year	5,474	4,448
Add back:		
Interest	188	159
Taxation	833	631
Depreciation	696	398
Amortisation	1,101	777
EBITDA	8,292	6,413

DIRECTORS' REPORT (continued)

Directors

The directors of the Company during the year are set out on page 1.

Mr Andrew Haining was appointed by the Board as Chairman with effect from 6 April 2017, holds office until the next Annual General Meeting and will be proposed for re-election.

Mr Iain Stokes was appointed by the Board as a director with effect from 6 April 2017, holds office until the next Annual General Meeting and will be proposed for re-election.

Directors interests

The current directors' interests in the share capital of the Company are set out below:

	30 April 2017			30 April 2016		
	No. of shares	Percentage	Interest	No. of shares	Percentage	Interest
Andrew Haining (Chairman)	550,000	0.62%	Indirect	–	–	
Iain Stokes	196,102	0.22%	Direct	293	0.04%	Indirect
Simon Thornton	3,595,270	4.03%	Direct	51,361	7.82%	Direct

The current directors' interest in options over the ordinary shares of the Company are set out below:

	30 April 2017				30 April 2016			
	No. of options	Exercise price	Grant date	Expiry date	No. of options	Exercise price	Grant date	Expiry date
Andrew Haining (Chairman)	400,000	100p	3/4/17	*	–	–	–	–
	400,000	110p	3/4/17	**	–	–	–	–
Iain Stokes	200,000	100p	3/4/17	*				
	200,000	110p	3/4/17	**	–	–	–	–
Simon Thornton	800,000	100p	3/4/17	*				
	800,000	110p	3/4/17	**	–	–	–	–

* Expiry date is up to 36 months after option price exceeds £1.10 per share.

** Expiry date is up to 36 months after option price exceeds £1.60 per share.

There were no changes in the interests of the directors prior to the date of this report.

DIRECTORS' REPORT (continued)

Shareholders

Shareholders, other than directors, known directly or indirectly, to have an interest in 3% or more of the nominal value of the ordinary shares of the Company were as follows:

	30 April 2017			30 April 2016		
	No. of shares	Percentage	Interest	No. of shares	Percentage	Interest
Stephen Cliff	3,060,000	3.43%	Direct	45,000	6.86%	Direct
PraxisIFM Group Limited EBT	8,502,643	9.54%	Direct	60,742	9.25%	Direct
David Piesing	3,060,000	3.43%	Direct	45,000	6.86%	Direct
Timothy Cumming	3,298,068	3.70%	Direct	48,501	7.39%	Direct
Robert Fearis	3,517,500	3.95%	Direct	50,275	7.66%	Direct
Richard Kearsey	3,859,680	4.33%	Direct	56,760	8.65%	Direct
Stuart McInnes	2,139,620	2.40%	Direct	31,465	4.79%	Direct
John Medina	3,203,208	3.59%	Direct	47,106	7.18%	Direct
Brian Morris	4,834,596	5.42%	Direct	71,097	10.83%	Direct
Framley Consultancy Limited	4,000,000	4.49%	Direct	–	–	–
Huntress (CI) Nominees Limited A/C KGCLT	19,051,500	21.37%	Direct	–	–	–
Christopher Gambrell	4,153,304	4.66%	Direct	–	–	–

As at 30 April 2017, 19,051,500 ordinary shares (30 April 2016, nil) were registered in the name of Huntress (CI) Nominees Limited. These shares were held in a nominee capacity for a number of underlying shareholders.

Company secretary

The Company secretary who held office at the year end was Mrs Julia Wilkes.

Independent auditor

BDO Limited has signified its willingness to continue in office. A resolution to re-appoint them will be proposed at the Annual General Meeting.

Annual General Meeting

The annual general meeting of the Company will be held at the Company's registered office on 24 November 2017.

This report was approved by the Board on 10 October 2017 and is signed on its behalf by:

Simon Thornton
Director

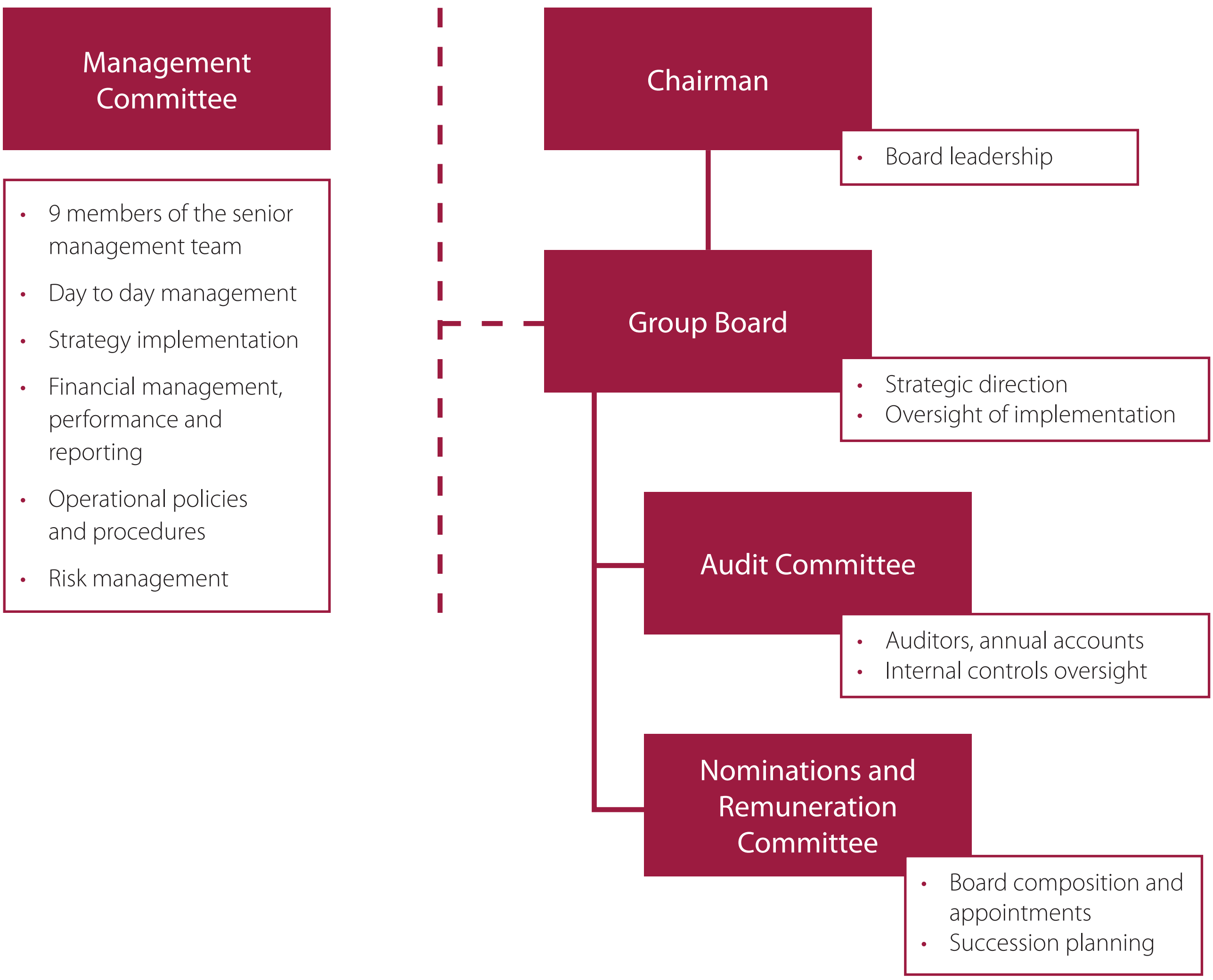
Andrew Haining
Director

CORPORATE GOVERNANCE REPORT

The Group has adopted the Finance Sector Code of Corporate Governance ("the Code") issued by the Guernsey Financial Service Commission. As a financial services Group, PraxisIFM is fully committed to the principles of good corporate governance including effective management, reporting and transparency.

During the year the Group has followed the principles of the Code. Since listing on TISE in April 2017, the Board has reviewed the Group's governance framework to ensure adherence to the Code's core principles.

Governance Structure



CORPORATE GOVERNANCE REPORT (continued)

Composition of the Board

The Board consists of the Non-Executive Chairman, one Non-Executive director and the Chief Executive Officer.

The Board considers independence to be key to effective governance and so intends to maintain a majority of independent directors.

The Board has considerable combined experience, skills and expertise in corporate management with a particular focus on growth through acquisition.

The Board works closely with the executive management committee to ensure delivery of the Group's strategic objectives.

The intention is to appoint at least one more Non-Executive director to the Board during 2017/18.

Responsibilities of the Board

The Board is responsible to the Group's shareholders and sets the strategic direction of the Group.

It is also responsible for the management, governance, controls, risk management, performance, reporting and direction of the Group.

The Board retains approval of financial reporting, internal controls, investments and acquisitions, communication with shareholders, significant expenditure and changes to the structure and capital of the Group.

Board meetings and information to the Board

The Board meets on a quarterly basis and is provided with detailed financial and operational management reports on a timely basis in advance of the meetings.

The Board also meets separately at least once a year to consider the strategic direction, approve the annual report, the interim report and the annual budget.

Support to the Board

The Chairman, with the support of the Company secretary, has the responsibility to ensure Board members receive timely and accurate information. The Company secretary provides the Board members with papers in advance of each meeting.

The Company secretary also provides minutes for each meeting and ensures effective feedback is communicated from the Board to the executive where appropriate.

Board evaluation

The Board will be evaluated on an annual basis to ensure that it continues to be able to conduct its activities and discharge its responsibilities effectively.

Internal control

The Board has overall responsibility for internal controls and the management of risk. The Board has delegated responsibility for internal controls to the Audit Committee.

However, internal controls remain a key part of each staff member's core responsibilities.

Risk Management

The Board is ultimately responsible for the management of risk of the Group.

The Board has delegated responsibility for implementation to the management committee.

The business adopts a risk-based approach to every aspect of its activities including but not limited to client take-on, internal operations, staff training, system development, data management and acquisitions.

CORPORATE GOVERNANCE REPORT (continued)

Board Committees

During the year, the Board has established committees to ensure effective governance and focus.

Audit Committee

The principal responsibilities of the committee are to:

Ensure the annual results represent a fair and meaningful account of the affairs of the Group;

Make recommendations to the Board relating to the appointment, reappointment and removal of the Group's auditor;

Consider and assess the objectivity and independence of the auditor and agree the audit fee and terms of engagement;

Meet with the auditors to discuss any findings of the audit and respond to the management letter and any recommendations made;

Review the Group's internal compliance functions and processes including fraud detection, prevention of bribery, corruption and anti-money laundering;

Monitor and review the Group's internal financial and reporting controls and risk management and approve any statements made within the annual or interim reports;

Institute special projects or investigations on any matter within the Audit Committee's terms of reference as it sees fit.

Nomination and Remuneration Committee

The principal responsibilities of the committee are to:

Ensure the Board is of the appropriate structure, size and composition, including having the necessary skills, knowledge, experience and diversity to enable it to perform its responsibilities effectively;

Consider succession planning for directors and senior executives taking into account the challenges and opportunities facing the Group;

Identify, evaluate and nominate candidates to fill Board vacancies as they arise;

Appoint the Chairman of the Board;

Consider any results of the annual Board evaluation that relates to composition;

Determine the framework for the remuneration of the Board members and members of the executive management committee;

Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

CORPORATE GOVERNANCE REPORT (continued)

Management Committee

The Management Committee is made up of nine members of the senior executive management team.

It has the responsibilities to assist, advise and make recommendations to the Board in relation to;

- Implementation and management of the Group's strategic business objectives;
- Development of the Group's marketing strategy and management of its implementation;
- Monitoring and delivering Group compliance and risk management frameworks;
- Development and implementation of the Group's financial control structure;
- Providing the Board with management accounting and statutory financial reporting;
- Development and implementation of the Group's systems strategy and implementation;
- Setting of budgets and targets for the Group, in agreement with the Board;
- The financial and operational performance of Group's trading subsidiaries;
- Establishment and delivery of the Group's HR policies and practice;
- Providing the Board with any other information as requested by the Board to enable it to perform its duties:

Investment Committee

The Investment Committee consists of six members of the senior executive management team.

It reports to the Board and has responsibility for;

- Consideration of any merger and acquisition ("M&A") proposal before it is presented to the Board;
- Review of any M&A proposals to ensure they meet the strategic aims of the Group and protect the interests of stakeholders;
- Ensuring sufficient scrutiny is applied to decision making and the due diligence process;
- Making investment recommendations to the Board setting out the rationale for the transaction;
- Management of the M&A timescales and relations with sponsors and advisors;
- Initiation and management of the due diligence process;
- Planning the execution and implementation of proposals agreed by the Board;
- Management of any deemed conflicts of interest that arise in respect of any proposal.

RISK STATEMENT

Risk Appetite

The Group must take risks in order to achieve its strategic objectives and deliver beneficial outcomes for its stakeholders. The Group will take risks in a controlled and considered manner ensuring that risks are kept to a level of impact acceptable by the Board.

The Board has delegated risk management to the Management Committee. The Group operates a multi-layered approach to risk management. The Management Committee monitors and manages Group level risk and each business unit has a risk committee to manage operational and other risks at the local level.

Whilst commercial risk is the driver of business development, the Group is averse to regulatory risk which carries the consequences of significant damage to its reputation and a threat to its ability to carry on its core regulated activities. Regulatory compliance and compliance in areas such as Anti Money Laundering and Countering the Financing of Terrorism are considered vital to the long term, sustainable growth of the Group.

Key Risks

The Board has identified certain areas of risk that are specific to the business of the Group and are monitored closely by the Group Risk Committee.

Service Risk	The Group administers client structures in accordance with standard terms of business and administration agreements (the "contractual framework") which define the services to be delivered and limit the scope of services the Group is responsible for. Errors or breaches may occur resulting in the invocation of PraxisIFM's contractual protections and potentially give rise to a claim against the Group. The Group operates robust procedures and processes to ensure services are delivered in accordance with the contractual framework.
Key Personnel Risk	The Group is dependent upon key senior management personnel who have extensive experience and knowledge of the Group, the Group's markets, product offering, client base, and administered structures. The Board works with senior management to ensure that there are effective succession plans. The Group continuously engages with its network to identify potential future leaders. A key part of the acquisitions strategy is to identify key people to help the development of the Group and to achieve its strategic objectives.
Litigation Risk	The Group takes such precautions as it considers appropriate to avoid or minimise the likelihood of any legal proceedings or claims against it, and any resulting financial loss. The costs of defending against claims or any settlement of a claim may be covered by professional indemnity insurance up to the limit of the Group's policies.
Fiduciary Risk	The Group acts in a fiduciary capacity on many client structures. This may involve acting as trustees and/or acting as directors on administered entities where responsibility for decision making is assumed. Acting in a fiduciary capacity creates specific legal obligations, a breach of which could give rise to a claim against the Group and its employees, and/or regulatory sanction. The procedures and processes operated by the Group have been designed to address the risks associated with acting in a fiduciary capacity and whenever possible the Group's terms of business seek to cap or otherwise limit liability except in cases of fraud, wilful misconduct or gross negligence, or in respect of any other liability which cannot lawfully be excluded.

RISK STATEMENT (continued)

Third Party Service Providers Risk	The Group is reliant upon third party service providers for certain aspects of its businesses (for example its clients' banking arrangements and operating software for its core administration services). Any interruption or deterioration in the performance of these third party service providers or software could impair the timing and quality of the Group's services and profitability. The Group operates an internal control process when engaging third party service providers that includes a risk assessment covering regulatory, operational and financial aspects.
Regulatory Risk	The Group is subject to the laws and regulations of the countries in which it operates. Many of the Group's subsidiaries operate in a regulated environment and are subject to ongoing supervision and other regulatory requirements. Any breach of any applicable law, regulations, licence conditions or the requirements of the relevant regulatory authority could result in the Group, its directors and key personnel being fined or being the subject of criminal or other disciplinary proceedings and have material adverse consequences for the Group and its business. The Group operates strict internal process and procedures to ensure that regulatory and legal requirements are understood and adhered to in each of its jurisdictions. In addition the Group ensures its employees receive effective training and ongoing support.
Acquisition Risk	Acquisitions give rise to inherent execution and integration risk. The process of integration may produce unforeseen operating difficulties and expenditures and may absorb significant attention of the Group's management that would otherwise be available for the ongoing development of the business. In addition, acquisitions also involve a number of other risks including unforeseen liabilities, difficulties in realising costs or revenues, loss of key employees and client relationship issues. The Group conducts full financial, operational and personnel assessment and due diligence processes to minimise uncertainty and the potential for unforeseen issues. The Group has a detailed integration plan for new acquisitions to ensure effective on boarding and merging of people, operational procedures, training, systems and reporting. The Investment Committee oversees the engagement, due diligence and integration processes to ensure they are carried out, are effective and provide sufficient reporting to the Board.
Technology Risk	The Group operates on technology platforms to deliver client services. The Group's systems are hosted locally in the Channel Islands and in Geneva. The Board is aware of and is regularly updated with information regarding cyber security and the potential threats posed by poor data management, hackers and criminals. The Board has instigated a full review of the Group's systems and technology roadmap to ensure continued data security and enhancements to technological capability.

INDEPENDENT AUDITORS REPORT

We have audited the consolidated financial statements of PraxisIFM Group Limited for the year ended 30 April 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 is 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 the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the directors are responsible for the preparation of the consolidated 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 consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 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 Directors' 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 misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 April 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

INDEPENDENT AUDITORS REPORT (continued)

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 failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

BDO Limited

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date: 10 October 2017

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

	Note	Year ended 30 April 2017	Year ended 30 April 2016
		£'000	£'000
Turnover	4	35,124	27,974
Direct costs	5	(17,797)	(13,208)
Gross profit		**17,327**	**14,766**
Administrative salaries		(2,203)	(2,298)
Administrative expenses		(2,251)	(1,522)
Technical & training		(217)	(175)
Marketing		(855)	(693)
Computer expenses		(1,901)	(1,092)
Insurance		(519)	(485)
Travel & entertaining		(277)	(559)
Accommodation costs		(1,701)	(1,328)
Amortisation of goodwill		(1,040)	(753)
Finance & bad debts		(533)	(767)
Other operating income		291	168
Operating profit		**6,121**	**5,262**
Interest receivable & similar income	6	16	78
Interest payable & similar charges	7	(204)	(237)
Profit on ordinary activities before taxation		**5,933**	**5,103**
Tax on profit on ordinary activities	8	(833)	(631)
Profit for the financial year		**5,100**	**4,472**
Profit for the financial year attributable to:			
Owners of the parent		4,483	3,758
Non-controlling interests		617	714

The notes on pages 26 to 48 form part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 April 2017	Year ended 30 April 2016
		£'000	£'000
Profit for the financial year		**5,100**	**4,472**
Other comprehensive income		374	(24)
Total comprehensive income for the financial year		**5,474**	**4,448**
Total comprehensive income for the financial year attributable to:			
Owners of the parent		4,857	3,738
Non-controlling interests		617	710
Earnings per share per ordinary share (expressed in pence per ordinary share)			
Basic and diluted earnings	10	6.8	6.0

The notes on pages 26 to 48 form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 April 2017		30 April 2016	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		20,848		17,956
Tangible assets	12		2,446		2,237
Investments	13		390		259
			23,684		**20,452**
Current assets					
Accrued income		2,262		1,500	
Debtors and prepayments	15	11,058		8,851	
Loan to Praxis EBT		4,526		389	
Cash at bank		8,902		6,333	
		26,748		**17,073**	
Creditors: amounts falling due within one year	16	**(13,873)**		**(13,563)**	
Net current assets			**12,875**		**3,510**
Total assets less current liabilities			**36,559**		**23,962**
Creditors: amounts falling due after more than one year	17		**(4,821)**		**(4,036)**
Net assets			**31,738**		**19,926**
Capital and reserves					
Called up share capital	19		891		656
Share premium	20		33,169		14,430
Capital reserve	20		159		211
Profit and loss account	20		(2,565)		2,875
Equity attributable to owners of the parent company			**31,654**		**18,172**
Non-controlling interests			**84**		**1,754**
			31,738		**19,926**

The financial statements were approved by the Board of Directors and authorised for issue on 10 October 2017 and are signed on its behalf by:

Simon Thornton
Director

Andrew Haining
Director

The notes on pages 26 to 48 form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Called-up share capital	Share premium account	Capital reserve	Profit and loss account	Amount attributable to owners of parent	Non-controlling interests	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2015		**621**	**12,432**	**(50)**	**1,670**	**14,673**	**1,576**	**16,249**
Issue of shares at premium		35	1,998	–	–	2,033	–	2,033
Profit/movement for the year		–	–	–	3,758	3,758	714	4,472
Movement on capital reserve		–	–	261	–	261	–	261
Other comprehensive income		–	–	–	(20)	(20)	(4)	(24)
Dividends paid	9	–	–	–	(2,533)	(2,533)	(532)	(3,065)
At 30 April 2016		**656**	**14,430**	**211**	**2,875**	**18,172**	**1,754**	**19,926**
Issue of shares at premium		235	18,739	–	–	18,974	–	18,974
Profit/movement for the year		–	–	–	4,483	4,483	617	5,100
Movement on capital reserve		–	–	(52)	–	(52)	–	(52)
Other comprehensive income		–	–	–	374	374	–	374
Transfer out on sale of stake in subsidiary holding		–	–	–	(737)	(737)	(520)	(1,257)
Acquisition of non-controlling interest		–	–	–	(7,584)	(7,584)	(1,190)	(8,774)
Dividends paid	9	–	–	–	(1,976)	(1,976)	(577)	(2,553)
At 30 April 2017		**891**	**33,169**	**159**	**(2,565)**	**31,654**	**84**	**31,738**

The notes on pages 26 to 48 form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2017	2016
		£'000	£'000
Cash flows from operating activities			
Profit of operating activities before taxation		5,933	5,103
Adjustments for:			
Amortisation of intangible assets	11	1,101	778
Impairment of intangible assets		50	–
Depreciation of tangible assets	12	696	398
Interest expense	7	204	237
Interest income	6	(16)	(78)
Return on investment and servicing of finance		(210)	71
Unrealised foreign currency exchange loss/(gain)		49	(39)
Increase in accrued income		(761)	(760)
Increase in debtors	15	(2,160)	(724)
(Increase)/decrease in provisions	16	(1)	5
Increase in creditors	16	625	1,981
Cash from operating activities		**5,510**	**6,972**
Income taxes paid		(364)	(828)
Net cash from operating activities		**5,146**	**6,144**
Cash flows from investing activities			
Purchases of tangible assets	12	(1,624)	(677)
Purchases of intangible assets	11	(75)	(25)
Financial investments made		(48)	(134)
Purchase of subsidiary undertakings	22	(7,833)	(2,526)
Cash acquired with subsidiary undertakings	22	149	1,096
Other investment income		220	114
Interest received	6	16	78
Net cash used in investing activities		**(9,195)**	**(2,074)**
Cash flows from financing activities			
Bank loan movements		2,990	510
Issue of shares		6,490	76
Covenant payments		(105)	(113)
EBT loan movements		(422)	(133)
Net capital flows from finances leases		324	290
Loan and short term borrowing movement		–	(509)
Finance lease rental payment interest		(10)	(52)
Interest paid	7	(204)	(237)
Dividends paid	9	(2,553)	(3,065)
Net cash from/(used in) financing activities		**6,510**	**(3,233)**

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	2017	2016
		£'000	£'000
Net increase in cash and cash equivalents		**2,461**	**837**
Cash and cash equivalents at beginning of year		5,906	5,069
Cash and cash equivalents at end of year		**8,367**	**5,906**
Cash and cash equivalents comprise			
Cash at bank and in hand		8,902	6,333
Bank overdrafts		(535)	(427)
		8,367	**5,906**

The notes on pages 26 to 48 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statutory information

PraxisIFM Group Limited is a company domiciled in Guernsey, Channel Islands, registration number 30367. The registered office is Sarnia House, Le Truchot, St Peter Port, Guernsey. The nature of the Company's operations and its principal activity are set out in the directors' report.

2. Accounting Policies

The following accounting policies have been used consistently in dealing with items considered material to the Group's affairs. These accounting policies have been consistently applied to all years presented unless otherwise stated.

Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and applicable law. The financial statements have been prepared on the historical cost basis except for the modification to fair value for certain financial instruments as specified in the accounting policies below.

Consistent with the requirements of Guernsey Company Law, the parent Company has elected not to prepare a Company only income statement and statement of financial position.

Going concern

Based on current trading and three year projections, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The Group's consolidated financial statements consolidate the financial statements of the Company and its subsidiaries and associated undertakings drawn up to 30 April each year. The results of the subsidiaries and other interests acquired or sold are consolidated for the period from or to the date on which control passed.

Turnover

Fee income is recognised as contractual work is performed in relation to those fees, with invoiced amounts being adjusted accordingly for any elements of accrued or deferred income.

Certain fees are raised on a one-off basis to cover the lifetime of the relevant entity. Where this occurs the Group assesses the expected level of material time involvement in future years and makes an appropriate provision to defer the recognition of part of that fee.

Accrued income

Accrued income is recognised to the extent that the Group has obtained a right to consideration through the performance of administration related services. A provision is made for non-recoverable costs. Unbilled income is valued using average recovery rates appertaining during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Expenses

Expenses are recognised when they are incurred, meaning when the goods are received or the services are provided, with invoiced amounts being adjusted accordingly for any elements of accrued or prepaid expense.

Interest income and expense

Interest income and expense is recognised on an accruals basis.

Consolidation, investment in subsidiaries and related companies

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Fiduciary assets

The Group, through its subsidiaries, acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets/liabilities and income/expenses arising thereon are excluded from the financial statements, as they are not assets, liabilities, income or expenses of the Company or of the Group.

Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write down the cost, less estimated residual value of each asset class on the following bases:

Furniture, fixtures and fittings	5 years straight line
Computer equipment	5 years straight line
Leasehold property and improvements	Over the life of the lease

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Other interests

Investments in unlisted company shares have been classified as fixed asset investments as the Group intends to hold them on a continuing basis. The shares are carried at their estimated value which is either based on the market price, if one is available, or the cost originally paid less any impairment identified.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on all intangible assets at rates calculated to write down the cost, less estimated residual value of each asset class on the following bases:

Business software	10 years straight line
Goodwill	Over the estimated useful life

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over the useful life. Goodwill is reviewed annually for indications of impairment and if there are any, an impairment review is carried out and, if necessary, a provision is made.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable, where the repayment date is in the future, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Loans that are repayable on demand are initially recognised at carrying value.

Creditors

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

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument(s)' contractual obligations, rather than the financial instrument(s)' legal form.

Allowances for bad and doubtful debt

Allowances are made for bad and doubtful debts. Estimates of recoverability are based on ageing of the debts and historical experience.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Pension costs

The Group operates defined contribution pension schemes. Contributions to the Group's defined contribution pension schemes are charged to the profit and loss in the year in which they become payable.

Taxation

Current tax, including Guernsey Income Tax and foreign tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the financial year end.

Foreign exchange

Functional currency and presentation currency
The functional currency of the Group is Sterling (£). For the purpose of the consolidated and individual financial statements of the Group, the results and financial position are presented in Sterling (£).

Transactions and balances
In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are reclassified to profit or loss.

Translation of Group companies
The results of foreign operations are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the financial year end. Exchange differences arising on consolidation are recognised in the capital reserves.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

Tangible assets
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

Goodwill expected useful life
The expected useful life of the goodwill arising on consolidation is estimated based on a variety of factors, such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life, and assumptions that market participants would consider in respect of similar businesses.

Goodwill impairment
Should any of the factors taken into account in determining the expected useful life of goodwill arising on consolidation experience a significant change, an impairment charge will be recognised to the extent that the value and estimated remaining useful life of the goodwill are a true reflection of its value to the business, based on the factors above.

Allowance for bad and doubtful debts
The trade debtors balance in the Group's Consolidated Statement of Financial Position comprises a large number of relatively small balances. An allowance is made for the estimated irrecoverable amounts from debtors and this is determined by reference to past default experience.

Contingent deferred consideration in respect of the Confiance Limited acquisition
The value of future purchase consideration payable to the vendors is based on management's estimate of retained turnover calculated in accordance with the provisions of the Share Purchase Agreement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Segmental reporting

All divisions engage in trust and corporate administration. Declared revenue is generated by external clients.

The Group has 4 reportable segments: Fiduciary, Pensions, Funds and Other. Businesses acquired in the year have their combined revenue stated separately. Note 22 details the business acquisitions in the year ended 30 April 2017. The business acquisition in the period ended 30 April 2016 comparative represents the acquisitions of Confiance Limited, Ampersand Management SA and Ampersand Management (Mauritius) Limited, Trireme Pension Services (Guernsey) Limited, Cavendish Administration Limited, Agility Limited, Praxis Holdings Malta Limited and PraxisIFM Trust Malta Limited. No client represents more than 10% of revenue.

The chief operating decision maker has been identified as the Board of Directors of PraxisIFM Group Limited. Each segment is defined as a set of business activities generating a revenue stream determined by divisional responsibility and the management information reviewed by the Board of Directors. The Board evaluates segmental performance on the basis of gross profit, after the deduction of direct staff costs and direct client costs.

For the year ended 30 April 2017:

	Fiduciary £'000	Pensions £'000	Funds £'000	Other £'000	Acquisitions £'000	Total £'000
Revenue	22,253	1,951	8,038	2,280	602	35,124
Direct costs	(9,596)	(1,460)	(4,494)	(1,774)	(473)	(17,797)
Gross profit	**12,657**	**491**	**3,544**	**506**	**129**	**17,327**
Gross margin	**57%**	**25%**	**44%**	**22%**	**21%**	**49%**
Other operating income						291
Operating expenses						(11,497)
Operating profit						**6,121**

Acquisitions in the year ended 30 April 2017 included Balmor Management SA, Ryland Gray Information Technology Consultancy and Cavendish Corporate Investments PCC Limited. The purchase of the minority interest in Praxis Fund Holdings Limited is not included in acquisitions, as the entity was previously fully consolidated on the basis of control being achieved.

For the year ended 30 April 2016:

	Fiduciary £'000	Pensions £'000	Funds £'000	Other £'000	Acquisitions £'000	Total £'000
Revenue	14,363	2,005	6,289	2,039	3,278	27,974
Direct costs	(6,327)	(1,007)	(3,519)	(1,298)	(1,057)	(13,208)
Gross profit	**8,036**	**998**	**2,770**	**741**	**2,221**	**14,766**
Gross margin	**56%**	**50%**	**44%**	**36%**	**68%**	**53%**
Other operating income						168
Operating expenses						(9,672)
Operating profit						**5,262**

Acquisitions in the year ended 30 April 2016 included Confiance Limited, Ampersand Management (Geneva) SA, Ampersand Management (Mauritius) Limited, Cavendish Administration Limited and Trireme Pension Services (Guernsey) Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Geographical information

The Group's revenue from external customers by geographical location of contracting Group entity is detailed below;

	2017	**2016**
	£'000	**£'000**
Channel Islands	27,654	24,740
Rest of Europe	5,512	3,234
Rest of World	1,958	–
	35,124	**27,974**

5. Direct Costs

	2017	**2016**
	£'000	**£'000**
Staff salaries	16,293	12,239
Staff pension contributions	600	444
Staff health cover	466	303
Disbursements	438	222
	17,797	**13,208**

6. Interest receivable and similar income

	2017	**2016**
	£'000	**£'000**
Bank interest	16	78

7. Interest payable and similar charges

	2017	**2016**
	£'000	**£'000**
Bank loans	204	237

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tax on profit on ordinary activities

The tax assessed for the year is higher than the standard rate of corporation tax in Guernsey on taxable activities at 0% (2016: 0%). The tax charge for the year represents local tax on overseas subsidiaries, Jersey and Guernsey tax on fiduciary services and tax due on fund administration services carried out in Guernsey.

The differences are explained as follows:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	5,933	5,103
Profit on ordinary activities multiplied by standard rate of corporation tax in Guernsey on taxable activities of 0% (2016: 0%)	–	–
Effects of:		
Guernsey 10% tax activities	517	365
Overseas tax differences	316	266
Tax on results of ordinary activities	**833**	**631**

9. Dividends

	2017 £'000	2016 £'000
Paid and declared during the year	2,553	3,065

10. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

During the year, as part of the Group restructuring, ordinary shares in the Group were converted from a par value of £1 to £0.01. The EPS figures for the year ended 30 April 2016 have been restated based upon the new par value.

	2017 £	2016 £
Profit for the year	4,857,811	3,738,268
Weighted average number of ordinary shares in issue	71,434,820	63,070,800
Basic and diluted earnings (pence)	6.8	6.0

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible fixed assets

	Goodwill £'000	Business software £'000	Total £'000
Cost			
At 1 May 2016	20,523	360	20,883
Additions	4,120	75	4,195
Disposals	(175)	(32)	(207)
On acquisition of subsidiaries	–	42	42
Transferred from tangibles	–	56	56
FX movement	–	1	1
At 30 April 2017	**24,468**	**502**	**24,970**
Amortisation			
At 1 May 2016	2,880	47	2,927
Amortisation for the year	1,040	61	1,101
Impairment of goodwill	50	–	50
On acquisition of subsidiaries	–	43	43
FX movement	–	1	1
At 30 April 2017	**3,970**	**152**	**4,122**
Net book value			
At 30 April 2017	**20,498**	**350**	**20,848**
At 30 April 2016	**17,643**	**313**	**17,956**

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Intangible assets held by PraxisIFM Management (Mauritius) Limited are being amortised over 5 years.

The useful life for each component of goodwill is detailed below.

Entity	Estimated Useful Life
IFM Group Limited	20
Confiance Limited	20
Trireme Pensions Services (Guernsey) Limited	20
PraxisIFM Fund Services (UK) Limited	10
Agility Limited	20
PraxisIFM Trust (Malta)	20
Praxis Wealth Solutions Limited	14
Ampersand Management SA & Ampersand Management (Mauritius) Limited	20
Balmor Management SA	20
Ryland Gray Information Technology Consultancy	10
Cavendish Corporate Investments PCC Limited	20

NOTES TO THE FINANCIAL STATEMENTS (continued)

An analysis of goodwill movements in the year is provided in note 23.

Individually significant components of goodwill are as follows;

IFM Group Limited
The acquisition of IFM Group Limited took place on 1 April 2015. The carrying amount of the goodwill as at 30 April 2017 was £7,618,415. The goodwill is being amortised over 20 years, and has 18 years of amortisation period left as at the balance sheet date.

Confiance Limited
The acquisition of Confiance Limited took place on 8 December 2015. The carrying amount of the goodwill as at 30 April 2017 was £5,988,131. The goodwill is being amortised over 20 years, and has 18 years and 5 months of amortisation period left as at the balance sheet date.

Trireme Pension Services (Guernsey) Limited (formerly Confiance Pension Services Limited)
The acquisition of Trireme Pension Services (Guernsey) Limited (formerly Confiance Pension Services Limited) took place on 21 October 2015. The carrying amount of goodwill as at 30 April 2017 was £782,024. The goodwill is being amortised over 20 years, and has 18 years and 5 months of amortisation period left as at the balance sheet date.

Ampersand Management (Geneva) SA & Ampersand Management (Mauritius) Limited
The acquisition of Ampersand Management (Geneva) SA & Ampersand Management (Mauritius) Limited took place on 31 March 2016. The carrying amount of the goodwill as at 30 April 2017 was £1,159,156. The goodwill is being amortised over 20 years, and has 18 years and 11 months of amortisation period left as at the balance sheet date.

Cavendish Corporate Investments PCC Limited
The acquisition of Cavendish Corporate Investment PCC Limited took place on 20 January 2017. The carrying amount of the goodwill as at 30 April 2017 was £3,387,762. The goodwill is being amortised over 20 years, and has 19 years and 9 months of amortisation period left as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Tangible assets

	Computer equipment £'000	Leasehold property and improvements £'000	Furniture, fixtures & fittings £'000	Total £'000
Cost				
At 1 May 2016	2,876	1,841	521	5,238
Additions	1,395	23	206	1,624
Acquired in business combination	48	–	32	80
Eliminated on disposal	(438)	(39)	(66)	(543)
Transferred out on United Ventures Limited disposal	(59)	(881)	(72)	(1,012)
Transferred to intangibles	(56)	–	–	(56)
FX movement	2	203	25	230
At 30 April 2017	**3,768**	**1,147**	**646**	**5,561**
Depreciation				
At 1 May 2016	1,788	884	329	3,001
Depreciation for the year	507	85	104	696
Acquired in business combination	32	–	22	54
Eliminated on disposal	(435)	(19)	(54)	(508)
Transferred out on United Ventures Limited disposal	(40)	(48)	(45)	(133)
FX movement	–	(11)	16	5
At 30 April 2017	**1,852**	**891**	**372**	**3,115**
Net book value				
At 30 April 2017	**1,916**	**256**	**274**	**2,446**
At 30 April 2016	**1,088**	**957**	**192**	**2,237**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Investments

At 30 April 2017 the Group had interests in the following entities:

Other interests	Country of incorporation	Types of shares	Proportion held %	2017 Value £'000	2016 Value £'000
Fundamental Asset Management Limited	England	Ordinary	23.3	151	152
The International Stock Exchange	Guernsey	Ordinary	2.52	163	52
Sequoia Economic Infrastructure Fund	Guernsey	Ordinary	0.02	55	52
SICAV	UAE	Ordinary	100	3	3
Elbis Ventures	Luxembourg	Ordinary	100	3	–
AF Spa	Italy	Ordinary	4.0	15	–
				390	**259**

The results of Fundamental Asset Management Limited have not been treated as an associate as the shares held do not carry any voting rights.

The shares held in SICAV do not carry any voting rights. There is no ability for the Group to exercise control, and therefore the results of SICAV have not been consolidated.

The results of Elbis Ventures have not been consolidated as the entity is not trading, and was originally set up to facilitate a client transaction. Upon completion of the transaction, Elbis Ventures was put into liquidation in December 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Subsidiaries

Per section 6.6.2.4 of the listing rules, the directors are of the opinion that compliance with section 6.6.2.3(d) of the listing rules would result in a disclosure of excessive length. They have therefore obtained a waiver from TISE to disclose only those subsidiaries carrying on business the results of which materially affect the amount of the profit or loss of the group or the amount of assets of the group.

Subsidiaries whose results materially affect the profit or loss of the group or the amount of assets of the group are;

Subsidiary	Type of shares	Proportion held (%)	Country of incorporation	Nature of business
PraxisIFM Trust Limited Malta	Ordinary	100	Malta	Fiduciary
PraxisIFM Trust SA	Ordinary	100	Switzerland	Fiduciary
PraxisIFM Trust Limited Guernsey	Ordinary	100	Guernsey	Fiduciary
PraxisIFM Treasury Services Limited	Ordinary	100	Guernsey	Treasury
Praxis Corporate Finance Limited	Ordinary	100	Guernsey	Advisory
Praxis Wealth Solutions Limited	Ordinary	100	Guernsey	Non-Trading
Praxis Group (South) Africa (Pty) Ltd	Ordinary	100	South Africa	Non-Trading
Praxis Luxembourg SA	Ordinary	88	Luxembourg	Funds
Trireme Pension Services (Guernsey) Limited	Ordinary	100	Guernsey	Pensions
Trireme Pension Services (Malta) Limited	Ordinary	100	Malta	Pensions
Confiance Limited	Ordinary	100	Guernsey	Fiduciary
PraxisIFM Management (Mauritius) Limited	Ordinary	100	Mauritius	Fiduciary
Ampersand Management (Geneva) SA	Ordinary	100	Switzerland	Fiduciary
Cavendish Corporate Investments PCC Limited	Ordinary	100	Guernsey	Pensions
PraxisIFM Trust Limited (UAE)	Ordinary	100	UAE	Pensions
PraxisIFM Trust Limited Jersey	Ordinary	100	Jersey	Fiduciary
PraxisIFM Trust (NZ) Limited	Ordinary	100	New Zealand	Fiduciary
PraxisIFM Trust & Corporate Services Limited	Ordinary	100	Jersey	Fiduciary
IFM Trust SA	Ordinary	100	Switzerland	Fiduciary
Praxis Fund Services (Malta) Limited	Ordinary	100	Malta	Funds
International Fund Management Limited	Ordinary	100	Guernsey	Funds
PraxisIFM Fund Services (UK) Limited	Ordinary	100	UK	Funds
Praxis Fund Services Limited	Ordinary	100	Guernsey	Funds
PraxisIFM Consultancy FZE	Ordinary	100	UAE	Pensions

15. Debtors

	2017 £'000	2016 £'000
Trade debtors	8,420	6,892
Prepayments	2,638	1,959
	11,058	**8,851**

A provision of £643,726 (2016: £163,556) was recognised against trade debtors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Deferred income (note 1)	4,619	4,177
Trade creditors	1,352	1,003
Sundry creditors	1,487	1,975
Provision for Confiance remediation	-	633
Bank loans (note 2)	900	620
Other loans (note 3)	359	242
Finance leases	6	29
Overdraft (note 4)	536	427
Deferred consideration (note 5)	3,528	3,639
Taxation	1,086	818
	13,873	**13,563**

Note 1 (Deferred income)
Deferred income principally relates to annual fees raised in advance relating to the period after the balance sheet date, for which payment has already been received.

Note 2 (Bank loans)
On 3 August 2016 the Group entered into a loan facility agreement with RBSI in the amount of £4,500,000. The loan is repayable over five years in quarterly instalments of £225,000 and is charged interest at 3.75% over RBSI base rate.

Note 3 (Other loans)
The Group has entered into the following loans with Lombard Finance (CI) Limited;

Date Entered	Amount £	Repayment Period Years	Interest Over Repayment Period £	Implicit Interest Rate %
13 May 2014	44,045	3	4,374	9.93
1 December 2015	175,000	3	15,242	8.71
17 December 2015	127,115	5	14,354	11.29
27 May 2016	324,624	1	9,332	2.87
25 August 2016	30,071	5	3,997	13.29
25 August 2016	360,893	5	47,966	13.29
1 December 2016	146,500	5	3,896	2.66
21 December 2016	389,058	5	57,504	14.78

Note 4 (Overdraft)
On 3 August 2016 the Group entered into an overdraft facility with RBSI of £1,000,000. The terms are 3.75% over base rate calculated daily and compounded quarterly. Security is in the form of an Intercompany Unlimited Composite Guarantee (the 'Guarantee') with Confiance Limited, PraxisIFM Trust Limited (Guernsey), PraxisIFM Trust Limited (Jersey) and PraxisIFM Group Limited. The Guarantee is and will remain a continuing security.

R H Fearis, T I Cumming, D M Piesing and S J Thornton provided guarantees in respect of the Group's bank borrowings to a limit of £1,220,000.

Note 5 (Deferred consideration)
Deferred consideration relates to the acquisition of IFM Group Limited, Confiance Limited, Trireme Pension Services (Guernsey) Limited, Cavendish Administration Limited, Ampersand (Geneva) SA and Ampersand Management (Mauritius) Limited, Balmor Management SA, Ryland Gray Information Technology Consultancy and Cavendish Corporate Investments PCC Limited. Note 22 provides details of the acquisitions in the year ended 30 April 2017.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2017 £'000	2016 £'000
Finance leases	–	89
Bank loans	2,925	655
Other loans	627	292
Deferred consideration	1,083	3,000
Taxation	186	–
	4,821	**4,036**

Note 16 provides details of the loans in issue and the deferred consideration.

18. Financial instruments

The Group's financial instruments may be analysed as follows:

	2017 £'000	2016 £'000
Financial assets		
Financial assets measured at fair value	390	259
Financial liabilities		
Financial liabilities measured at amortised cost	14,075	13,422

Financial assets measured at fair value through profit and loss comprise investments in unlisted companies.

Financial liabilities measured at amortised cost include all creditors shown in note 16 and 17, other than deferred income and taxation.

All bank loans held by the Group are commercial loans issued at market value and thus were not subject to fair value adjustments.

19. Called up share capital

	2017 £'000	2016 £'000
Authorised, allotted and issued		
89,139,600 ordinary A-shares of £0.01 each	891	594
Ordinary B-shares of £0.01 each	–	62
	891	**656**

During the year, as part of the process of listing on The International Stock Exchange (formerly the Channel Islands Stock Exchange), all ordinary £1 B-shares were converted to ordinary £1 A-shares. The par value of all shares was also converted from £1 to £0.01. For the purposes of the reconciliation, the opening balance and all share issues during the year have been converted to the revised par value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of share movements	
Closing share capital at 30 April 2016	65,645,000
Issued in acquisition of Balmor Management SA	276,000
Issued to Praxis EBT	6,217,200
Issued to new investors	8,000,000
Issued to directors of the Group	391,800
Issued in acquisition of minority holding of Praxis Fund Holdings Limited	8,609,600
Closing share capital at 30 April 2017	**89,139,600**

20. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital reserve - represents exchange differences arising on consolidation of subsidiary investments.

Profit and loss account - includes all current and prior period retained profits and losses.

21. Financial commitments

The Group's future minimum operating lease payments are as follows:

	2017 £'000	2016 £'000
Within one year	1,187	1,066
Between one year and five years	2,456	2,747
After five years	–	19

All operating leases relate to office premises occupied by subsidiary entities. The lease expense in the year ended 30 April 2017 was £1,259,943 (2016: £974,743).

The Group's future minimum finance lease payments are as follows:

	2017 £'000	2016 £'000
Within one year	6	29
Between one year and five years	–	88
After five years	–	–

Finance leases relate to vehicles used by the Group. All of the £5,887 payable within one year is a commitment of PraxisIFM Consultancy FZE, a subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Business combinations

Acquisition of Balmor Management SA

On 4 August 2016 the Group acquired 100% of Balmor Management SA for £250,302, settled in the form of 276,000 shares in PraxisIFM Group Limited and £79,246 in cash. On completion, 165,600 shares were issued and £47,548 cash paid, with the remainder being deferred consideration payable over two years.

In calculating the goodwill arising on acquisition, the fair value of net assets of Balmor Management SA have been assessed and adjustments from book values made where necessary.

	Fair value £'000
Fixed assets	
Tangible	4
Intangible	–
Current assets	
Debtors	–
Sundry debtors	4
Cash at bank and in hand	74
Total assets	**82**
Creditors	
Due within one year	2
Fair value of net assets acquired	**80**
Goodwill	170
Total purchase consideration	**250**
Purchase consideration settled in cash	48
Cash and cash equivalents in subsidiary acquired, as above	74
Cash inflow on acquisition	**26**

The useful economic life of goodwill has been estimated to be 20 years.

For the year ended 30 April 2017, 9 months of the results of Balmor Management SA were consolidated.

The results of Balmor Management SA in the 9 months since its effective acquisition are as follows:

Revenue	£81,337
Profit	£208

NOTES TO THE FINANCIAL STATEMENTS (continued)

Acquisition of Ryland Gray Information Technology Consultancy

On 4 December 2016 the Group acquired the assets and liabilities of Ryland Gray Information Technology Consultancy for £819,919, settled in the form of 602,900 shares in PraxisIFM Group Limited and £356,176 in cash. On completion, 361,700 shares were issued and £213,706 cash paid, with the remainder being deferred consideration payable over two years.

The assets and liabilities acquired were placed within a newly created entity, PraxisIFM Consultancy FZE.

In calculating the goodwill arising on acquisition, the fair value of net assets of Ryland Gray Information Technology Consultancy have been assessed and adjustments from book values made where necessary.

	Fair value £'000
Fixed assets	
Tangible	23
Intangible	–
Current assets	
Debtors	51
Sundry debtors	102
Cash at bank and in hand	189
Total assets	**365**
Creditors	
Due within one year	30
Fair value of net assets acquired	**335**
Goodwill	485
Total purchase consideration	**820**
Purchase consideration settled in cash	214
Cash and cash equivalents in subsidiary acquired, as above	189
Cash outflow on acquisition	**(25)**

The useful economic life of goodwill has been estimated to be 10 years.

For the year ended 30 April 2017, 5 months of the results of PraxisIFM Consultancy FZE were consolidated.

The results of PraxisIFM Consultancy FZE in the 5 months since its effective acquisition are as follows:

Revenue	£315,779
Profit	£53,811

NOTES TO THE FINANCIAL STATEMENTS (continued)

Acquisition of Cavendish Corporate Investments PCC Limited

On 20 January 2017 the Group acquired 100% of Cavendish Corporate Investments PCC Limited for £3,490,258 settled in cash. On completion, £2,415,00 cash was paid, with the remainder being deferred consideration payable over one year.

In calculating the goodwill arising on acquisition, the fair value of net assets of Cavendish Corporate Investments PCC Limited have been assessed and adjustments from book values made where necessary.

	Fair value £'000
Fixed assets	
Tangible	–
Intangible	–
Current assets	
Debtors	119
Sundry debtors	19
Cash at bank and in hand	175
Total assets	**313**
Creditors	
Due within one year	253
Fair value of net assets acquired	**60**
Goodwill	3,430
Total purchase consideration	**3,490**
Purchase consideration settled in cash	2,415
Cash and cash equivalents in subsidiary acquired, as above	175
Cash outflow on acquisition	**(2,240)**

The useful economic life of goodwill has been estimated to be 20 years.

For the year ended 30 April 2017, 3 months of the results of Cavendish Corporate Investments PCC Limited were consolidated.

The results of Cavendish Corporate Investments PCC Limited in the 3 months since its effective acquisition are as follows::

Revenue	£267,711
Profit	£87,985

NOTES TO THE FINANCIAL STATEMENTS (continued)

Acquisition of Praxis Fund Holdings Limited minority interest
On 12 April 2017 the Group acquired 53% of Praxis Fund Holdings Limited for £8,609,785.

Previously, Praxis Fund Holdings Limited was consolidated as a subsidiary, due to the voting rights of the existing 47% holding leading to control of the entity. As set out in FRS 102.9.19D, the transactions shall be accounted for as a transaction between equity holders. Therefore, no goodwill has been recognised on the purchase of the 53% of Praxis Fund Holdings Limited, and the difference between the carrying value of the net assets at the purchase date and the consideration paid has been taken to retained reserves.

	Fair value £'000
Fixed assets	
Tangible	163
Intangible	661
Current assets	
Debtors	572
Sundry debtors	167
Cash at bank and in hand	1,503
Total assets	**3,066**
Creditors	
Due within one year	852
Fair value of net assets acquired	**2,214**
Equity taken to retained earnings	7,437
Total purchase consideration	**8,610**
Purchase consideration settled in cash	–
Cash and cash equivalents in subsidiary acquired, as above	–
Cash outflow on acquisition	**–**

For the year ended 30 April 2017, 12 months of the results of Praxis Fund Holdings Limited were consolidated as explained above.

The results of Praxis Fund Holdings Limited for the year ended 30 April 2017 are as follows:

Revenue	£6,757,523
Profit	£1,203,139

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Reconciliation of goodwill

	£'000
As at 1 May 2016	17,643
Purchased goodwill in the period:	
Balmor Management SA	170
Ryland Gray Information Technology Consultancy	485
Cavendish Corporate Investments PCC Limited	3,430
Adjustment to IFM Group Limited goodwill	10
Adjustment to Trireme Pensions Services (Guernsey) goodwill	25
Impairment of goodwill	(50)
Disposed of in the year	(175)
Amortisation	(1,040)
As at 30 April 2017	**20,498**

The balance for goodwill disposed of in the year represents an amendment to the accounting treatment for goodwill previously recognised.

24. Transactions with related parties

There is no immediate or ultimate controlling party of the Group. No individual shareholder holds sufficient voting rights in order to exercise control.

S J Thornton is a director of PraxisIFM Group Limited and was also a director of Alternative Solutions Limited for part of the year. He resigned as a director of Alternative Solutions Limited on 10 November 2016. During the year the Group purchased goods and services from Alternative Solutions Limited to the value of £1,076,999 (2016: £601,969). All transactions were subject to a formal contractual agreement that has been fully authorised by the Board of directors.

At the balance sheet date the Group had an outstanding balance owing to Alternative Solutions Limited of £78,695 (2016: £192,975).

	2017 £'000	2016 £'000
Key management personnel compensation	1,700	1,545
Dividends paid to shareholders who are also directors	1,003	1,337

Direct Employment Costs includes Directors' salaries and related benefits including pension contributions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Options granted and exercised during the period

During the year to 30 April 2017, 27,882,000 stock options were granted for a consideration of £18,755,771, and 4,685,300 were exercised.

Reconciliation of outstanding options	**'000**
Balance at 1 May 2016	930
Expired during the period	(275)
Exercised during the period	(4,685)
Granted during the period	27,882
Balance at 30 April 2017	**23,852**

26. Disputed insurance claim

In November 2013 Invescap Holdings Limited ("IHL") filed a counterclaim against Confiance Limited in the sum of £2,183,141 plus interest in relation to various alleged frauds against IHL by Mr Lee Douglass a former employee and director of IHL. It was alleged that Confiance Limited and others were responsible for allowing Mr Douglass to misappropriate the sums claimed.

On 1 October 2015, Confiance Limited was notified by AmTrust Europe Limited, the Insurer of the £4m over £1m Professional Indemnity Insurance excess layer, that it was seeking to deny cover in relation to the policy year 2012/2013 on the basis that the 2012 Proposal Form contained alleged untrue statements, material non-disclosure of facts and that material facts were suppressed and not disclosed. The counterclaim by IHL was notified and covered during Policy Year 2012/2013. Confiance Limited has been advised and is acting as a prudent uninsured party in relation to the counterclaim by IHL. The directors were advised and believed that the likely cost of the IHL counterclaim would be a maximum of £3,500,000. The Primary and all other excess Professional Indemnity Insurance layers continue to be in force.

On 1 June 2016, Confiance Limited together with the Group entered into a Settlement Agreement with IHL and Karim Issa Mawji ("KM") against whom Confiance Limited alleged inter alia contributory negligence, whereby Confiance Limited agreed to pay IHL the sum of £3,200,000 and to KM the sum of £120,000 in full and final settlement of the proceedings.

The Group agreed to provide Confiance Limited with sufficient funding to enable full settlement with IHL and KM. The Group has notified Confiance Limited that is has deemed the 2,074,158 outstanding Loan Notes cancelled as of 1 June 2016 and that it reserves its rights under the SPA in respect of the balance of the disputed insurance claim and pursuant to clause 3.2 of the Loan Note instrument no interest is due. Confiance Limited took legal advice and is actively pursuing the reinstatement of the indemnity from its professional indemnity insurers in respect of the settlement of the litigations. It was indemnified in respect of defence costs by the primary layer insurers, but is currently in dispute with the first excess layer insurer concerning the balance of the insurance claim. On 27 March 2017, the company assigned the claim to RRRL Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Post balance sheet events

In May 2017, the Group entered into a loan agreement with Lombard Finance (CI) Limited for £421,341. The loan is repayable over one year and attracts interest of £9,717 over the life of the loan which is an implicit interest rate of 2.3%.

In July 2017, the Group launched a Buy-As-You-Earn ("BAYE") share purchase scheme (the "Scheme") for employees. The Scheme grants employees an option to purchase shares at the previous year end market price (in this case 30 April 2017) at the end of the following financial year. Upon the option exercise date falling due, employees can elect to exercise their options, or withdraw their contributions. Since the launch of the scheme, 80 employees have entered.

Since the year end, 340,500 options have been granted and 5,772,042 have been exercised.

In September 2017, the Group disposed of its interest in Fundamental Asset Management Limited for a consideration of £154,994.

In September 2017, the Group gave a guarantee over a loan taken by the Praxis EBT, up to a maximum of £1,750,000.

In September 2017, the Group gave a guarantee to Standard Bank Jersey Limited over the whole of the indebtedness of PraxisIFM Treasury Services Limited. The guarantee covers the obligations and liabilities of PraxisIFM Treasury Services Limited to Standard Bank Jersey Limited together with interest and commission thereon and all costs, charges and expenses.

In September 2017, the guarantees provided by R H Fearis, T I Cumming, D M Piesing and S J Thornton in respect of the Group's bank borrowings to a limit of £1,220,000 were released.

On 10 October 2017 the Group purchased Kompas International Holdings BV for the amount of EUR 3,230,000. The purpose of the purchase was to give the Group a jurisdictional presence in the Netherlands on which to build a sizeable presence in the Dutch market.

Consistent with the Group's strategy, the Board continues to pursue acquisition targets.