

PREMIER MITON GROUP PLC
Annual Report and Financial Statements
30 September 2019



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Premier Miton Group plc – Annual report and financial statements 2019

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Strategic Report

The Group’s Strategic Report is set out within the Chairman’s statement on pages 2 to 3 and Chief Executive’s report on pages 4 to 6.

Highlights

Premier Miton Group plc became effective on 14 November 2019 following the merger with Miton Group plc.

AUM
£6.6bn
Premier Asset Management Group PLC

Adjusted EBITDA*
£19.2m
Premier Asset Management Group PLC

Underlying profit before tax*
£19.0m
Premier Asset Management Group PLC

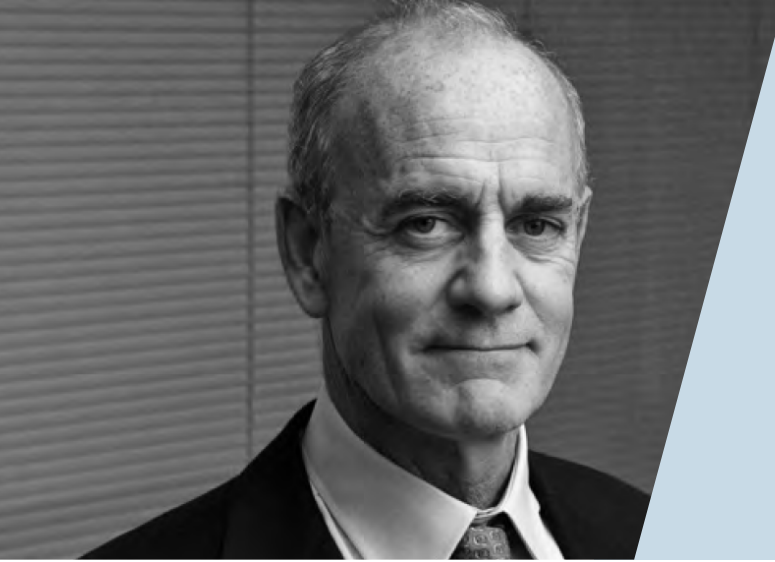
Profit before tax
£13.7m
Premier Asset Management Group PLC

Total dividend
10.5p
Final interim dividend to be paid on 10 January 2020

Awards: 30 September 2018 to 30 September 2019



*See further information regarding Alternative Performance Measures ("APMs") on pages 11 to 12.



Chairman's Statement

“ Premier Miton Investors offers a leading range of multi-asset, equity and fixed income funds, with our investment teams covering UK, European, US and global equities. ”

Mike Vogel

Chairman

Introduction

This was a more challenging year for Premier following a prolonged period of significant growth in assets under management and strong positive net inflows. We believe that a significant factor influencing our results was that our core investment strategies fell out of favour as investors stayed on the sidelines amid turbulent market and political conditions. General investor uncertainty and a lack of confidence to invest in stock market linked investments was reflected, for example, in high industry inflows into bond funds. Where investors did choose equities, there was an aversion to UK equity assets in favour of more global strategies. Our view is that this is likely to be a shorter-term response to the current market climate as opposed to a secular trend.

Although it is disappointing to have recorded net outflows for the year, we continued to record positive inflows into our range of outcome based multi-asset funds. Importantly, we continue to believe we have a strong foundation for future growth, based on relevant products, effective distribution, a strong brand, our scalable operating platform and our financial strength.

We are also very optimistic about our future following our merger with Miton Group, to create a new company known as Premier Miton Group plc. There is an exceptional strategic and commercial fit between these two companies, which strengthens our investment capabilities across market leading outcome-based multi-asset funds and high conviction, actively-managed equity and fixed income funds. It will mean we have a significant footprint in the UK adviser and wealth management market and an even stronger operating platform. The new Group had assets under management of £11.1 billion as at 31 October 2019.

Financial results

Over the year, we experienced net outflows of £233 million. This reflected positive inflows in the first half of the year and net outflows in the second half of the year. We have now had twenty-four quarters of positive net inflows out of the last twenty-six quarters.

As a result of these outflows and some market movement, our assets under management* fell over the year to £6.6 billion as at the end of September 2019.

Net management fees* for the year were £48.4m. Adjusted EBITDA* was £19.2m and underlying profit before tax was £19.0m with actual profit before tax of £13.7m.

The Group has adopted a quarterly dividend policy, expecting to pay three smaller interim dividends, representing approximately half of the estimated total dividend for the full financial year, followed by a larger final dividend. The Board may revise the dividend policy from time to time in line with the actual results of the Group. The Board has announced a final interim dividend of 5.4p which means the full year dividend will be 10.5p (2018: 10.25p), equivalent to a 2.4% increase on last year. The full year dividend represents 65.7% of adjusted profit after taxation.

Business update

There was significant product development during the year reflecting the continuing changes in market demand for different styles of multi-asset products. In March 2019, we launched three new multi-asset funds to expand our directly invested multi-asset Diversified fund range. More recently, we announced the planned launch of a new range of managed indexed multi-asset funds with our first fund scheduled for launch before the end of 2019. These developments allow us to offer a wide suite of multi-asset solutions to advisers allowing them to select the appropriate multi-asset investment approach and cost profile to meet their clients' needs.

We announced that we had made a number of fund manager changes at the end of 2017 to our UK equity growth funds. I am pleased to report that the performance of these funds since the changes has been strong and we are looking forward to marketing these funds to advisers over the coming year.

Our overall product range has been significantly expanded

*See further information regarding Alternative Performance Measures ("APMs") on pages 11 to 12.



Chairman's statement

Continued

following the merger with Miton, and Premier Miton Investors now offers a leading range of multi-asset, equity and fixed income funds, with our investment teams now covering UK, European, US and global equities.

We remain convinced that our investment product range is well placed to meet the needs of UK advisers and their clients, whether they are looking for standalone managed solutions, offered by our range of multi-asset funds, or specialist funds which we expect will form part of a broader investment portfolio. Many of our funds are income focused, which we believe will continue to be a key area of investor demand.

Operational efficiency has been a continued focus for us, to deliver benefit to our clients and our shareholders. Managing our clients' costs of investing, and explaining the value delivered to our investors will be amongst our key priorities over the next year and beyond.

Board

I would once again like to thank my fellow Board members for their guidance over the year. Following the merger with Miton, Neil Macpherson stepped down having served on the Board since our listing in October 2016. I have been Chairman of the Board of Premier since 2008 and have had the privilege of working with Neil in his role as a fellow Board member and Chief Financial Officer throughout this period. Neil has worked at Premier since 1991 and on behalf of the entire Board I would like to thank him for his significant contribution over many years and to wish him all the best for the future. He will remain with the Group to ensure an orderly handover until March 2020.

Luke Wiseman, who has served as a Non-Executive Director of Premier since our listing in October 2016, will also be stepping down and I would like to thank Luke for his thoughtful guidance to the Board over the last few years.

I am pleased to welcome Piers Harrison, Chief Operating Officer of Miton Group plc, to the Board as Chief Financial Officer of Premier Miton. I am also pleased to welcome David Barron, previously Chief Executive Officer of Miton Group plc and Katrina Hart, previously a non-executive director of Miton Group plc, as new Non-Executive Directors of Premier Miton.

I very much look forward to working with the new Board as we develop the new combined business.

Outlook

Premier has grown strongly over recent years and, notwithstanding a more difficult year, we have built an attractive product range, with strong investment teams, supported by a leading brand in the UK adviser market and a significant distribution capability. Given our good long-term performance coupled with a highly scalable operating platform and a strong balance sheet, we believe that the business has a positive future.

The launch of Premier Miton creates a new, diversified active UK asset management business with a strong investment capability that leverages an efficient platform, including a wider product range, greater scale, enhanced distribution relationships with the opportunity for compelling value creation for shareholders. I believe Premier Miton is well positioned for future growth.

In closing, I would like to say thank you to everyone at Premier who has worked hard to contribute to the Group's success during the last year and to welcome everyone from Miton to the enlarged Group. I look forward to working with you all over the coming years. Finally, I would like to thank everyone else who has supported us, including our clients, their advisers and our shareholders.

This report was approved by the Board on 27 November 2019 and signed on its behalf.

Mike Vogel
Chairman
27 November 2019

Chief Executive's report

“ I am delighted that our newly merged business, Premier Miton Group plc, became effective on 14 November 2019, creating a broader, bigger and stronger business well placed to make the most of future growth opportunities and to face future challenges. ”

Mike O'Shea
Chief Executive

Strategy

As we entered into the financial year covered in this report, Premier had experienced six years of positive inflows and seen assets under management* rise from £2.1 billion to £6.9 billion. The current year has proven to be more challenging for both the industry and our business, against a backdrop of continued economic and political uncertainty, and leading to low investor confidence.

Our assets under management* ended the year at £6.6 billion, which is down from £6.9 billion at the end of September 2018. Although this has been a more difficult year, as confidence eventually returns to the UK market, we believe that our focus on delivering good client outcomes and our relevant product range mean we are well positioned for future growth. On 4 September 2019, we announced the all-share merger of Premier with Miton Group plc. I am delighted that our newly merged business, Premier Miton Group plc, became effective on 14 November 2019, creating a broader, bigger and stronger business well placed to make the most of future growth opportunities and to face future challenges

Market environment

The general market and political environment remained unsettled over the year, dominated as it was by continued uncertainty over Britain's exit from the EU. Whilst politicians argued, investors, savers and business people throughout the UK deferred investment decisions, understandably worried about the future direction of the economy. It is hardly surprising therefore that the year was characterised by a general lack of investor confidence.

We hope that a resolution one way or the other will soon be forthcoming. There is plenty for investors and savers to be concerned about within the global economy without the added uncertainty of Brexit dragging on indefinitely. With interest rates likely to remain at historically low levels for many years to come, UK based investors need to find suitable, well-diversified ways to protect their capital against the impact of inflation and to enhance their income. We believe that our actively managed strategies will continue to provide useful solutions to these problems.

Investment

Our investment capabilities fall into two distinct categories: outcome based multi-asset funds and single strategy funds. We are active managers who aim to deliver good investment outcomes for our clients, through clear, straightforward products, coupled with high levels of service. Our investment engine is powered by bright minds, focused on delivering sustainable, durable returns for our clients. Our fund managers are given the freedom to think creatively, think actively and think curiously to find the best ideas, rather than adhering to a central house view.

Our approach delivers results, with 57%, 64%, 92% and 94% of our assets under management performing above median over 3, 5, 7 and 10 years respectively.**

It is pleasing that the quality of our investment products, teams and performance has been recognised again during the year with a number of new awards including the following:



*See further information regarding Alternative Performance Measures ("APMs") on pages 11 to 12.

**Performance figures represent: 83% (3, 5 and 7 years), 74% (10 years) of Premier's total AUM as at 30 September 2019 and exclude: absolute return funds, investment trusts, segregated mandates, and Premier Pan European Property Share Fund. Median figures are relative to respective Investment Association sectors. Source: FE Analytics, data to 30 September 2019. Net income reinvested. Data shown net of all fund charges. Based on C share class except Premier Diversified Growth Fund (D share class) and Premier UK Money Market Fund (B share class). Where a C share class was not available for the full time period, the pre RDR bundled or equivalent retail share class has been used for the period the C share class was not available.



Chief Executive's report

Continued

Relevant products

One of our key areas of focus is offering relevant products to our clients. We are proud of our range of multi-asset, equity and fixed income funds, which have clear investment purposes for clients. For example, many of our equity funds focus on producing attractive dividends, helping the growing number of income-seeking investors.

Our relevant product range includes outcome based multi-asset funds. Rather than being designed to outperform a specific index over time, each one of our fifteen multi-asset funds has a specific client-focused objective; for example, the Premier Multi-Asset Distribution Fund aims to pay clients a durable income through regular dividends whilst the Premier Diversified Growth Fund aims to achieve long-term growth for clients with less volatility than the UK stock market.

Our single strategy funds typically provide solutions for investors building their own portfolios. Our fund managers, including our UK, European, US and global equity teams, together with our fixed income and absolute return teams, have an active, high conviction investment approach designed to allow us to make a real long term difference for our clients.

“ We have developed a strong reputation and position with UK advisers for our multi-asset funds. ”

We have developed a strong reputation and position with UK advisers for our multi-asset funds, and we believe we are well positioned for future growth in this market, as advisers continue to look for relevant investment solutions to offer their clients. And we have a strong position with UK wealth managers for our single strategy funds which also gives us a strong platform for future growth.

Connect

The development of new, technology-enabled solutions is an important component of our ongoing commitment to offer good service and value for clients. We have continued to progress Connect, a no-cost online portal for advisers allowing them to hold and manage their clients' investments in Premier funds. This new service is specifically aimed at advisers using multi-asset funds for their clients, who do not require the wide range of funds offered on fund platforms. With no portal fee, this will bring down the total cost of investing in our funds for clients. We are currently trialling under a soft launch program and have a number of advisers using the system. We will roll this out to a wider range of advisers and their clients over the course of the coming year.

Corporate responsibility

In September 2019, we hired our first Head of Responsible Investing within the investment team under the guidance of our Chief Investment Officer. This appointment brings significant experience to Premier Miton and will support the enhancement of our responsible investing approach as well as prepare us for a market where consumers are increasingly focussed on sustainability. Our culture of offering long term, actively managed investments ensures that we already consider financially material factors such as governance, and also increasingly environmental and social factors in many of our strategies. We are active stewards of the companies we invest in, with our fund managers attending 658 company meetings with their portfolio companies and voting 5,423 resolutions at 502 shareholder meetings during the year.

We believe that sustainability is inextricably linked to the future success of our business and that we need to act to help address the global challenges relating to climate change, limited resources and economic and social inequality. In doing so, we hope to build a successful and resilient business that embraces innovation and positive change.

Chief Executive's report

Continued

Our Environmental Policy sets out our approach and commitments, and we have an Environmental Committee responsible for driving our programme of activities forward. We will implement an action plan that aligns with the United Nations Sustainable Development Goals (SDGs), that embeds sustainability considerations within investment decision making and that minimises our operational impact on the environment and society.

Distribution & net flows

Our distribution focus is through UK intermediaries, including financial advisory firms, wealth managers, fund research agencies and fund rating agencies. We typically expect our multi-asset funds to be selected by financial advisory firms and our single strategy funds by wealth managers and other types of portfolio managers. Over the years, we have developed a strong UK distribution capability, with our distribution team focused on the many financial advisers and wealth managers around the UK. Against the challenging backdrop described earlier, although we attracted positive inflows in the first six months of the year, we had total net outflows of £233 million for the twelve months to 30 September 2019 (twelve months to 30 September 2018: inflows £734 million).



Premier Miton merger

In summary, 2019 has been more challenging for Premier compared with recent years, but we have built a UK focused asset manager that offers relevant products, with highly regarded investment teams, a proven distribution capability, a strong and scalable operating platform and a strong balance sheet. More importantly the merger with Miton significantly enhances this position. As highlighted above, combined group assets under management stands at £11.1 billion as at 31 October 2019.

“ The merger has combined two businesses with complementary investment capabilities, evenly balanced between outcome-based multi-asset strategies and genuinely active single strategies. ”

The merger has combined two businesses with complementary investment capabilities, evenly balanced between outcome-based multi-asset strategies and genuinely active single strategies. It creates a business with greater financial strength with a more diversified revenue mix, access to economies of scale and a robust balance sheet. We believe this will create meaningful client benefits through investment in new client initiatives such as product development and enhanced client service as well as by reducing costs through economies of scale. For both sets of shareholders, the merger offers compelling value creation and earnings accretion, underpinned by expected recurring run-rate pre-tax cost synergies of approximately £7 million per annum from alignment of operating platforms.

I look forward to reporting on Premier Miton's progress in next year's report, but in the meantime, I would like to say thank you to our whole team across the enlarged business for all their hard work, to all of our clients and the large number of advisers and investment professionals who have chosen our funds for their clients.

This report was approved by the Board on 27 November 2019 and signed on its behalf.

Mike O'Shea
Chief Executive
27 November 2019



Financial review

Mike O'Shea

Chief Executive Officer

Assets under management* ("AUM")

AUM* as at 30 September 2019 stood at £6,556m, down £310m (-4.5%) over the year, with average AUM* standing at £6,695m for the year, up £141m (+2.2%) on the previous financial year. The following table shows the progression of AUM* over the last three financial years:

	FY19 £m	FY18 £m	FY17 £m
Opening AUM*	6,866	6,088	4,999
Sales	1,592	2,239	2,150
Redemptions	(1,825)	(1,505)	(1,403)
Net sales	(233)	734	747
Closures	(73)	-	-
Performance	(4)	44	342
Closing AUM*	6,556	6,866	6,088
Average AUM*	6,695	6,554	5,535

Average AUM* has grown over the three year period as a result of £1,248m of net inflows and market performance of £382m.

The following table shows the split of closing AUM* by product type as at the end of the last three financial years:

	FY19	FY18	FY17
Retail funds	96.2%	95.3%	94.6%
Investment trusts	2.3%	2.2%	2.7%
Segregated mandates	1.5%	2.5%	2.7%
	100.0%	100.0%	100.0%

In terms of closing AUM* by asset class as at the end of the last three financial years, this is shown in the following table:

	FY19	FY18	FY17
Multi-asset, multi-manager	62%	59%	54%
UK equities	19%	21%	24%
Absolute return	8%	9%	12%
Fixed income	4%	6%	6%
Global equities	3%	3%	3%
Multi-asset	4%	2%	1%
	100%	100%	100%

* See further information regarding Alternative Performance Measures ("APMs") on pages 11 to 12.

Financial performance

Profit before tax for the year ended 30 September 2019 amounted to £13.7m (2018: £15.9m), representing a decrease of £2.2m (-13.8%) over the previous financial year. The following table shows an analysis of the financial performance over the last three financial years.

	FY19	FY18	FY17
Net management fees*	£48.4m	£48.1m	£40.9m
Other income	£0.2m	£0.7m	£0.2m
Net revenues	£48.6m	£48.8m	£41.1m
Adjusted administrative costs*	(£29.6m)	(£29.9m)	(£26.3m)
Amortisation	(£1.5m)	(£1.7m)	(£2.5m)
Exceptional items	(£1.2m)	(£0.3m)	(£0.5m)
Share-based payments	(£2.6m)	(£1.0m)	(£0.3m)
Operating profit	£13.7m	£15.9m	£11.5m
Finance costs	-	-	-
Profit before tax	£13.7m	£15.9m	£11.5m
Taxation	(£2.7m)	(£3.4m)	(£2.6m)
Profit after tax	£11.0m	£12.5m	£8.9m



Financial review

Continued

Net management fees*

Net management fees* generated during the year amounted to £48.4m, which represents a £0.3m (+0.6%) increase over the previous financial year and an annual compound growth rate over the last two financial years of 8.8%*.

	FY19	FY18	FY17
Management fees	£52.6m	£52.7m	£45.9m
Less: Trail/renewal commission	(£4.2m)	(£4.6m)	(£5.0m)
Net management fees*	£48.4m	£48.1m	£40.9m
Average AUM*	£6,695m	£6,554m	£5,535m
Net management fee margin*	72.3bps	73.4bps	73.9bps

Based on the average AUM* as shown above, the net management fee margin* has decreased slightly during the year from 73.4bps to 72.3bps, with the change in margin being primarily due to a change in the product mix.

* This is an alternative performance measure ("APM"). See page 12 for further details.

Other income

Other income generated during the year amounted to £0.2m compared to £0.7m in the previous financial year. This decrease is mainly due to a £0.56m performance fee that was generated during the previous year in respect of the Acorn Income Fund and is not considered to be a recurring item. Included within Administrative Costs for the previous year is an amount of £0.38m which represents the amount of the performance fee that is payable to the relevant fund managers, with £0.35m included within Variable Other Costs and £0.03m included within Variable Staff Costs.

Administrative costs

Administrative costs (excluding renewal commissions) during the year amounted to £32.2m, compared to £30.9m in the previous financial year, representing an increase of £1.3m (4.2%). The largest component of administrative costs continues to be staff costs, which amounted to £18.9m compared to £17.7m in the previous financial year. The following table analyses administrative costs between both fixed and variable elements of staff costs and other costs:

	FY19	FY18	FY17
Fixed staff costs	£9.9m	£9.4m	£8.6m
Variable staff costs	£9.0m	£8.3m	£6.4m
Total staff costs	£18.9m	£17.7m	£15.0m
Fixed other costs	£9.5m	£9.3m	£8.0m
Variable other costs	£3.8m	£3.9m	£3.6m
Total	£32.2m	£30.9m	£26.6m

The total administrative costs shown in the Consolidated Statement of Comprehensive Income on page 31 includes renewal commissions and share-based payments, which for the purposes of this review are analysed separately. A reconciliation of the above totals and those shown in the Consolidated Statement of Comprehensive Income is shown below:

	FY19	FY18	FY17
Consolidated Statement of Comprehensive Income	£36.4m	£35.5m	£31.6m
Less: Renewal commission	(£4.2m)	(£4.6m)	(£5.0m)
Total	£32.2m	£30.9m	£26.6m

Staff costs consist of two elements, the first being fixed, which includes salaries and associated national insurance, employers' pension contributions and other indirect costs of employment, which rose by 5.3% to £9.9m; this compares with a 0.9% increase in average headcount as shown in note 6(a) on page 41.

Financial review

Continued

The second element of staff costs is in respect of variable items such as general discretionary bonuses, sales bonuses and fund based bonuses in respect of the fund management teams, together with the associated employers' national insurance and also share-based payments in respect of awards that have been made over shares held within the Employee Benefit Trust. Variable staff costs increased by £0.7m (8.4%), which compares with the 2.2% increase in average AUM as mentioned above and adjusted EBITDA* (see below) increasing slightly over the period at £19.2m for FY19 compared with £19.1m for FY18.

Fixed other costs have increased marginally by £0.2m (2.2%) whilst variable other costs, which includes the cost of the fund administrators, have decreased by £0.1m (-2.6%).

Share-based payments

Included within the Consolidated Statement of Comprehensive Income is a charge of £2.6m (2018: £1.0m) in respect of awards that have been made over shares held within the Employee Benefit Trust ("EBT"). The increase in costs over the previous year is a result of the issue of 1,733,333 awards over ordinary shares during the year together with a full year's charge in respect of the awards made during the previous financial year. As at 30 September 2019 the EBT held 4,642,830 ordinary shares, representing 4.39% of the issued ordinary share capital. This compares with 3,242,830 as at 30 September 2018, representing 3.07% of the then issued ordinary share capital. As at 30 September 2019 the total awards issued amounted to 4,618,333 ordinary shares, compared to 2,885,000 as at 30 September 2018.

* See further information regarding Alternative Performance Measures ("APMs") on pages 11 to 12.

Exceptional items

Exceptional costs incurred during the year amounted to £1,178,000 (2018: £248,000). These costs relate firstly to the FSCS levies, which have increased significantly over previous years, partly due to increased compensation paid by the FSCS, but also because of a change in the allocation of the levy between sectors. During the year the Group saw significant increases in the FSCS levy for both its FCA regulated subsidiaries in respect of the 2019/20 levy year together with an additional levy that was charged in respect of the 2018/19 levy year. Secondly, they relate to the forthcoming launch of Connect and the associated development costs that have been incurred via external consultants who have been engaged in the testing of the Connect portal prior to it going live. These costs will not be incurred once the development stage has completed and are therefore not considered to be recurring.

Finally, during the year the Group entered into new leases at its existing Guildford location, Eastgate Court, which involved the move to alternative floors within the building and incurring additional one-off costs including refurbishments and the write-off of certain leasehold improvements that had previously been capitalised as fixed assets.

In accordance with the accounting policy for Exceptional items set out in Note 2.5(i) on page 38 these costs have been treated as exceptional due to them not being incurred in the normal course of the Group's operations, and because of the nature of the events giving rise to them. The level of cost and nature of events giving rise to them are not expected to be recurring.

Underlying profit before and after tax*, and underlying earnings per share*

Underlying profit before tax* remained flat during the year at £18.9m. The following table reconciles retained profit and underlying profit before tax* for the last three financial years:

	FY19	FY18	FY17
Retained profit	£11.0m	£12.5m	£8.9m
Taxation	£2.7m	£3.4m	£2.6m
Profit before tax	£13.7m	£15.9m	£11.5m
Amortisation of intangible assets	£1.5m	£1.7m	£2.5m
Exceptional items	£1.2m	£0.3m	£0.4m
Share-based payments	£2.6m	£1.0m	£0.3m
Net interest payable	-	-	-
Underlying profit before tax*	£19.0m	£18.9m	£14.7m
Taxation	(£2.7m)	(£3.4m)	(£2.6m)
Underlying profit after tax*	£16.3m	£15.5m	£12.1m

Underlying profit after tax* increased to £16.3m from £15.5m in the previous financial year, representing an increase of £0.8m (+5.2%).

The underlying earnings per share* is a non-GAAP measure which the Board believes provides a useful representation of the Group's trading performance.

	FY19	FY18	FY17
Underlying profit after tax*	£16.30m	£15.40m	£12.10m
Weighted average number of ordinary shares	101,909,905	105,060,401	104,085,100
Adjusted diluted earnings per share*	15.99p	14.66p	11.63p

The weighted average number of ordinary shares represents the number of ordinary shares held during the year and exclude the ordinary shares that are held within the EBT.

* This is an alternative performance measure ("APM"). See page 11 for further details.

Financial review

Continued

Adjusted EBITDA*

Adjusted EBITDA* increased slightly during the year to £19.2m compared with £19.1m the previous year. The following table reconciles retained profit and Adjusted EBITDA* for the last three financial years:

	FY19	FY18	FY17
Retained profit	£11.0m	£12.5m	£8.9m
Taxation	£2.7m	£3.4m	£2.6m
Profit before tax	£13.7m	£15.9m	£11.5m
Amortisation of intangible assets	£1.5m	£1.7m	£2.5m
Exceptional items	£1.2m	£0.3m	£0.4m
Share-based payments	£2.6m	£1.0m	£0.3m
Net interest payable	-	-	-
Depreciation	£0.2m	£0.2m	£0.3m
Adjusted EBITDA*	£19.2m	£19.1m	£15.0m
Adjusted EBITDA margin*	39.5%	39.2%	36.6%

* This is an alternative performance measure ("APM"). See page 12 for further details.

Balance sheet and cash management

Cash balances of the Group amounted to £20.7m (2018: £20.8m), representing a decrease of £0.1m (-0.4%) over the year. The split between Group and Trading account cash balances over the last three financial years is shown in the table below:

	FY19	FY18	FY17
Company cash	£19.4m	£19.4m	£15.8m
Trading account cash	£1.3m	£1.4m	£0.6m
	£20.7m	£20.8m	£16.4m

The above Trading account cash balances relate to the designated bank accounts that are used for the settlement of trades in the open-ended funds as operated by Premier Portfolio Managers Ltd. As at 30 September 2019, the projected trading account balance, after accounting for all outstanding trades, was a surplus cash balance of £1.2m (2018: £1.2m).

Shareholders' equity

Total shareholders' equity as at 30 September 2019 was £45.3m (2018: £45.3m). As noted in the previous year, the EBT was consolidated into the group financial statements and as such, those shares that are held in the EBT, and which have awards attaching to them, are accounted for as treasury shares, and are therefore shown as a deduction in the consolidated statement of changes in equity, amounting to £6.9m (2018: £4.0m). During the year retained earnings increased by £3.0m, consisting of retained profit for the financial year of £11.0m less dividends paid during the year of £10.6m and, a £2.6m movement in reserves associated with the share-based payments.

Going concern

The Directors have assessed the prospects of the Group over a period of three years after the balance sheet date, rather than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 30 September 2022. The Directors assessment has been made with reference to the Group's current position and strategy, the Board's appetite for risk, the Group's financial forecasts, and the Group's principal risks and how these risks are managed, as detailed in the Strategic Report. The Directors have also reviewed and examined the financial stress testing inherent in the Internal Capital Adequacy Assessment Process ("ICAAP").

The three-year period is consistent with the Group's current strategic forecast and ICAAP. The forecast considers the Group's profitability, cash flows, dividend payments and other key variables. Sensitivity analysis is also performed on certain key assumptions used in preparing the forecast, both individually and combined, in addition to scenario analysis that is performed as part of the ICAAP process, which is formally approved by the Board.

Alternative Performance Measures ("APMs")

The group uses the following APMs:

Underlying profit before tax

Definition: Profit before taxation, amortisation of intangible assets, exceptional items, share-based payments and net interest.

Reason for use: This measure of profitability presents users of the accounts with a clear view of what the Group considers to be the results of its underlying operations after excluding the effects of taxation, financing (interest payable), capital investment (amortisation), non-recurring exceptional items and share-based payments, thereby enabling consistent period on period comparisons. This makes it easier for users of the accounts to identify trends enabling comparison with the Group's competitors who may use different accounting policies and finance methods.

The share-based payment expense in relation to employee share incentivisation schemes has been excluded to further aid the comparison of year on year results by removing the impact of the timing of granting of awards, and quantity, which may vary year on year.

Underlying profit after tax

Definition: Profit after taxation, amortisation of intangible assets, exceptional items, share-based payments and net interest.

Financial review

Continued

Reason for use: This measure of profitability presents users of the accounts with a clear view of what the Group considers to be the results of its underlying operations after excluding the effects of financing (interest payable), capital investment (depreciation and amortisation), non-recurring exceptional items and share-based payments, thereby enabling consistent period on period comparisons. This makes it easier for users of the accounts to identify trends enabling comparison with the Group's competitors who may use different accounting policies and finance methods.

In accordance with the accounting policy for Exceptional items set out in Note 2.5(i) on page 38 these costs have been treated as exceptional due to them not being incurred in the normal course of the Group's operations, and because of the nature of the events giving rise to them. The level of cost and nature of events giving rise to them are not expected to be recurring.

Underlying earnings per share

Definition: Underlying profit after tax divided by the weighted average number of shares in issue during the period.

Reason for use: This measure of profitability presents users of the accounts with a clear view of what the Group considers to be the results of its underlying operations per share after excluding the effects of financing (interest payable), capital investment (depreciation and amortisation), non-recurring exceptional items and share-based payments, thereby enabling consistent period on period comparisons. This makes it easier for users of the accounts to identify trends.

Assets Under Management ("AUM")

Definition: AUM is the total value of assets that are managed by the Group on behalf of clients.

Reason for use: AUM is a financial industry measure of the magnitude of the assets that are managed by an investment management firm and thereby allows comparison with other firms within the sector. AUM is also the base value that is used for calculating management fee income and directly related variable costs.

Adjusted EBITDA

Definition: Earnings before interest, taxation, depreciation, amortisation of intangible assets, exceptional items and share-based payments.

Reason for use: To provide a measure of profitability which is aligned with the requirements of shareholders and potential shareholders and which excludes the effects of taxation, financing (net interest payable), capital investment (depreciation and amortisation), non-recurring exceptional items and share-based payments, enabling comparison with the Group's competitors who may use different accounting policies and finance methods.

In accordance with the accounting policy for Exceptional items set out in Note 2.5(i) on page 38 these costs have been treated as

exceptional due to them not being incurred in the normal course of the Group's operations, and because of the nature of the events giving rise to them. The level of cost and nature of events giving rise to them are not expected to be recurring.

Adjusted EBITDA margin

Definition: Adjusted EBITDA divided by Net Revenue.

Reason for use: To provide a measure of profitability which is aligned with the requirements of shareholders and potential shareholders and which excludes the effects of taxation, financing (net interest payable), capital investment (depreciation and amortisation), non-recurring exceptional items and share-based payments, enabling comparison with the Group's competitors who may use different accounting policies and finance methods.

Net revenue

Definition: Turnover of £52.8m (2018: £53.4m) less trail/renewal commission expense of £4.2m (2018: £4.6m), which is included within administrative costs in the Consolidated Statement of Comprehensive Income on page 31.

Reason for use: Asset managers and analysts typically use this performance measure to smooth out the effect of fee related trail/renewal commission that is included within administrative costs.

Net management fees

Definition: Management fee income of £52.6m (2018: £52.7m) less trail/renewal commission expense of £4.2m (2018: £4.6m), which is included within administrative costs in the Consolidated Statement of Comprehensive Income on page 31.

Reason for use: Asset managers and analysts typically use this performance measure to smooth out the effect of fee related trail/renewal commission that is included within administrative costs.

Net management fee margin

Definition: Net management fees divided by average AUM.

Reason for use: Asset managers and analysts typically use this performance measure to smooth out the effect of fee related trail/renewal commission that is included within administrative costs and provides a measure of the revenue earning capability of AUM. The use of basis points (bps) is a commonly used term within the finance sector with one basis point being equivalent to one hundredth of a percent.

Mike O'Shea
Chief Executive Officer

27 November 2019

Corporate information

Directors

Michael Andrew Vogel, Non-Executive Chairman
Michael Patrick O'Shea, Chief Executive Officer
Piers Godfrey Harrison, Chief Financial Officer
(appointed 14 November 2019)
Robert Charles Lumsden Colthorpe, Senior Independent Director
Katrina Harriet Hart, Non-Executive Director
(appointed 14 November 2019)
William Longden Smith, Non-Executive Director
Neil Macpherson, Group Finance Director
(resigned 14 November 2019)
Luke Anton Wiseman, Non-Executive Director
(resigned 14 November 2019)

Company Secretary and Registered Office

Neil Macpherson
Premier Miton Group PLC
Eastgate Court
High Street
Guildford
Surrey GU1 3DE

Registered number

06306664

Auditor

KPMG LLP
15 Canada Square
London E14 5GL

Bankers

Lloyds Bank PLC
City Office
Corporate & Institutional
PO Box 72
Bailey Drive
Gillingham Business Park
Kent ME8 0LS

Registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Nominated Adviser and Joint Broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Joint Broker

Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Directors' report

The Directors present their Report and audited financial statements for Premier Miton Group PLC for the year ended 30 September 2019.

The Company is incorporated in England and Wales under registered number 06306664 and its registered office is at Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

Principal activities

The principal activity of the Company is that of a holding company. The principal activities of the subsidiary undertakings are that of managers of investment funds and discretionary portfolio managers. The Company and its subsidiaries are hereafter referred to as the "Group".

Results and dividends

The Group's profit after taxation for the year was £11,022,000 (2018: £12,523,000) as set out in the Consolidated Statement of Comprehensive Income on page 36. The Directors have declared four interim dividends in respect of the financial year ended 30 September 2019 amounting to 10.5p per share (2018: 10.25p). The first interim dividend of 1.70p per share was paid on 8 March 2019. The second interim dividend of 1.70p per share was paid on 7 June 2019. The third interim dividend of 1.70p per share was paid on 6 September 2019. The fourth interim dividend of 5.40p per share will be paid on 10 January 2020 to shareholders on the register on 6 December 2019.

Directors' interests

The current Directors are shown on page 13. Further details of Directors remuneration are provided in the Remuneration Committee report on pages 25 to 26 and in note 6(b) on page 41. The Directors' beneficial interests in the Company's ordinary share capital are as follows:

	Ordinary 0.02p shares as at 30 September 2019	Ordinary 0.02p shares as at 30 September 2018
Executive Directors		
Michael O'Shea ^{(1), (3)}	3,229,369	3,229,369
Neil Macpherson ⁽³⁾ (resigned 14 November 2019)	623,512	623,512
Piers Harrison (appointed 14 November 2019)	-	-
Non-Executive Directors		
Michael Vogel ⁽²⁾	18,543,403	18,543,403
Robert Colthorpe	8,500	8,500
William Smith	10,000	10,000
Luke Wiseman (resigned 14 November 2019)	1,029,937	1,029,937
Katrina Hart (appointed 14 November 2019)	-	-

Notes:

- (1) Including interest of his spouse
- (2) Including via The Elcot Fund Limited of which Mr Vogel is a controller
- (3) Including via a self-invested personal pension plan

Details of the Directors' options to subscribe for shares in the Company are detailed in the Remuneration Committee Report on pages 25 to 26.

Substantial interests

As at 18 November 2019, the Company had received notification of the following substantial interests in the Company's ordinary share capital:

	Ordinary 0.02p shares	%
The Elcot Fund	15,423,400	9.77
BlackRock Investment Mgt	12,550,403	7.95
Canaccord Genuity Wealth Mgt	9,007,819	5.70
Hargreaves Lansdown Asset Mgt	8,325,361	5.27
Merian Global Investors	8,117,500	5.14
M&G Investments	5,535,954	3.51
Artemis Investment Mgt	4,761,284	3.02

Financial instruments and risk

The financial instruments and their associated risks are set out in note 14 on pages 45 to 46.

Events since the balance sheet date

On 14 November 2019 the Company completed an all-share merger with Miton Group PLC. The Company issued 52,111,725 new ordinary shares on 15 November 2019 ranked pari passu in all respects with the Company's existing ordinary shares in issue. The Company's enlarged issued share capital comprises 157,913,035 ordinary shares with one voting right per share.

For more information about the merger see page 6 of the Chief Executive's report.

Auditor

A resolution to reappoint KPMG LLP as auditor will be put to the members at the forthcoming Annual General Meeting.

Directors' report

Continued

Directors' statement as to the disclosure of information to the auditor

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 13. Having made enquiries of fellow Directors and of the Group's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

Annual General Meeting ("AGM")

The AGM will be held at Eastgate Court, High Street, Guildford, Surrey GU1 3DE at 10am on Wednesday 5 February 2020.

Approved and signed on behalf of the Board.

Mike O'Shea
Chief Executive Officer

27 November 2019

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

Corporate governance report

Working within a highly regulated environment, the board of Premier Miton Group PLC (the “Board”) recognises the importance of good corporate governance and that best practice be adopted and applied wherever possible to help manage risk within the business. The Board has adopted the corporate governance guidelines issued by the Quoted Companies Alliance (the QCA) and, where appropriate, also adopted certain principles of the UK Corporate Governance Code issued by the Financial Reporting Council (FRC). We feel these standards continue to be the most appropriate for the Company given our growing size and stage of development.

Each AIM company, such as Premier Miton Group PLC (the “Company”), is required to make available details of a recognised corporate governance code that it applies in its dealings and how it complies with that code.

Last year, the Company adopted the Corporate Governance Code (the Code) issued by the QCA and we have set out in the report below how we continue to apply the ten broad principles that the QCA identified that focus on the pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit of growing companies, such as ourselves. The Board believes that the Premier Miton group of companies (the “Group”) complies with the principles of the Code in full and, going forward, we will continue to monitor how the Code is interpreted in practice to ensure we can continue to make this statement.

Adherence to the Code sits alongside our existing regulatory obligations, which include analysing and managing risk within our business with the support of our risk and compliance departments. The ten principles have also been adopted within our internal reporting which feeds in to the Board’s overall oversight of governance. In addition, several of the Group companies and their products are already subject to significant regulation imposed by authorities such as the Financial Conduct Authority (FCA) and the Guernsey Financial Services Commission.

The Board continues to develop and set standards and values within the business to assist our staff in dealing with our stakeholders and shareholders and to enable them to continue to deliver good investment outcomes for investors in Premier funds.

Shareholders will be aware that the Board and Miton Group plc (“Miton”) announced in September 2019 that they had reached agreement on the terms of a recommended all-share merger, to be effected by means of a court-sanctioned scheme of arrangement between Miton and the Miton Shareholders. This was approved by Miton shareholders on 9 October 2019 and regulatory consent for the merger was received from the FCA on 23 October 2019. The court sanctioned the scheme on 13 November and the merger became effective on 14 November 2019 with the Company’s name being changed from Premier Asset Management Group PLC to Premier Miton Group plc.

Two Miton Directors, David Barron and Katrina Hart either have or will become Non-Executive Directors of the Company and Piers Harrison, Chief Operating Officer of Miton, has become the Chief Financial Officer for the Company. Neil Macpherson and Luke

Wiseman have stepped down from the Board and on behalf of the Board I would like to thank them for their contribution over the years.

Mike Vogel
Chairman

27 November 2019

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders

The Group’s investment-led strategy is to offer relevant products that are designed to meet the different long-term needs of investors, and to produce good long-term investment outcomes for investors through active management.

The Group aims to maintain and develop a scalable business platform to support our strategy, covering investment, distribution and operations.

The Group’s investment products currently include open-ended UCITS and non-UCITS funds, closed-ended investment companies, a portfolio management service and segregated accounts. These products offer investors access to a range of asset classes including multi-asset, equities, fixed income and alternatives. These products have different primary objectives, including income, capital growth and absolute returns.

The Group aims to hire talented and experienced investment professionals to manage our products. The Group also aims to provide a supportive and collaborative working environment that gives our investment teams the appropriate freedom to manage portfolios to produce good long-term investment results. We support this with a strong business platform and an effective risk and compliance framework.

The Group currently maintains an extensive distribution and client service capability exclusively focused on UK professional investors, including financial advisers and wealth managers.

The Group’s operations function includes investment administration, risk monitoring and portfolio analytics, legal and compliance, information technology and finance. We maintain key outsourcing partners to allow flexibility and scalability of our operation platform to help support business growth.

The five key pillars of the Group’s strategy to deliver shareholder value in the medium to long term are as follows:

1. To offer relevant investment products
2. To deliver strong investment outcomes
3. To maintain a strong and focused distribution capability
4. To maintain a strong and scalable operating platform
5. To follow a disciplined approach to financial management

The Board believes these pillars are underpinned by a clear set of values within the Company designed to establish a responsible way of working, including ethical values and behaviours, aimed at protecting the Group from unnecessary risk.

Corporate governance report

Continued

There are a number of potential challenges and risks relating to the Group and its business, including but not limited to the following: fluctuations in capital markets; adverse economic, political and market factors, including the UK's termination of its membership of the European Union; the loss or inability to recruit key personnel; failure to maintain attractive investment performance; compliance breaches of investment mandates or operational errors; asset classes managed by the group becoming less attractive to investors; competitive pressures; regulatory compliance and system security breaches.

The Board believes the Group's strategy and business model, including its investment product range and strong focus on risk and compliance management, is well suited to help manage these challenges and risks as effectively as possible.

Principle 2 – Seek to understand and meet shareholder needs and expectations

The Group aims to develop a good understanding of the needs and expectations of all elements of the shareholder base.

The Executive Directors of the Group together with the Company's brokers meet with existing and potential shareholders to discuss business strategy, plans and progress, at various points during the year but in particular following the announcement of the Group's half year and full year results. These meetings give the Executive Directors and the Company's brokers the opportunity to understand the needs and expectations of different shareholders and to receive feedback on how they view the Company's progress. They also give the Company the opportunity to manage shareholders' expectations and to set out the management team's views on the period ahead. The Group uses these meetings and other contact with existing shareholders to seek to understand the motivations behind shareholder voting decisions. The Board receives regular updates and feedback from the Executive Directors and the Company's brokers about these meetings.

The Group maintains a website for existing and potential shareholders, which includes a business overview, share price information, information about the Board members and corporate advisers, regulatory announcements, reports and results information, shareholder documents, company information disclosures and contact information.

Shareholders are welcome at the Company's Annual General Meeting ("AGM"), where the Directors give an update on the performance of the Group over the previous financial year and shareholders are able to ask questions and meet the Directors. Details of the AGM are included in our stock exchange announcements and on our website.

Shareholders or potential shareholders are invited to contact Premier if they have any questions. Contact details are available on the home page of the Group's website at corporate.premiermiton.com/documents and on our regulatory announcements.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

Social responsibilities

The Group is committed to taking a responsible approach to investing which includes complying with the principles for business of our regulator, the FCA, and treating customers fairly.

The stewardship of clients' assets in the Group's investment products encompasses more than the exercise of votes in investee companies at general meetings. In order to meet the objective of delivering good long-term investment outcomes for our clients, the Company will monitor different aspects of an investee company as well as financial performance. Furthermore, we will engage with investee companies and their advisers when necessary in order to encourage good standards of governance and creation of shareholder value.

Although the Group retains ultimate responsibility for their votes in investee companies at general meetings, the Group retains the services of a specialist third party company, ISS, who has decades of specialist corporate governance expertise and provides relevant research, vote recommendations and rationale.

In terms of social responsibilities, the Group complies with relevant regulations, including the Modern Slavery Act and details of how we adhere to this Act is available on the Company's website.

The Group also manages the Premier Ethical Fund, which looks to produce long-term capital growth by investing in the shares of UK companies whose business is based on ethical, or socially responsible principles, both in the UK and overseas. The fund actively invests in companies, which benefit the community or the environment whilst avoiding those with any significant involvement in gambling, the arms trade or other activities considered to have an adverse overall effect on health, the environment or human dignity. The fund has an independent Committee of Reference, which meets regularly to discuss research on topical issues relating to the fund's ethical criteria.

The Group operates various recycling facilities in its offices, which aim to reduce and recycle waste materials. The Group encourages its employees to participate in charitable events with a matching facility for fund raising. Employees are also asked to nominate local charities or those with a personal connection as beneficiaries of the Company's charitable donation program.

Engagement with stakeholders

The Company has a small group of key outsourcing partners, who we engage with on a regular basis to ensure all parties understand the others' needs, interests and expectations. This engagement includes reporting and meetings whereby we can solicit, consider and act on feedback. These controls are all designed to meet our operational and regulatory requirements and to enhance the services we receive to help support business growth.

Corporate governance report

Continued

Through our membership of the Investment Association, we engage on wider regulatory matters to ensure the Group is aware of pending legislative changes and able to implement them effectively. We also deal directly with the FCA on issues affecting the Group.

The Board meets with senior executives and heads of department on a regular basis, including the Chief Operating Officer and Chief Risk Officer. Through the regular reporting structures, the Board is kept updated with information on key customer and supplier relationships. The Head of Compliance & Legal reports to the regulated firms' boards on all regulatory matters as well as having direct access to both the Chairman and Senior Independent Director if required. The Company's Nominated Adviser updates the Board on stock exchange regulatory matters. The external auditor also regularly attends meetings of the Audit & Risk Committee.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Group's governance and risk appetite frameworks allow it to understand and articulate its risk appetite and to manage its tolerance to risk. This allows the Group to assess the impact of new or changing strategies, projects or emerging risks. The Group's control process is set out in a Systems and Controls document which details the individual committees that govern operations. The Board is the body with ultimate responsibility for the risk management of the business. The Board meets at least four times per annum and consists of two Executive Directors and four Non-Executive Directors, one of whom acts as Non-Executive Chairman. An ICAAP (Internal Capital Adequacy Assessment Process) is in place for the Group and is reviewed regularly by the Board. The Company's Pillar 3 Disclosure document is also available on the Company's website.

The Risk team has responsibility for the operational risk monitoring system and processes (in addition to market, credit and liquidity risks). The Risk team is overseen by the Chief Risk Officer who reports to the Chief Operating Officer. The identification of operational risks and incidents are embedded within the various business units and logged centrally within the operational risk monitoring system, SONAR. This is a bespoke system that includes processes for monitoring the remedial actions undertaken to reduce the risk of operational incidents re-occurring and helps to identify future areas of risk, including those relating to our service providers and end-customers.

The chair of the Audit & Risk Committee meets regularly with the Chief Operating Officer, Group Finance Director, Chief Risk Officer, Chief Investment Officer and Head of Compliance & Legal to identify risks in the business and the effectiveness of their management within the control environment.

Principle 5 – Maintain the board as a well-functioning, balanced team led by the chair

Composition

As at 30 September 2019 the Board comprised of two Executive Directors, Mike O'Shea and Neil Macpherson, and four Non-Executive Directors, including Mike Vogel as Non-Executive Chairman and Robert Colthorpe as Senior Independent Director. The Directors are listed below, as well as their biographies:

- Michael Andrew Vogel – Non-Executive Chairman. Mike joined the Group in 2007 as Chairman of the Board. He is also the Chairman and Chief Executive Officer of Elcot Capital Partners and a director of Think Digital Group Ltd. Prior to this, Mike was the Chief Executive Officer of Framlington Group and before that Chief Executive Officer of Prolific Financial Management.
- Michael Patrick O'Shea – Chief Executive Officer. Mike started his investment career as a private client portfolio manager. He joined the Group in 1986 to develop the asset management business of the Company and was one of the founding directors of Premier Fund Managers Ltd in 1988. Mike became Chief Executive Officer in May 2005. Mike is also on the main board of the Investment Association.
- Neil Macpherson – Group Finance Director. Neil joined in June 1991 as Group Financial Controller and since September 2000 has also been Company Secretary and Group Finance Director. Prior to his appointment, Neil worked for KPMG for six years.
- Robert Charles Lumsden Colthorpe – Senior Independent Director. Robert is a highly experienced corporate financier with over 25 years' track record of advising a wide range of clients, mainly in the financial services sector. He has worked at major merchant and investment banks (Morgan Grenfell, Deutsche Bank, Société Générale and ABN Amro) and boutique advisory firms (Hawkpoint and Europa Partners). He qualified as a Chartered Accountant with Arthur Andersen. Robert joined the Board in October 2016.
- William Longden Smith – Non-Executive Director. Will is a founding partner and Chief Investment Officer at Westbeck Capital Management LLP, an energy focused hedge fund based in London. He is also currently a non-executive director of George Hattersley (1985) Limited, a textile manufacturer based in Yorkshire. Will was lead fund manager of City Natural Resources High Yield Trust, an Investment Trust, and co-manager of a number of other closed end funds. Will started his career in the securities industry at Pinchin Denny in 1977, and traded equities at Phillips and Drew-UBS from 1986 to 1998. Will joined the Board in October 2016.
- Luke Anton Wiseman – Non-Executive Director. Luke is an experienced investment professional who has held a number of board positions on both public and private companies. He is currently an executive at Elcot Capital Management and a director of Think Digital Group Ltd and the Aerosol Partners Group. He has previously worked as a portfolio manager and

Corporate governance report

Continued

analyst at Carlson Capital and Steel Partners. Luke joined the Board in September 2014.

Following the merger with Miton Group plc on 14 November 2019, Neil Macpherson and Luke Wiseman have stepped down as directors of Premier Asset Management Group PLC. Joining the Board will be the following new directors, drawn from Miton Group plc:

- David Barron – Non-Executive Director. David joined Miton in 2013 as Director of Investment Trusts and Product Strategy and was appointed Chief Executive in March 2017. He has over 30 years of experience in the City, of which 20 have been focused on asset management. He was previously at JP Morgan Asset Management where he became Managing Director and Head of the Investment Trust business, the largest in the UK, and a member of the senior management team of the UK business. Before joining Fleming Investment Management in 1995, David worked in corporate finance at Hambros Bank and Merrill Lynch & Co. David will be joining the Board in December 2019.
- Katrina Hart – Non-Executive Director. Katrina spent her executive career in investment banking, advising, analysing and commentating on a broad range of businesses. Initially working in corporate finance at ING Barings and Hawkpoint Partners, she then moved into equities research at HSBC, covering the General Financials sector. Latterly, Katrina headed up the Financials research teams at Bridgewell Group plc and Canaccord Genuity, specialising in wealth and asset managers. Katrina joined the Board of Miton Group plc in 2011. Katrina joined the Board on 14 November 2019. Non-Premier Miton directorships: Blackrock Frontiers Investment Trust PLC, Keystone Investment Trust PLC, AEW UK REIT PLC, AEW UK REIT 2015 Limited, Polar Capital Global Financials Trust PLC.
- Piers Harrison – Chief Financial Officer. Prior to joining the Miton Group in 2013, Piers was the Deputy Finance Director and Head of Operational Risk with Neptune Investment Management Ltd. Before that Piers specialised in the financial services sector and in 2008 became a partner in Matterley, a Fund Management business whose interests were acquired by Charles Stanley Group Plc in September 2009. He is a Fellow of the Institute of Chartered Accountants in England & Wales having trained and qualified with Saffery Champness in 2001. Piers joined the Board on 14 November 2019.

Directors do not have the specific time commitments. Executive Directors are full time employees and Non-Executive Directors are required to spend sufficient time to fully discharge their roles.

Independence

In assessing the independence of Non-Executive Directors at the date of this report, the Board took account of their experience, character and judgment, and their dependence on, or relationships with the Group. In light of this, Robert Colthorpe, William Smith and Katrina Hart are deemed by the Board to be independent and are free from any associations or relationships

with the Group or its investment funds, with the exception of the fees that they receive as Directors.

Roles and responsibilities

The Board members have a collective responsibility and legal obligation to promote the interests of the Company and are collectively responsible for defining corporate governance arrangements. To assist with this, the Board receive copies of all minutes and relevant management information from subsidiary companies, as well as reports and feedback from other parts of the business on suppliers, shareholders and investors in the Group's funds. This is all provided in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.

The role of the Non-Executive Directors is to challenge constructively, and contribute to, the development of strategy. To scrutinise the performance of management in meeting agreed goals and objectives and monitor their performance. Through the various committees set out below, to satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible. A procedure has been established for Non-Executive Directors to have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors.

Committees

The Board is supported by the Audit & Risk, Remuneration and Nomination committees, each of which has the necessary skills and knowledge, and access to the resources, information and advice that it deems necessary, in order to enable it to discharge its duties and responsibilities effectively. These duties are set out in the Terms of Reference of each committee, copies of which are available on the Group's website.

Conflicts of interest

Each new Director on appointment is required to declare any potential conflict situations. Directors are reminded at each Board meeting of their obligations to notify any changes in their statement of conflicts and also to declare any benefits received from third parties in their capacity as a Director of the Company. The register of conflicts is formally reviewed annually and the Board has concluded that the process has operated effectively during the period.

The Board is satisfied that there is the necessary mix of skill and qualities among the Directors to meet the Group's strategy and requirements.

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

All new Directors are given a full induction to the Company and its business plans as well as participating in training on issues relevant to their roles. The Directors receive regular updates on business progress as well as on issues relevant to the Group and

Corporate governance report

Continued

the asset management sector from all of the departmental heads including Investment, Sales, Marketing, Compliance & Legal, Operations, Risk, Finance and HR. The Directors also receive briefings on existing and new regulatory issues as they emerge as well as specific training on any issues considered relevant during the year. The Directors may also attend external training or courses that are relevant to their ongoing development. Regular compliance, cyber-crime, health and safety and money laundering training is required of all Executive Directors.

All of the Non-Executive Directors are able, at the Company's expense, to seek independent professional advice where they deem it necessary to do so in order to fulfil their obligations as directors.

Neil Macpherson, Piers Harrison and Robert Colthorpe are chartered accountants, therefore continuing professional development is kept up to date via the institute.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

On the Company's listing in 2016, the Chairman reviewed the composition of the Board in conjunction with the Company's advisers and determined that, absent any significant change in conditions, it contained the right balance of skills and experience to carry the business through the first three years of its time as a listed entity. Following the merger with Miton Group plc on 14 November 2019, and as mentioned above, the membership of the Board was reconstituted. The Board will review its composition on a biennial basis going forward.

The Nomination Committee is tasked with monitoring and planning for succession within the business and this a standing agenda item.

The Board meets formally at least four times a year and as required to deal with issues that arise outside the schedule of regular meetings. The Directors receive regular written reports from all of the departmental heads including the Chief Executive Officer, the Group Finance Director, the Chief Operating Officer, the Chief Risk Officer, the Chief Investment Officer and the Head of Compliance & Legal, Sales, Marketing and HR. These cover the financial performance of the Group, investment performance, sales performance, operational performance and compliance and risk issues as well as commenting on current trading conditions and industry developments. In addition, the Board receives regular updates from the Chair of the Audit & Risk Committee who also sits on the Group's Risk Committee.

In addition, the Board receives presentations on an ad hoc basis from members of the sales, marketing, operations and investment teams on specific issues of interest or concern as they arise.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

We understand the importance of our people in everything that we do. We aim to attract and retain high calibre, talented individuals who have diverse skills, experience and backgrounds. We encourage and support the continuing development of their skills with appropriate training and development. It is our policy to ensure that employment by, and progression within, the Group is based on merit.

The Board seeks to create a working environment that is positive and productive for our employees and our clients, including an effective management team and good staff communication. We support staff with a range of benefits including company pension, ill health protection, life cover and private medical insurance. Staff are provided quarterly updates from the Chief Executive Officer, which act as a forum for discussion and feedback.

The Board has adopted a remuneration strategy that they believe will attract and retain the appropriate people to meet the Group's long-term objectives. This includes aiming to provide remuneration that is competitive within our market, and which offers an appropriate balance between fixed and variable components as well as short term and longer-term remuneration. The Board also seeks to operate a remuneration strategy that is aligned with the interests of our clients and shareholders as well as with sound risk management.

The Group's approach is to treat job applicants and our staff in a consistent and fair way, regardless of gender, sexual orientation, religion or belief, age, race, ethnic origin, marital or civil partnership status, pregnancy, maternity or disability. This equal opportunities policy applies to recruitment and selection as well as terms and conditions of employment, including remuneration and personal development.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board believes the current governance structure is appropriate for a company of our size and complexity and in line with our plans for growth.

Board governance

All Directors of the Company receive appropriate and timely information to ensure that they are properly briefed in advance of Board meetings and have unlimited access to the advice and services of the Company Secretary and other senior management should further information be required. The Company Secretary is responsible for advising the Chairman and the Board on governance matters.

The Board has established guidelines requiring specific matters to be decided by it, including material acquisitions and disposals, investments and capital projects. Matters that are reserved for the Board are forwarded to the Board for consideration with a

Corporate governance report

Continued

recommendation from the executive management or appropriate committee. The Board meets formally at least four times a year but meetings can be convened when necessary to address issues that arise outside of the regular schedule.

The papers circulated prior to Board meetings include the following:

- a report from the Chief Executive Officer covering performance and forecasts, an update on strategy and details of any matters referred for Board approval;
- a report from the Group Finance Director covering financial results, comparison of forecasts with published consensus. This report also covers financing and tax matters;
- reports from senior management responsible for key functions such as risk, compliance, legal, operations, investment strategy and performance, sales, marketing and human resources;
- capital expenditure approval requests and investment proposals; and
- papers on issues scheduled for Board consideration.

As mentioned above, the Executive Directors of the Company, together with the Company's brokers meet with existing and potential shareholders to discuss our business strategy, plan and progress.

A full set of Board papers is circulated on a quarterly basis. In other months, the Directors receive a summary report providing an update on performance and flagging any issues for consideration by the Board. In addition, all Board Committees will receive the papers required in order to fulfil their duties in accordance with their Terms of Reference.

Board Committees

The Board is supported by the Audit & Risk, Remuneration and Nomination committees, each of which has access to the resources, information and advice that it deems necessary, at the cost of the Company, in order to enable each committee to discharge its duties. These duties are set out in the Terms of Reference of each committee, copies of which are available on the Group's website. The Executive Directors are not members of any of the Board committees, however they may be invited to attend meetings. The minutes of committee meetings are produced as soon as possible after the meetings and are circulated to all committee members for comment. Once approved, the minutes of each meeting are circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the committee Chairman.

Audit & Risk Committee

The Audit & Risk Committee is chaired by Robert Colthorpe and its other members are William Smith and Katrina Hart. The Audit and Risk Committee meets formally at least twice a year.

This committee monitors the integrity of the financial statements of the Company and the Group, including its annual and half-

yearly reports, interim management statements, preliminary results announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements that they contain.

This committee reviews and challenges where necessary, the consistency of, and any changes to, the accounting policies both on a year on year basis, and across the Company and the Group. It considers the clarity of the disclosures in the Company's financial reports, in addition to the context in which statements are made, and all material information presented with the financial statements, such as the business, strategic and financial reviews together with the corporate governance statements.

The committee keeps under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems, and monitors and reviews the effectiveness of the Company's internal financial controls in the context of the Company's overall risk management system and, specifically, considers and keeps under review whether the Company requires an internal audit function.

The external auditors of the Company will attend the meetings on a regular basis and will have unrestricted access to the committee and its chairman. The purpose of the Audit and Risk Committee is to assist the Board in discharging its corporate governance responsibilities in relation to the Company's external auditors and to provide assurance regarding the reliability and appropriateness of the disclosure of the financial statements.

During the financial year ended 30 September 2019, the committee met four times.

Remuneration Committee

The Remuneration Committee is chaired by Mike Vogel and its other members are Robert Colthorpe, William Smith and Katrina Hart. The Remuneration Committee meets as required and at least once each year. Other senior management and external advisers may be invited to attend meetings as the Remuneration Committee considers appropriate.

The Remuneration Committee considers all material elements of remuneration policy, remuneration and incentives of Executive Directors and senior employees with reference to independent remuneration research and professional advice and will make recommendations to the Board on the framework for executive remuneration and its costs.

The Board is then responsible for implementing its recommendations and agreeing the remuneration packages of individual Directors. Non-Executive Directors' fees will be determined by the Board.

During the financial year ended 30 September 2019, the committee met two times.

Corporate governance report

Continued

Nomination Committee

The Nomination Committee is chaired by William Smith and its other members are Robert Colthorpe and Mike Vogel.

The Nomination Committee is responsible for, amongst other matters, evaluating the balance of skills, experience, independence and knowledge on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters.

The Nomination Committee also considers succession planning, taking into account the skills and expertise that will be needed on the Board in the future. During the financial year ended 30 September 2019, the committee met twice.

The following table sets out the Board and Committee meetings attendance during the last financial year:

1 October 2018-30 September 2019	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee	AGM (February 2019)
Number of meetings	15	4	2	2	1
Mike Vogel	15	n/a	2	2	1
Mike O'Shea	14	n/a	n/a	n/a	1
Neil Macpherson	15	n/a	n/a	n/a	1
Robert Colthorpe	14	4	1	2	1
William Smith	15	4	2	2	1
Luke Wiseman	15	n/a	2	2	1

Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

As mentioned above, the Executive Directors of the Group, together with the Company's brokers meet with existing and potential shareholders to discuss our business strategy, plan and progress. This enables a healthy dialogue to exist, to enable all interested parties to come to informed decisions about the Company.

In the Annual Report and Financial Statements on the Company's website corporate.premiermiton.com/documents there are the most recent reports from the Audit & Risk Committee and Remuneration Committee. The outcomes of all Company votes since our listing are also on our website and can be found here: corporate.premiermiton.com/documents.

Mike O'Shea
Chief Executive Officer

27 November 2019

Audit & Risk committee report

Audit & Risk Committee

The Audit & Risk committee meets at least twice a year and has been chaired throughout the year by Robert Colthorpe. The membership of the committee, in addition to the chairman comprises William Smith and Katrina Hart (from 14 November 2019). Members of the committee are Non-Executive Directors of the Company, with Robert Colthorpe being the Senior Independent Director.

Duties and terms of reference

The committee monitors the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements that they may contain.

The committee reviews and challenges where necessary, the consistency of, and any changes to, the accounting policies both on a year on year basis, and across the Company and the Group. It considers the clarity of the disclosures in the Company's financial reports, in addition to the context in which statements are made, and all material information presented with the financial statements, such as the business, strategic and financial reviews together with the corporate governance statements.

The committee keeps under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems, and monitors and reviews the effectiveness of the Company's internal financial controls in the context of the Company's overall risk management system and, specifically, considers and keeps under review whether the Company requires an internal audit function.

The committee considers and makes recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The committee also oversees the relationship with the external auditor including, but not limited to, recommendations on their remuneration, including fees for audit and non-audit services and that the level of fees is appropriate to enable an effective and high quality audit to be conducted. The committee considers the terms of engagement of the external auditor, including the engagement letters issued at the start of each audit and the scope of the audit, assessing annually their independence and objectivity, taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services. The committee meets the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit, and also to raise any concerns or discuss any matters relating to the audit work together with the cooperation of management in providing all such information as the auditors require as part of their audit process.

Activities during the year

During the financial year ended 30 September 2019 the committee met four times and discussed amongst other things, the following matters:

- Review and approve the audited financial statements for the year ended 30 September 2018
- Review the appropriateness of the accounting policies used in preparing the Group's financial statements
- Consideration of the external auditors report and key highlights memorandum for the year ended 30 September 2018, and discuss and assess the outcomes of the key risk assessments and audit findings
- Consideration and approval of the auditors CASS audit reports to the Financial Conduct Authority for the year ended 30 September 2018 and discuss the findings
- Review and update where necessary, the terms of reference of the committee
- Review and approve the unaudited interim financial statements for the six month period ended 31 March 2019
- Consideration of the external auditors report on their review of the unaudited interim financial statements for the six month period ended 31 March 2019
- Discuss with the external auditors the audit plan for the financial year ended 30 September 2019, with management override of controls being identified as a significant risk area, and revenue recognition and investment in subsidiaries being identified as key audit matters
- Consider and discuss the minutes of meetings of the Risk Sub-Committee
- Review and approve the Group's ICAAP (Internal Capital Adequacy Assessment Process) documentation and the associated Pillar III disclosures

Internal audit function

The committee believes that the Group has a robust system of internal controls that are reviewed regularly by the Group's Compliance department using a detailed compliance monitoring programme. The committee regularly considers whether there is a need for an internal audit function and reports its findings to the Board. The committee and Board do not believe that there is currently a need for an internal audit function over and above the existing compliance function however, this position will continue to be reviewed.

External auditor

KPMG LLP have provided audit services to the Group since their appointment in May 2011 and have continued to do so following the initial public offering in October 2016 to date. The committee has considered the need for the rotation of the external audit firm, is satisfied with the performance of the auditor, and does not consider it necessary to put the external audit out to tender. As such, the committee considers it appropriate to recommend to the Board and shareholders that KPMG LLP be reappointed as auditor at the forthcoming AGM.

Robert Colthorpe
Chairman, Audit & Risk Committee

27 November 2019

Remuneration committee report

Remuneration committee

The Remuneration committee meets at least once a year and has been chaired throughout the year by Mike Vogel. The membership of the committee, in addition to the Chairman comprises Robert Colthorpe, William Smith and Katrina Hart (from 14 November 2019), all of whom are Non-Executive Directors of the Company, with Robert Colthorpe being the Senior Independent Director. Luke Wiseman was a member of the committee throughout the year up until his resignation on 14 November 2019.

The committee, following consultation with the Chief Executive Officer, determines the specific remuneration packages for each of the Executive Directors and certain senior managers, including base salary, annual bonus, long-term incentives, benefits and terms of employment. The committee is also responsible for approving the scope for the annual base salary review for all staff across the Group and reviews all awards made under the various share incentive schemes. The committee ensures that the Company's remuneration policy complies with the FCA Remuneration Code and any associated reporting obligations.

The Company recognises the importance of recruiting and retaining suitable directors, senior managers, fund managers and staff to the effectiveness and efficiency of the business. To achieve this, the Remuneration committee is tasked with providing a competitive package of incentives and rewards, with the aim of aligning personal reward with increased shareholder value over both the short and longer term. Remuneration in general includes basic salary, discretionary bonus, pension contributions, and certain other benefits including private health insurance and death in service, together with equity incentive schemes such as the Employee Benefit Trust ("EBT") and the Long Term Incentive Plan ("LTIP"), both of which are described in more detail below.

The Group has in place discretionary bonus schemes for various fund management teams, with all such schemes being based on a fixed percentage of the net income generated by the respective teams, and subject to certain performance criteria. A proportion of the bonus earned in each financial year is paid typically three months after the year-end after the signing of the financial statements, with the balance of the bonus being deferred for a period of up to three years. The deferred bonus for each individual is invested into one or more of the funds that are managed by the respective team. The Group also has a general discretionary bonus scheme in place for all staff, including the Executive Directors, but excluding those fund managers and sales staff who are remunerated through alternative bonus schemes. The general bonus scheme is based on a fixed percentage of adjusted EBITDA before general bonus expense and associated employers national insurance. The non-deferred element of the discretionary bonus scheme is paid typically three months after the year-end after the signing of the financial statements, with the balance of the bonus being deferred for a period of up to three years. The deferred bonus for each individual is invested into one or more of the funds managed by the Group, or is held through share awards granted from the EBT or LTIP.

Emoluments by individual director

The emoluments of the directors who served during the year are as follows:

	Salary and payment in lieu of pension £000	Bonus £000	Benefits £000	2019 Total £000	2018 Total £000
Executive Directors					
Michael O'Shea	326	500	8	834	810
Neil Macpherson	208	-	29	237	388
Non-Executive Directors					
Michael Vogel	75	-	-	75	75
Robert Colthorpe	60	-	-	60	48
William Smith	45	-	-	45	35
Luke Wiseman	40	-	-	40	43
	754	500	37	1,291	1,399

Employee Benefit Trust ("EBT")

On 25 July 2016, the Company established the EBT, with an independent Guernsey based trustee. The EBT was established for the benefit of the employees, former employees and their dependents of the Group. The EBT may be used in conjunction with the LTIP where the Remuneration committee decides in its discretion that it is appropriate to do so. The Company may provide funds to the Trustee by way of loan or gift to enable the Trustee to subscribe or purchase existing shares in the market in order to satisfy awards made under the LTIP.

In 2017, the Company granted awards under the EBT over 1,216,668 ordinary shares, the awards being made as part of the bonus provision for the previous financial year ended 30 September 2016. During 2018, a further 1,693,333 awards over ordinary shares were made in respect of the financial year ended 30 September 2017. During 2019, a further 1,733,333 awards over shares were made in respect of the financial year ended 30 September 2018. The following table shows the awards that have been made in respect of the Executive Directors:

	Awards over 0.02p ordinary shares	Exercise price per share (p)	Vesting period (yrs.)	Vesting date
Executive Directors				
Michael O'Shea	166,667	-	3	7 March 2020
	300,000	-	3	10 July 2021
	275,000	-	3	23 April 2022
Neil Macpherson	100,000	-	3	7 March 2020
	115,000	-	3	10 July 2021
	115,000	-	3	23 April 2022

Remuneration committee report

Continued

The awards made under the EBT have a three-year vesting period, with vesting being conditional on the relevant employee being employed by the Group at the vesting date.

As at 30 September 2019, the EBT held a total of 4,642,830 ordinary shares (2018: 3,242,830) equating to 4.39% of the issued ordinary share capital of the Company (2018: 3.07%), out of which 4,618,333 awards over ordinary shares have been made (2018: 2,885,000).

Long Term Incentive Plan (“LTIP”)

The Company adopted the LTIP on 3 October 2016. Awards under the LTIP will take the form of non-tax advantaged nil or nominal cost options (“Options”) to acquire fully paid ordinary shares. Awards may also take the form of a conditional right to receive ordinary shares (being awards which automatically deliver ordinary shares on vesting rather than providing for an option period) where the Remuneration committee considers this to be appropriate having regard to tax, legal, regulatory or other considerations. Employees and Executive directors of the Group are eligible to participate in the LTIP, at the Remuneration committee’s discretion. It is intended that participation will initially be limited to senior employees and Executive directors. As at 30 September 2019, no awards had been made under the LTIP.

Service contracts

Details of the service contracts and letters of appointment in respect of the Executive and Non-Executive Directors who served for the year under review are as follows:

	Date of service agreement/ letter of appointment	Notice period (months)
Executive Directors		
Michael O’Shea	3 October 2016	12
Neil Macpherson	3 October 2016	6
Non-Executive Directors		
Michael Vogel	3 October 2016	3
Robert Colthorpe	3 October 2016	1
William Smith	3 October 2016	1
Luke Wiseman	3 October 2016	1

Mike Vogel
Chairman, Remuneration Committee

27 November 2019

Nomination committee report

Nomination Committee

The Nomination committee meets at least once a year and has been chaired throughout the year by Mike Vogel. The membership of the committee, in addition to the Chairman comprises Robert Colthorpe, and William Smith all of whom are Non-Executive Directors of the Company, with Robert Colthorpe being the Senior Independent Director. Luke Wiseman was a member of the committee throughout the year up until his resignation on 14 November 2019.

Duties and terms of reference

The principal duties of the Nomination Committee are as follows:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Company's Board and make recommendations to the Board with regard to any changes;
- give full consideration to succession planning for Directors and other senior Executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- before appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;
- review the results of the Board performance evaluation process that relate to the composition of the Board;
- review annually the time required from Non-Executive Directors; and
- work and liaise as necessary with other Board committees.

Activities during the year

During the financial year ended 30 September 2019, the Committee met twice and discussed, amongst other things, the following matters:

- reviewed and updated where necessary, the terms of reference of the committee;
- reviewed the size and composition of the Board, Audit & Risk committee and the Remuneration committee;
- considered and accept the senior management performance evaluation reviews; and
- considered succession planning for directors and senior managers.

Mike Vogel
Chairman, Nomination Committee

27 November 2019

Independent auditor's report to the members of Premier Miton Group PLC (formerly known as Premier Asset Management Group PLC)

Registered No: 06306664

1. Our opinion is unmodified

We have audited the financial statements of Premier Miton Group Plc (formerly Premier Asset Management Group PLC) ("the Group") for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow, the company statement of financial position, the company statement of changes in equity, the company statement of cash flow and the related notes, including the accounting policies in notes 2 and 28.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in

accordance with, UK ethical requirements including FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality:	£666k (2018: £795k) 5% (2018: 5%) of Profit before Tax
Coverage	99% (2018: 100%) of group profit before tax
Key audit matters	vs 2018
Recurring risks	Revenue recognition ◀ ▶
	Investments in Subsidiaries ◀ ▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2018):

	The risk	Our response
<p>Revenue Recognition – Management Fees (£52.8 million; 2018: £53.4m)</p> <p><i>Refer to page 24 (Audit and Risk Committee Report), note 2.5 (j) on page 39 (accounting policy) and note 3 on page 40 (financial disclosures).</i></p>	<p>Calculation error:</p> <p>The calculation of management fee revenue for the Group, mostly being the product of assets under management and fee rates, is not judgmental or complex. However, due to its materiality in the context of the financial statements as a whole, it is considered to be the area which had the greatest effect on our audit strategy and allocation of resources in planning and completing our audit of the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Outsourcing controls: To address the accuracy and completeness of assets under management data inputs obtained from the third party fund accountants, we obtained an understanding of the control environment and evaluated the design and implementation and operating effectiveness of controls in operation by inspecting the internal controls reports prepared by the service organisation and attested to by independent service auditors. Our evaluation considered the scope of the internal controls report, the competency of the independent service auditors, and an evaluation of the complementary user entity controls in operation at the Group. Test of details: For fee rate data we agreed the amounts used in our recalculation to fund prospectuses or other applicable legal documents. Recalculation: For management fee revenue earned from managing the Premier Funds, which represents 96% of the revenue of the Group, we recalculated management fees based on underlying agreements and assets under management data.

Independent auditor's report to the members of Premier Miton Group PLC

Continued

	The risk	Our response
Recoverability of parent Company's investments in subsidiaries (£43.7 million; 2018: £43.7m) <i>Refer to note 28 on page 52 (accounting policy) and note 29 on page 52 (financial disclosures).</i>	Low risk, high value: The parent Company has one subsidiary undertaking, the carrying amount of which represents 73% (2018: 77%) of the parent Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	Our procedures included: <ul style="list-style-type: none"> • Comparing valuations: Since the investment's carrying value exceeded the net asset value, we compared the carrying amount of the investment with the expected value of the business based on the market capitalisation of the Group.

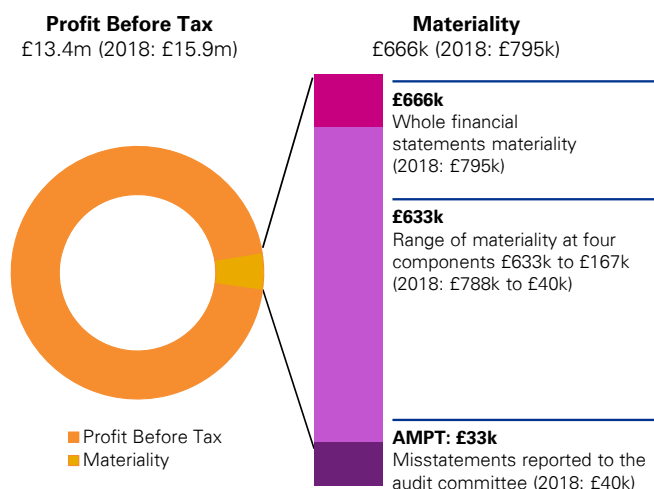
3. Our application of materiality and an overview of the scope of our audit

Materiality for the consolidated Group financial statements as a whole was set at £666k (2018: £795k), determined with reference to a benchmark of profit before tax of £13,442k (2018: £15,916k), of which it represents 5% (2018: 5%).

Materiality for the parent Company financial statements as a whole was set at £167k (2018: £780k), based on component materiality, determined with reference to a benchmark of total assets of £59,490k (2018: £56,598k), of which it represents 0.3% (2018: 1.4%).

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £33k (2018: £39.8k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Four of the Group's seven (2018: seven) components, including the parent Company, were subject to full scope audits for Group purposes, all of which were performed by the Group audit team. These audits accounted for 99% (2018: 100%) of total group revenue and 99% (2018: 100%) of group profit before taxation and were performed to individual component materiality levels which ranges from £633k to £167k (2018: £788k to £40k), having regard to the mix of size and risk profile of these components across the Group.



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 2.1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

Independent auditor's report to the members of Premier Miton Group PLC

Continued

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 16, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

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

Ravi Lamba (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

27 November 2019

Consolidated statement of comprehensive income

For the year ended 30 September 2019

	Note	Year to 30 September 2019 £000	Year to 30 September 2018 £000
Revenue	3	52,821	53,396
Administrative costs		(36,403)	(35,548)
Amortisation of intangible assets		(1,522)	(1,686)
Exceptional items	4	(1,178)	(248)
Total operating costs		(39,103)	(37,482)
Operating profit	5	13,718	15,914
Finance income	7	-	2
Profit on ordinary activities before taxation		13,718	15,916
Tax expense	8	(2,696)	(3,393)
Profit on ordinary activities after taxation		11,022	12,523
Other comprehensive income		-	-
Total comprehensive income		11,022	12,523
Basic earnings per share	9	10.82p	12.09p
Diluted basic earnings per share	9	10.44p	11.92p

All the amounts relate to continuing operations.

The notes on pages 35 to 48 form an integral part of these financial statements.

Consolidated statement of financial position

As at 30 September 2019

	Note	2019 £000	2018 £000
Assets			
Non-current assets			
Intangible assets	10	11,957	13,479
Goodwill	10	15,597	15,597
Property, plant and equipment	11	874	999
Deferred tax asset	8	1,111	543
Total non-current assets		29,539	30,618
Current assets			
Financial assets at fair value through profit and loss	14	827	910
Trade and other receivables	13	49,038	53,710
Cash and cash equivalents	15	20,689	20,774
Total current assets		70,554	75,394
Total assets		100,093	106,012
Equity			
Capital and reserves attributable to equity holders			
Share capital	19	50	50
Capital redemption reserve	20	4,532	4,532
Own shares held by an EBT	22	(6,944)	(4,047)
Retained earnings		47,688	44,733
Total equity		45,326	45,268
Liabilities			
Current liabilities			
Trade and other payables	16	52,883	57,941
Current tax liabilities		1,884	2,803
Total current liabilities		54,767	60,744
Total liabilities		54,767	60,744
Total equity and liabilities		100,093	106,012

Company number 06306664

The financial statements were approved on behalf of the Board of Directors on 27 November 2019.

Mike O'Shea
Chief Executive Officer

Mike Vogel
Chairman

The notes on pages 35 to 48 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 30 September 2019

	Share capital £000	Own shares held by an EBT £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 1 October 2017	21	-	4,532	40,728	45,281
Deferred share issued (note 19)	29	-	-	(29)	-
Purchase of own shares held by an EBT	-	(4,047)	-	-	(4,047)
Equity dividends paid (note 23)	-	-	-	(9,522)	(9,522)
Share-based payment expense	-	-	-	1,033	1,033
Profit for the financial year	-	-	-	12,523	12,523
At 30 September 2018	50	(4,047)	4,532	44,733	45,268
Purchase of own shares held by an EBT	-	(2,897)	-	-	(2,897)
Equity dividends paid (note 23)	-	-	-	(10,618)	(10,618)
Share-based payment expense	-	-	-	2,551	2,551
Profit for the financial year	-	-	-	11,022	11,022
At 30 September 2019	50	(6,944)	4,532	47,688	45,326

The notes on pages 35 to 48 form an integral part of these financial statements.

Consolidated statement of cash flow

For the year ended 30 September 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Profit for the year		11,022	12,523
Adjustments for:			
Financial income	7	-	(2)
Taxation	8	2,696	3,393
Depreciation	11	224	237
Share-based payments		2,551	1,033
Gain on sale of financial assets at fair value through profit and loss		(19)	-
Gain on revaluation of financial assets at fair value through profit and loss		(7)	(25)
Loss on disposal of property, plant and equipment		327	-
Amortisation	10	1,522	1,686
Changes in working capital:			
Decrease/(increase) in trade and other receivables		4,671	(5,778)
(Decrease)/increase in trade and other payables		(5,058)	6,862
Cash generated from operations		17,929	19,929
Tax paid		(4,182)	(2,181)
Net cash from operating activities		13,747	17,748
Cash flows from investing activities			
Acquisition of assets at fair value through profit and loss		(4,229)	(262)
Proceeds from disposal of assets at fair value through profit and loss		4,338	733
Acquisitions of property, plant and equipment	11	(426)	(325)
Net cash (used in)/from investing activities		(317)	146
Cash flows from financing activities			
Dividends paid to shareholders		(10,618)	(9,522)
Purchase of own shares held by an EBT	22	(2,897)	(4,047)
Net cash used in financing activities		(13,515)	(13,569)
Net (decrease)/increase in cash and cash equivalents		(85)	4,325
Cash and cash equivalents at the beginning of the period		20,774	16,449
Cash and cash equivalents at the end of the period		20,689	20,774

The notes on pages 35 to 48 form an integral part of these financial statements.

Notes to the consolidated financial statements

At 30 September 2019

1. Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Premier Miton Group PLC (the "Company") and its subsidiaries (the "Group") for the year ended 30 September 2019 were authorised for issue by the Board of Directors on 27 November 2019 and the statement of financial position was signed on the Board's behalf by Mike O'Shea and Mike Vogel. The Company is incorporated and domiciled in England and Wales.

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Group are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The consolidated Group financial statements for the year ended 30 September 2019 have been prepared in accordance with IFRS. The consolidated financial statements have been prepared on a going concern basis, which has been explained in greater detail in the Financial Review on page 11, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value through profit or loss. Costs are expensed as incurred.

The Directors have assessed the prospects of the Group over a period of three years after the balance sheet date, rather than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 30 September 2022. The Directors assessment has been made with reference to the Group's current position and strategy, the Board's appetite for risk, the Group's financial forecasts, and the Group's principal risks and how these risks are managed, as detailed in the Strategic Report. The Directors have also reviewed and examined the financial stress testing inherent in the Internal Capital Adequacy Assessment Process ("ICAAP").

The three-year period is consistent with the Group's current strategic forecast and ICAAP. The forecast considers the Group's profitability, cash flows, dividend payments and other key variables. Sensitivity analysis is also performed on certain key assumptions used in preparing the forecast, both individually and combined, in addition to scenario analysis that is performed as part of the ICAAP process, which is formally approved by the Board.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary undertakings as at 30 September 2019. Profits and losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's identifiable assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (i) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 New standards, amendments and interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- (i) IFRS 16 Leases (effective for a period beginning on or after 1 January 2019)

IFRS 16 provides a single accounting model for leases, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. It will supersede the current guidance found in IAS 17 Leases.

Where the Group is a lessee, IFRS 16 requires operating leases to be recorded in the Group's statement of financial position. A right-of-use (ROU) asset will be recognised within property, plant and equipment and a lease liability will be recorded.

Notes to the consolidated financial statements

At 30 September 2019

Continued

2. Accounting policies (continued)

2.3 New standards, amendments and interpretations (continued)

The ROU asset and lease liability will be calculated based on the expected payments, requiring an assessment as to the likely effect of renewal options, and are discounted using the relevant incremental borrowing rate. The ROU asset will be depreciated on a straight-line basis over the expected life of the lease. The lease liability will be reduced as lease payments are made with an interest expense recognised as a component of finance costs.

This will result in a higher proportion of the lease expense being recognised earlier in the life of the lease. In preparation for transition to IFRS 16, the Group has reviewed all its leasing arrangements and assessed the estimated impact that the initial application of IFRS 16 will have on its consolidated financial statements. The Group intends to adopt IFRS 16 using the modified retrospective approach.

The Group expects to apply the optional exemption contained within IFRS 16, which permits the cost of short-term (less than 12 months) leases to be expensed on a straight-line basis over the lease term. These lease arrangements are not material to the Group.

At 30 September 2019, the Group had non-cancellable operating lease commitments of £3.7 million, see note 17. Consequently, on 1 October 2019 the Group expects to recognise ROU assets and lease liabilities of approximately £3.3 million and £3.3 million respectively. The adoption of IFRS 16 will reduce the Group's profit before tax with respect to these leases, however the impact is not expected to be material.

There are no other IFRSs or IFRIC interpretations that are not yet effective and would be expected to have a material impact on the Group.

2.4 Judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Group has not had to make any judgements or estimates in preparing the financial statements, that require disclosure under the relevant accounting standard.

2.5 Significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the

Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. All contingent consideration is measured at fair value with the changes in fair value in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. Goodwill is monitored at the Group level.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate potential impairment. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

In respect of goodwill, the recoverable amount is estimated at each annual balance sheet date. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses represent the amount by which the carrying amount exceeds the recoverable amount; they are recognised in profit and loss in amortisation. Impairment losses recognised in respect of the cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the value of any other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed.

(b) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Notes to the consolidated financial statements

At 30 September 2019

Continued

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

- Short leasehold property – the term of the lease
- Plant and equipment – 5 years
- Computer equipment – 3 years
- Motor vehicles – 3 years
- Fixtures and fittings – 15%

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

(c) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost. A bad debt provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Other receivables mainly comprise of refundable rent deposits and amounts the Group is due to receive from third parties in the normal course of business.

(d) Provisions and other liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material provisions are discounted. The increase in the provision due to passage of time is recognised as a finance cost.

Where the Group, as lessee, is contractually required to restore a leased property to an agreed condition prior to the release by a lessor, provision is made for such costs as they are identified.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

(e) Income taxes

Current and deferred tax are recognised in income or expense, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other

comprehensive income or directly in equity respectively. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- (i) where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- (iii) deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(f) Foreign currencies

The Group's consolidated financial statements are presented in pounds sterling. The functional currency of the Group's entities is pounds sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Group does not apply hedge accounting of foreign exchange risks in its company financial statements.

Notes to the consolidated financial statements

At 30 September 2019

Continued

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

(g) Financial instruments

IFRS 9 Financial Instruments has replaced the classification and measurement models for financial instruments currently contained in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 was endorsed by the EU in November 2016 and is effective for accounting periods beginning on or after 1 January 2018. On adoption of IFRS 9 the Group's financial assets have been reclassified as either at amortised cost, fair value through other comprehensive income or fair value through profit or loss (FVTPL). The financial asset classification will be determined on the basis of the contractual cash flow characteristics of the instruments and the Group's business model for the collection of cash flows arising from its investments.

The Group holds non-controlling interests in unconsolidated funds at fair value, designated at FVTPL. Under the new standard, this designation has not changed.

Under IAS 39 impairment provisioning is historical performance based whereas IFRS 9 brings an expected credit loss (ECL) model where credit loss provisioning is required to be based on expected future credit losses. The majority of the Group's revenue comes from investment management fees due from the retail investment funds we manage. These fees are paid to the Group on a monthly basis. For segregated accounts, the majority of fees are paid on a monthly basis with some paying on a quarterly basis. Typically, receivables comprise unpaid sales contracts and cancellations, which are receivables in transit between funds and end clients. These are contractually required to be settled within one or four days. Based on (a) there being no credit losses on trade debtors over a period in excess of 10 years; and (b) cash balances being held with banks with credit ratings of S&P A+/A-1 stable, the ECL was not material. There was no material effect in adopting IFRS9.

(i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables.

The Group holds non-controlling interests in unconsolidated funds at fair value, designated at FVTPL.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Generally, an obligation to deliver cash or other financial asset to another party at a fixed

date in the future would require presentation of a financial instrument as a liability.

No significant restrictions exist to transfer cash or assets within the Group or pay out dividends, except for regulatory capital restrictions within the regulated companies.

(iii) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the EIR, with interest expense recognised on an effective yield basis.

The EIR used to recognise interest expense is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

(iv) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid short-term deposits that are readily convertible to known amounts of cash within three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities.

(i) Exceptional items

The Group presents as exceptional items those items of income and expense, which are not incurred in the normal course of the Group's operations, and because of the nature of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year. This aids to facilitate comparison with prior periods and assists in assessing trends in financial performance.

Notes to the consolidated financial statements

At 30 September 2019

Continued

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

(j) Revenue recognition

IFRS 15 Revenue from Contracts with Customers has replaced the current requirements in IAS 18 Revenue and related interpretations when it became effective on 1 January 2018. IFRS 15 specifies the requirements that an entity must apply in order to measure and recognise revenue and its related cash flows. The core principle of the standard is that an entity should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer.

The standard introduces a five step model for recognising revenue as follows: Identifying the contract with the customer; identifying the relevant performance obligations of the contract; determining the amount of consideration to be received under the contract; allocating the consideration to the relevant performance obligation; and accounting for the revenue as the performance obligations are satisfied. In preparation for the implementation of the standard the Group has carried out a detailed review of its contracts with customers. Following this review and impact assessment no material change to the revenue recognition policy was necessary. There has been no material impact on its results.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding value added tax.

The Group's primary source of income is fee income from investment management activities. These fees are generally based on an agreed percentage, as per the management contract, of the assets under management and are recognised as the service is provided. Under the requirements of IFRS 15 revenue is presented gross with rebates and commission presented in cost of sales. The performance obligation for management fees is satisfied.

Commission includes fees based on a set percentage of certain flows into our funds and are recognised on receipt.

Other income also included within revenue includes performance fees which are accounted for as and when relevant performance criteria are met and the fees become receivable. This policy is in line with IFRS 15.

For all revenue streams, the Group acts as principal and therefore recognises revenue gross with any related expenses (e.g. rebates or commissions) presented in cost of sales.

(k) Pensions

The Group operates defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense as the service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(l) Leases

All leases are classified as operating leases. Rents payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

(m) Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement in amortisation when the asset is derecognised.

Investment management contracts purchased by the Group are capitalised as intangible fixed assets and are amortised on a straight line basis over periods ranging from 7 to 20 years depending on the nature of the assets purchased.

(n) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings, are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, borrowings are carried at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the statement of comprehensive income over the period of the borrowings using the EIR.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Notes to the consolidated financial statements

At 30 September 2019

Continued

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

(p) Related party transactions

All companies forming part of the consolidated Group are considered to be related parties as these companies are owned either directly or indirectly by Premier Miton Group PLC. Key management, being the members of the Executive Committee, are also identified as a related party.

The adoption of IFRS 10 Consolidated Financial Statements has not resulted in the consolidation of additional funds where the Group is now deemed to have a controlling interest under the definition of this standard. The Group did not hold a material investment in any of the funds managed by the Group and has therefore determined that no controlling interest was held.

(q) Earnings per share

Basic earnings per share is calculated by dividing the total comprehensive income for the year by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Group as own shares held by an EBT.

(r) Employee Benefit Trust

The Company provides finance to the EBT to purchase the Company's shares on the open market in order to meet its obligation to provide shares when an employee exercises awards made under the Group's share-based payment scheme. Administration costs connected with the EBT are charged to the Consolidated Statement of Comprehensive Income. The cost of shares purchased and held by the EBT is deducted from equity. The assets held by the EBT are consolidated into the Group's financial statements.

(s) Share-based payments

The Group makes equity-settled share-based payment transactions in respect of services received from certain employees. The fair value of the services received is measured by reference to the fair value of the shares on the grant date. This cost is then recognised in the Consolidated Statement of Comprehensive Income over the vesting period, with a corresponding credit to equity.

3. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2019 £000	2018 £000
Management fees	52,624	52,718
Commissions	16	57
Other income	181	621
Total revenue	52,821	53,396

All revenue is derived from the United Kingdom and Channel Islands.

4. Exceptional items

Recognised in arriving at operating profit from continuing operations:

	2019 £000	2018 £000
Staff redundancy costs	44	-
FCA FSCS levy	397	138
Connect development costs	410	110
Office refurbishment PPE write off	327	-
Total exceptional items	1,178	248

Exceptional items are those items of income and expense, which are considered not to be incurred in the normal course of business of the Group's operations, and because of the nature of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

Staff redundancy costs are in relation to the rationalisation and restructuring of various departments and functions.

The FCA FSCS levy costs in 2019 represents elements of the 2018/19 and 2019/20 contributions to the FSCS which have increased significantly over the previous year as a result of the increased levels of compensation paid by the FSCS, together with a change in the amount of total levy that is allocated to asset managers; in addition, the amount included in exceptional items also includes an amount that was invoiced during the year by the FCA but which related to the previous year. Connect development costs relate to external consultants who have been deployed in the testing of the new Connect platform during the development stage prior to launch. These costs will not be incurred once the development stage is completed and are therefore not considered to be recurring. Office refurbishment PPE write offs relate to the write off of the net book value of certain tangible fixed assets following a relocation between floors at the Eastgate Court offices and the subsequent signing of new leases and is not considered to be a recurring cost.

In accordance with the accounting policy for Exceptional items set out in Note 2.5(j) on page 38 these costs have been treated as exceptional due to them not being incurred in the normal course of the Group's operations, and because of the nature of the events giving rise to them. The level of cost and nature of events giving rise to them are not expected to be recurring.

Notes to the consolidated financial statements

At 30 September 2019

Continued

5. Operating profit

(a) Operating profit is stated after charging:

	Note	2019 £000	2018 £000
Auditor's remuneration	5 (b)	485	235
Staff costs	6	18,234	17,140
Operating lease payments - rent	18	394	284
Amortisation of intangible assets	10	1,522	1,686
Exceptional items	4	1,178	248
Depreciation of property, plant and equipment	11	224	237

(b) Auditor's remuneration

The remuneration of the auditor is analysed as follows:

	2019 £000	2018 £000
Audit of Company	52	46
Audit of Subsidiaries	69	62
Total audit	121	108
Audit-related assurance services	101	65
Tax compliance services	40	34
Services related to corporate finance transactions not covered above	181	-
Other non-audit services not covered above	42	28
Total other non-audit services	263	62
Total non-audit services	364	127
Total fees	485	235

6. Staff costs and Directors' remuneration

(a) Staff costs during the year were as follows:

	2019 £000	2018 £000
Salaries, bonus and performance fee share	13,387	13,826
Social security costs	1,722	1,790
Share-based payments	2,551	1,033
Other pension costs	574	491
Total staff costs	18,234	17,140

The average monthly number of employees of the Group during the year was made up as follows:

	2019	2018
Directors	6	6
Investment management	29	29
Sales and marketing	29	29
Finance and systems	7	7
Legal and compliance	7	7
Administration	30	29
Total employees	108	107

(b) Directors' remuneration

The remuneration of the Directors during the year was as follows:

	Salary and payment in lieu of pension £000	Bonus £000	Benefits £000	2019 £000	2018 £000
Executive Directors					
Michael Patrick O'Shea	326	500	8	834	810
Neil Macpherson	208	-	29	237	388
Non-Executive Directors					
Michael Andrew Vogel	75	-	-	75	75
Luke Anton Wiseman	40	-	-	40	43
William Longden Smith	45	-	-	45	35
Robert Colthorpe	60	-	-	60	48
Total Directors' remuneration	754	500	37	1,291	1,399

Details of awards made under the EBT to the Directors as part of their annual bonus package and which are not included in the above table can be seen in the Remuneration Committee Report on page 25.

The number of Directors accruing benefits under money purchase pension schemes at the year end was nil (2018: nil).

Disclosures sufficient to meet the requirements of Schedule 5 of SI 2008/410 can be found in the Remuneration Committee report on page 25.

Notes to the consolidated financial statements

At 30 September 2019

Continued

7. Finance income

	2019 £000	2018 £000
Interest receivable	-	2
Net finance income	-	2

8. Income taxes

(a) Tax charged in the statement of comprehensive income

	2019 £000	2018 £000
Current income tax:		
UK corporation tax	3,025	2,684
Current income tax charge	3,025	2,684
Adjustments in respect of prior periods	238	155
Total current income tax	3,263	2,839
Deferred tax:		
Origination and reversal of temporary differences	37	684
Adjustments in respect of prior periods	(604)	(130)
Total deferred tax income/(expense)	(567)	554
Tax expense in the statement of comprehensive income	2,696	3,393

(b) Reconciliation of the total tax charge

The tax expense in the statement of comprehensive income for the year is higher than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £000	2018 £000
Profit on ordinary activities before taxation	13,718	15,916
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19%)	2,607	3,024
Deferred tax not recognised	-	196
Other differences	178	-
Expenses not deductible for tax purposes	13	12
Amortisation not deductible	255	255
Income not subject to UK tax	(28)	(69)
Change in tax rate	(40)	(80)
Fixed asset differences	77	30
Adjustments in respect of prior periods	(366)	25
Tax expense in the statement of comprehensive income	2,696	3,393

(c) Change in Corporation Tax rate

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 30 September 2019 has been calculated based on these rates.

(d) Deferred tax

The deferred tax included in the Group statement of financial position is as follows:

	2019 £000	2018 £000
Deferred tax asset:		
Fixed asset temporary differences	(110)	(44)
Accrued bonuses	447	264
Share-based payments	689	-
Losses and other deductions*	85	323
Deferred tax disclosed on the statement of financial position	1,111	543

* Deferred tax assets have been recognised in respect of this item because it is probable that future taxable profits will be available against which the Group can use the benefits therefrom.

	2019 £000	2018 £000
Deferred tax in the statement of comprehensive income:		
Origination and reversal of temporary differences	37	684
Adjustments in respect of prior periods	(604)	(130)
Deferred tax (income)/expense	(567)	554

Deferred tax assets have not been recognised in respect of the following items.

	2019 £000	2018 £000
Unprovided deferred tax asset:		
Non trade loan relationship losses	1,764	1,693
Excess management expenses	46	249
Non trade intangible fixed asset losses	357	420
Unprovided deferred tax asset	2,167	2,362

Notes to the consolidated financial statements

At 30 September 2019

Continued

9. Earnings per share

Reported earnings per share has been calculated as follows:

The calculation of basic earnings per share is based on profit after taxation for the year and the weighted average number of ordinary shares in issue for each period.

	2019 £000	2018 £000
Basic:		
Profit attributable to equity holders of the Group	11,022	12,523
Issued ordinary shares at 1 October	105,801,310	105,801,310
Effect of own shares held by an EBT	(3,891,405)	(2,236,175)
Weighted average number of ordinary shares in issue	101,909,905	103,565,135
Basic earnings per share	10.82p	12.09p
Diluted:		
Profit attributable to equity holders of the Group	11,022	12,523
Issued ordinary shares at 1 October	105,801,310	105,801,310
Effect of own shares held by an EBT	(3,891,405)	(2,236,175)
Effect of share options awarded	3,675,315	1,495,266
Weighted average number of ordinary shares in issue	105,585,220	105,060,401
Diluted earnings per share	10.44p	11.92p

Own shares held by an EBT represents the Company's own shares purchased and held by the Employee Benefit Trust (EBT), shown at cost. In the year ending 30 September 2019 the EBT purchased 1,400,000 (2018: 1,643,000) of the Company's own shares.

10. Goodwill and other intangible assets

Cost amortisation and net book value of intangible assets are as follows:

	Goodwill £000	Other £000	Total £000
Cost:			
At 1 October 2018	22,576	56,231	78,807
At 30 September 2019	22,576	56,231	78,807
Amortisation and impairment:			
At 1 October 2018	6,979	42,752	49,731
Amortisation during the year	-	1,522	1,522
At 30 September 2019	6,979	44,274	51,253
Carrying amount:			
At 30 September 2019	15,597	11,957	27,554
At 30 September 2018	15,597	13,479	29,076

Impairment tests for goodwill

Goodwill is monitored by management at the operating segment level, which reflects the entire Group. Therefore, goodwill is assessed as part of one CGU in relation to asset management. No further allocation of goodwill has been made.

The recoverable amount of the Group has been determined based on value-in-use calculations. These calculations are for the three-year period following the year end and are based on the next year's annual budget and subsequent two year forecasts. Budgeted increases in the level of assets under management, revenues and associated costs have been taken into account. Management forecasts revenues and associated costs based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructurings or cost saving measures. To arrive at the net present value, the cash flows have been discounted using a discount factor of 12.35%. The compound annual growth rate for the net cash flows over the three year forecast period is 14.27% (2018: 28.2%) with a terminal value calculated assuming 2.0% terminal growth. The overall value in use was greater than the carrying amount of the CGU and so no impairment charge has been recognised. The key estimates made in calculating the value in use were the net cash flows and the discount rate. In determining the net cash flows assumptions were made on the level of future fund inflows, fund redemptions and market growth.

Sensitivity analysis

Management have performed a sensitivity analysis as of 30 September 2019 and with 0% three year cashflow growth, a terminal growth rate of 0% and increased discount rate of 17.35% the determination of the recoverable amount would not result in an impairment in goodwill.

Investment management contracts purchased by the Group are capitalised as intangible fixed assets and are amortised over periods ranging from 7 to 20 years depending on the nature of the assets purchased. These finite life intangible assets were assessed for indicators of impairment, both internal and external factors, of which no indicators were noted. The largest of the intangible assets was in relation to a business combination in 2007 with a carrying value of £11,878,607 and a remaining amortisation period of 9 years.

Notes to the consolidated financial statements

At 30 September 2019

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11. Property, plant and equipment

	Land and buildings £000	Plant and equipment £000	Total £000
Cost or fair value:			
At 1 October 2018	1,300	629	1,929
Additions	344	82	426
Disposals	(706)	(35)	(741)
At 30 September 2019	938	676	1,614
Depreciation:			
At 1 October 2018	516	414	930
Depreciation during the year	126	98	224
Disposals	(379)	(35)	(414)
At 30 September 2019	263	477	740
Carrying amount:			
At 30 September 2019	675	199	874
At 30 September 2018	784	215	999

12. Group entities

At 30 September 2019 the Company held (directly and indirectly) 100% of the allotted share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain with the exception of Premier Asset Management (Guernsey) Limited which is incorporated in Guernsey and the registered office is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL. The registered office for all other subsidiary undertakings is Eastgate Court, High Street, Guildford, GU1 3DE. All subsidiary undertakings are consolidated within the Group accounts.

	Class of share held	Proportion of voting rights and shares held	Nature of the business
(a) Directly held			
Premier Asset Management MidCo Limited	Ordinary	100%	Holding company
(b) Indirectly held			
Premier Asset Management Holdings Limited	Ordinary	100%	Holding company
Premier Asset Management Limited	Ordinary	100%	Holding company
Premier Investment Group Limited	Ordinary	100%	Holding company
Premier Portfolio Managers Limited	Ordinary	100%	Investment manager/ACD
PAM PLC	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited	Ordinary	100%	Dormant

	Class of share held	Proportion of voting rights and shares held	Nature of the business
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Investment manager
Eastgate Court Nominees Limited	Ordinary	100%	Nominee company
Premier Fund Managers Limited	Ordinary	100%	Investment manager
Premier Investment Administration Limited	Ordinary	100%	Dormant
Premier Discretionary Asset Management PLC	Ordinary	100%	Dormant
Premier Fund Services Limited	Ordinary	100%	Dormant
PremierConnect Nominees Limited	Ordinary	100%	Dormant
Eastgate Investment Services Limited	Ordinary	100%	Dormant

13. Trade and other receivables

	2019 £000	2018 £000
Due from trustees/investors for open end fund redemptions/sales	41,753	46,405
Other trade debtors	46	160
Accrued income	4,356	4,605
Prepayments	2,560	2,310
Other receivables	323	230
Total trade and other receivables	49,038	53,710

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date.

The ageing profile of trade receivables that are due but not impaired is:

	2019 £000	2018 £000
Days		
0 to 30	41,797	46,485
31 to 60	2	40
61 to 90	-	40
Over 90	-	-
Total trade receivables	41,799	46,565

These amounts have not been impaired as there has not been any significant changes in credit quality and the amounts are still considered recoverable.

Notes to the consolidated financial statements

At 30 September 2019

Continued

14. Financial instruments

(a) Financial assets at fair value through profit and loss

The financial instruments carried at fair value are analysed by valuation method. The different levels have been defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The fair value of financial assets is as follows:

	2019 £000	2018 £000
Other investments		
Quoted – level 1	827	910
Total	827	910

Quoted investments – Level 1

The Group holds shares and units in a number of funds for which quoted prices in an active market are available. The fair value measurement is based on Level 1 in the fair value hierarchy.

Financial instruments measured at amortised cost, but fair value is disclosed

The following financial instruments are not measured at fair value in the balance sheet, but information about the fair value is disclosed.

Trade debtors and trade creditors

The trade debtors and trade creditors largely have a maturity of less than one year. The fair value of trade creditors and trade debtors are not materially different to their carrying value.

Borrowings and overdraft

The fair value of the bank borrowings and overdrafts are not materially different from the carrying value due to the variable interest rate and the short duration.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risks

The Group is exposed to market risk through interest rates, availability of credit, liquidity and foreign exchange fluctuations.

(a) Interest rate risk

The Group is exposed to interest rate risk as the Group borrows at floating interest rates.

A 1% increase in interest rates on the Group's debt balances at 30 September 2019, would increase the annual net interest payable in the statement of comprehensive income and reduce equity by £nil (2018: £nil). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings.

(b) Foreign exchange risk

The Group undertakes transactions denominated in US Dollars and Euros; consequently, exposures to exchange rate fluctuations arise.

At 30 September 2019, if the US Dollar and Euro had strengthened by 10% against the Pound with all other variables held constant, this would have had a £138,000 (2018: £126,000) impact on the statement of comprehensive income and equity.

The Group does not have any cash holdings in a currency other than GBP.

(c) Credit risk

The Group credit risk is primarily focused on trade receivables due from trustees/investors for open end fund cancellations/sales. The risk is that a counterparty fails to settle on a trade and thereby creates an illiquid asset. However, in such cases the Group has the ability to arrange with the trustees of the relevant fund to cancel the trade and to liquidate the units issued, thereby settling the trade. A possible exposure will arise in such an instance whereby the price achieved on a cancellation of a trade is less than the original price at which the units were issued.

The credit risk on liquid assets is limited because the counterparties are banks with credit ratings of S&P A+/A-1 stable.

The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers.

(d) Liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the consolidated financial statements

At 30 September 2019

Continued

14. Financial instruments (continued)

	Less than 3 months £000	Between 3 months and 1 year £000	Between 1 and 5 years £000	Over 5 years £000
As at 30 September 2019				
Trade and other payables	50,755	223	1,905	-
	50,755	223	1,905	-
As at 30 September 2018				
Trade and other payables	55,763	218	1,764	196
	55,763	218	1,764	196

Capital Management

Working capital

The Group manages the level of its working capital on an ongoing basis. The Group uses detailed financial information provided by its forecasting model and by regular review of its consolidated management information.

Regulatory capital requirements

In accordance with the Capital Requirements Directive (CRD), the Group is required to maintain a minimum level of capital as prescribed in the UK by the Financial Conduct Authority (FCA). The Group is required to conduct an Internal Capital Adequacy Assessment Process (ICAAP), referred to as Pillar 2 capital requirements. The objective of this process is to ensure that firms have adequate capital to enable them to manage risks not deemed to be adequately covered under Pillar 1 minimum requirements. This is a forward looking exercise which includes stress testing on major risks, considering how the firm would cope with a significant market downturn, for example, and an assessment of the Group's ability to mitigate the risks. Each of the regulated companies in the Group maintained surpluses of regulatory capital throughout the year.

The primary objective of the Group's capital management is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to provide a suitable base to sustain the future development of the business, while ensuring compliance with regulatory capital requirements.

During the period the Group and its subsidiary entities complied with all regulatory capital requirements.

Offsetting financial assets and financial liabilities

There are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

15. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	20,689	20,744
Total cash and cash equivalents	20,689	20,744

16. Trade and other payables

	2019 £000	2018 £000
Due to trustees/investors for open end fund creations/redemptions	41,751	46,333
Other trade payables	942	1,256
Other tax and social security payable	1,253	1,325
Accruals	8,265	8,097
Pension contributions	13	24
Other payables	659	906
Total trade and other payables	52,883	57,941

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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

17. Changes in liabilities arising from financing activities

	1 October 2018 £000	Cash flows £000	30 September 2019 £000
Own shares held by an EBT	4,047	2,897	6,944
Total liabilities from financing activities	4,047	2,897	6,944

18. Obligations under leases

Operating lease agreements where the Group is lessee.

The Group has entered into commercial leases on certain properties. These leases have an average duration of between 5 and 10 years. The costs associated with the development of Connect will be treated as an operating lease with a duration of 5 years.

Notes to the consolidated financial statements

At 30 September 2019

Continued

18. Obligations under leases (continued)

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019 £000	2018 £000
Between zero and one year	822	857
Between one and two years	769	1,001
Between two and five years	2,049	2,694
Over five years	50	409
Total lease obligations	3,690	4,961

19. Share capital

	2019	2018
Authorised		
Ordinary shares of 0.02p each	105,801,310	105,801,310
Deferred shares	1	-
Allotted, issued and fully paid		
Ordinary shares of 0.02p each	105,801,310	105,801,310
Deferred shares	1	-

The deferred share carries no voting rights and no right to receive a dividend.

20. Capital redemption reserve

	2019 £000	2018 £000
Redemption of preference shares	4,000	4,000
Cancellation of deferred shares	532	532
Total capital redemption reserve	4,532	4,532

On the redemption of the preference shares a transfer was made from retained earnings to the capital redemption reserve equivalent to the nominal value of the preference shares redeemed. On 19 October 2015 £4,000,000 of the 8% Preference shares, plus £359,452 of accrued interest, was redeemed.

21. Shared-based payments

All share options awarded to employees through the EBT under the Group's equity-settled share-based payments are valued by reference to the fair value of the share options on the grant date. The share options in issue under the equity-settled share-based payment scheme have been valued at prices ranging from £1.87 to £2.12 per share. The charge to the Consolidated Statement of Comprehensive Income for the year to 30 September 2019 in respect of these was £2,551,259 (2018: £1,033,458).

All share options have an exercise price of £nil, the fair value of share options outstanding at the end of the period are:

Award date	Fair value £000	Number of options
As at 1 October 2018	5,979	2,885,000
7 December 2018	252	135,000
16 April 2019	1,566	750,000
23 April 2019	1,794	848,333
Awards via the EBT	9,591	4,618,333

Premier Miton Group PLC established an EBT on 25 July 2016 to purchase ordinary shares in the Company to satisfy awards of share options to certain employees. All administrative expenses connected with the EBT are charged to the Consolidated Statement of Comprehensive Income. The EBT has waived the rights to dividends. Shares purchased and held by the EBT are deducted from equity and classified as own shares held by an EBT. The following table shows the number of shares held by the EBT that have not yet vested.

	2019 Number of shares	2018 Number of shares
At 1 October	3,242,830	1,599,830
Acquired in the year	1,400,000	1,643,000
At 30 September	4,642,830	3,242,830

22. Own shares held by an EBT

	2019 £000	2018 £000
Own shares held by an EBT	6,944	4,047
Total own shares held by an EBT	6,944	4,047

The reserve for the Company's own shares held by an EBT comprises of the Company's shares held by the Group. At 30 September 2019, the Group held 4,642,830 (2018: 3,242,830).

23. Dividends paid

	2019 £000	2018 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
First interim: 1.7 (2018: 1.65) pence per share	1,743	1,689
Second interim: 1.7 (2018: 1.65) pence per share	1,720	1,712
Third interim: 1.7 (2018: 1.65) pence per share	1,720	1,692
Final interim dividend for 2018 (2018: 2017 final)	5,435	4,429
Dividends paid	10,618	9,522

Notes to the consolidated financial statements

At 30 September 2019

Continued

24. Related party transactions

All companies forming part of the consolidated Group are considered to be related parties as these companies are owned either directly or indirectly by Premier Miton Group PLC.

The Group manages, through its subsidiaries, a number of open ended investment companies and investment trusts which are considered to be structured entities. The subsidiary companies receive management fees from these entities for managing assets and in some instances receive performance fees. The Group acts as manager and/or authorised corporate director for 30 (2018: 28) funds as at 30 September 2019.

(a) Asset management vehicles

The Group provides investment management services for a number of collective investment schemes where Group companies are investment managers/advisors of underlying funds and which meet the criteria of related parties (note 2.5(p)). In return the Group receives management fees for the provision of these services.

	2019 £000	2018 £000
Closing assets under management	6,554,622	6,859,866
Management fees	52,383	52,353
Amounts outstanding at the year end	4,307	4,526
Investment in funds held by the Group	827	910

(b) Key management compensation

The key management personnel compensation that is represented by the Executive Committee, for employee and Director services during the year is shown below:

	2019 £000	2018 £000
Salaries and bonuses	3,855	3,998
Share-based payments	1,372	517
Benefits in kind	42	40
Short-term employee benefits	5,269	4,555

25. Segment reporting

The Group operates a single business segment of asset management for reporting and control purposes.

IFRS 8 Operating Segments requires disclosures to reflect the information which Group management uses for evaluating performance and the allocation of resources. The Group is managed as a single asset management business and as such, there are no additional operating segments to disclose.

Under IFRS 8, the Group is also required to make disclosures by geographical segments. As Group operations are solely in the UK and Channel Islands, there are no additional geographical segments to disclose.

26. Post balance sheet events

On 14 November 2019 the Company completed an all-share merger with Miton Group PLC. The Company issued 52,111,725 new ordinary shares on 15 November 2019 ranked pari passu in all respects with the Company's existing shares in issue. The Company's enlarged issued share capital comprises 157,913,035 ordinary shares with one voting right per share.

For more information about the merger see page 6 of the Chief Executive's report.

27. Contingent liabilities

There were no contingent liabilities as at 30 September 2019 (2018: nil).

Company statement of financial position

As at 30 September 2019

	Note	2019 £000	2018 £000
Assets			
Non-current assets			
Investment in subsidiaries	29	43,732	43,732
Deferred tax asset	30	690	-
Total non-current assets		44,422	43,732
Current assets			
Trade and other receivables	31	15,735	12,865
Cash and cash equivalents		23	1
Total current assets		15,757	12,866
Total assets		60,179	56,598
Equity			
Capital and reserves attributable to equity holders			
Share capital	19	50	50
Capital redemption reserve	20	4,532	4,532
Retained earnings		48,083	48,070
Total equity		52,665	52,652
Liabilities			
Current liabilities			
Trade and other payables	32	7,515	3,946
Total current liabilities		7,515	3,946
Total liabilities		7,515	3,946
Total equity and liabilities		60,179	56,598

Company number 06306664

The financial statements were approved on behalf of the Board of Directors on 27 November 2019.

Mike O'Shea
Chief Executive Officer

Mike Vogel
Chairman

The notes on pages 52 to 53 form an integral part of these financial statements.

Company statement of changes in equity

For the year ended 30 September 2019

	Share capital £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 1 October 2017	21	4,532	48,642	53,195
Deferred share issued	29	-	(29)	-
Equity dividends paid (note 33)	-	-	(9,552)	(9,552)
Share-based payment expense	-	-	1,033	1,033
Profit for the financial year	-	-	7,976	7,976
At 30 September 2018	50	4,532	48,070	52,652
Equity dividends paid (note 33)	-	-	(10,618)	(10,618)
Share-based payment expense	-	-	2,552	2,552
Profit for the financial year	-	-	8,079	8,079
At 30 September 2019	50	4,532	48,083	52,665

The notes on pages 52 to 53 form an integral part of these financial statements.

Company statement of cash flow

For the year ended 30 September 2019

	2019	2018
	£000	£000
Cash flows from operating activities		
Profit for the year	8,079	7,976
Adjustments for:		
Share-based payments	2,551	1,033
Taxation	(690)	-
Changes in working capital:		
Increase in trade and other receivables	(2,870)	(3,721)
Increase in trade and other payables	3,569	3,919
Net cash flows from operating activities	10,639	9,207
Cash flows from financing activities		
Dividends paid to shareholders	(10,618)	(9,552)
Issue of ordinary shares	-	-
Net cash flow used in financing activities	(10,618)	(9,552)
Net increase/(decrease) in cash and cash equivalents	21	(345)
Cash and cash equivalents at the beginning of the period	1	346
Cash and cash equivalents at the end of the period	22	1

The notes on pages 52 to 53 form an integral part of these financial statements.

Notes to the Company financial statements

At 30 September 2019

28. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The principal accounting policies adopted are the same as those set out in the Group's financial statements disclosures. In addition, note 28 sets out the accounting policy in respect of investments in subsidiary undertakings.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's net profit for the year amounted to £7,389,373 (2018: profit £7,975,476).

29. Investments in subsidiaries

Investments held by the Company in subsidiary undertakings are held at cost less any provision for impairment.

	2019 £000	2018 £000
Cost:		
At 1 October	43,732	43,732
Additions	-	-
At 30 September	43,732	43,732
Amortisation and impairment:		
At 1 October	-	-
Amortisation during the year	-	-
At 30 September	-	-
Carrying amount:		
At 30 September	43,732	43,732

At 30 September 2019 the Company held (directly and indirectly) 100% of the allotted share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain with the exception of Premier Asset Management (Guernsey) Limited which is incorporated in Guernsey and the registered office is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL. The registered office for all other subsidiary undertakings is Eastgate Court, High Street, Guildford, GU1 3DE.

	Class of share held	Proportion of voting rights and shares held	Nature of the business
(a) Directly held			
Premier Asset Management MidCo Limited	Ordinary	100%	Holding company
(b) Indirectly held			
Premier Asset Management Holdings Limited	Ordinary	100%	Holding company
Premier Asset Management Limited	Ordinary	100%	Holding company
Premier Investment Group Limited	Ordinary	100%	Holding company

	Class of share held	Proportion of voting rights and shares held	Nature of the business
Premier Portfolio Managers Limited	Ordinary	100%	Investment manager/ACD
PAM Plc	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Investment manager
Eastgate Court Nominees Limited	Ordinary	100%	Nominee company
Eastgate Investment Services Limited	Ordinary	100%	Dormant
Premier Fund Managers Limited	Ordinary	100%	Investment manager
Premier Investment Administration Limited	Ordinary	100%	Dormant
Premier Discretionary Asset Management Plc	Ordinary	100%	Dormant
Premier Fund Services Limited	Ordinary	100%	Dormant
PremierConnect Nominees Ltd	Ordinary	100%	Dormant

30. Taxation

(e) Tax charged in the statement of comprehensive income

	2019 £000	2018 £000
Current income tax:		
UK corporation tax	-	-
Current income tax charge	-	-
Total current income tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	(306)	-
Adjustments in respect of prior periods	(384)	-
Total deferred tax income	(690)	-
Tax expense in the statement of comprehensive income	(690)	-

Notes to the Company financial statements

At 30 September 2019

30. Taxation (continued)

(f) Reconciliation of the total tax charge

The tax expense in the statement of comprehensive income for the year is higher than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £000	2018 £000
Profit on ordinary activities before taxation	7,389	7,975
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19%)	1,404	1,515
Deferred tax not recognised	-	196
Other differences	178	-
Group relief surrendered	124	132
Group income	(2,012)	(1,843)
Income not subject to UK tax	-	-
Change in tax rate	-	-
Fixed asset differences	-	-
Adjustments in respect of prior periods	(384)	-
Tax expense in the statement of comprehensive income	(690)	-

(g) Change in Corporation Tax rate

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 30 September 2019 has been calculated based on these rates.

(h) Deferred tax

The deferred tax included in the Group statement of financial position is as follows:

	2019 £000	2018 £000
Deferred tax asset:		
Share-based payments	690	-
Deferred tax disclosed on the statement of financial position	690	-

	2019 £000	2018 £000
Deferred tax in the statement of comprehensive income:		
Origination and reversal of temporary differences	306	-
Adjustments in respect of prior periods	384	-
Deferred tax income	590	-

Deferred tax assets have not been recognised in respect of the following items.

	2019 £000	2018 £000
Unprovided deferred tax asset:		
Excess management expenses	26	201
Non trade intangible fixed asset losses	357	357
Unprovided deferred tax asset	383	558

31. Trade and other receivables

	2019 £000	2018 £000
Amounts owed by Group undertakings	8,648	8,642
Prepayments and accrued income	30	23
Other receivables	7,057	4,200
Total trade and other receivables	15,735	12,865

Trade and other receivables are all current and any fair value difference is not material. Trade and receivables are considered past due once they have passed their contracted due date.

32. Trade and other payables

	2019 £000	2018 £000
Amounts owed to Group undertakings	7,505	3,943
Other payables	10	3
Total trade and other payables	7,515	3,946

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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

33. Dividends paid

	2019 £000	2018 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
First interim: 1.7 (2018: 1.65) pence per share	1,743	1,719
Second interim: 1.7 (2018: 1.65) pence per share	1,720	1,712
Third interim: 1.7 (2018: 1.65) pence per share	1,720	1,692
Final interim dividend for 2018 (2018: 2017 final)	5,435	4,429
Dividends paid	10,618	9,552

