

◆ Gateley (Holdings) Plc

Annual Report for year ended 30 April 2016

Gateley (Holdings) Plc

**Gateley (Holdings) Plc (formerly Ensco 1101
Limited)**

Annual report and consolidated
financial statements

Registered number 9310078

For the year ended 30 April 2016

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Company information

Registration number	9310078	
Registered office	One Eleven Edmund Street Birmingham B3 2HJ	
Directors	MJ Ward PG Davies NA Smith NT Payne JC Lake MR Seabrook	Chief Executive Officer Chief Operating Officer Finance Director and Company Secretary Non-Executive Chairman Non-Executive Director Non-Executive Director
Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH	
Nominated advisor and broker	Cantor Fitzgerald Europe One Churchill Place Canary Wharf London E14 5RB	
Principal bankers	HSBC Bank plc 6th Floor 120 Edmund Street Birmingham B3 2QZ	Lloyds Bank plc 125 Colmore Row Birmingham West Midlands B3 3SF
Registrars	Capita Asset Services 40 Dukes Place London EC3A 7NH	
Financial PR adviser	Buchanan 107 Cheapside London EC2V 6DN	
Website	www.gateleypc.com	

Chairman's statement

I am delighted with the performance of Gateley in its first year as a public company. In a legal marketplace that is continually evolving, the Group has delivered a record set of results. I congratulate our CEO Michael Ward and his team for successfully managing the transition from an LLP to a PLC.

When we came to market in June 2015 the Board outlined a strategy to maximise the opportunities presented from the changing legal marketplace and to use our new and more flexible PLC structure to capitalise thereon. The growth strategy was based on three key pillars: to Differentiate (through our comprehensive service offering and service ethic), Diversify (through acquisition of additional complementary non-legal businesses in addition to organic legal service expansion through sector specialism or geographically) and finally to Incentivise (offering wider and earlier equity to staff). I believe that in the year ended 30 April 2016 through, strong organic growth, the acquisition of Gateley Capitus, the development of equity participation schemes within the business and continued strong client focus, we have delivered on our aims for the year and have begun our journey as a PLC well.

These strong results, together with the successful IPO and the encouraging start the Group has made in its journey, have also helped raise our profile and enhance our brand, differentiating us from our competitors and attracting quality staff who are interested in benefiting from the opportunities provided by a structure, which we believe is far better suited to the legal landscape of today. As we continue to build further scale, breadth and depth into our business, we will maintain our disciplined approach to optimising the growth opportunities we see for the Group, whilst keeping our focus on meeting the diverse needs of our client base.

The Board and senior management team have the requisite leadership, experience and desire to be able to achieve this and we continue to look forward with confidence. The Board is pleased to propose a final dividend of 3.764p per share, subject to shareholder approval at the Annual General Meeting on 21 September 2016.

Nigel Payne

Chairman

18 July 2016

Chief Executive Officer's review

Introduction

I am pleased to report that the Group has performed well in its first year as a public company. In a market that continues to be challenging, the Board has remained focused on the execution of our stated strategy of long-term organic and acquisitive growth. The Group has made excellent progress since our successful AIM admission, all of which has been made possible by the positive reaction to our flotation by our diversified client base and excellent staff.

Financial Results

In our first year as a Plc, I am pleased to report a strong trading performance with increases against last year in revenue (up 10.2%), profit before tax (up 12.2%) and adjusted EBITDA (up 13.3%). Our transition from LLP to PLC accords with our original plan and our balance sheet has strengthened as a result of the ground breaking change in business model together with another year of strong cash generation. We have invested for the long term future of the business and are pleased to propose a dividend in line with expectations.

Operational Review

The firm continues to perform well despite challenging market conditions as revenues from all of our five strategic business divisions, namely Banking and Financial Services; Corporate; Business Services; Employees, Pensions and Benefits; and Property grew year on year, with four of these divisions reporting double-digit growth.

Whilst growth in our divisions is encouraging it is also important to highlight that the Group operates through a diverse and resilient business structure that has the ability to perform well in both good and challenging economic environments.

Since 1 May 2015, we have welcomed 12 new lateral partner hires to the Group across our offices, evidencing our ability to continue to attract and retain talent. In addition, 4 senior associates have been promoted to Partner with effect from 1 May 2016. Our yearend staff numbers have increased from 606 to 638 over the 12 month reporting period from 1 May 2015. After consulting all employees, our new SAYE and CSOP schemes will be in place by September 2016.

We announced the opening of a new office in Reading on 1 November 2015 and officially moved into new leasehold premises at The Blade on 1 June 2016. Current staff numbers are eight, including four partners and further recruitment is progressing well.

We continue to be successful in maintaining our presence on legal panels and have been reappointed to the national legal panel for Taylor Wimpey, one of the UK's largest residential developers, for a further three years and to one of our UK clearing bank panels for a further five years.

Chief Executive Officer's review *(continued)*

Acquisitions

At the time of the Group's Admission to AIM, we stated that the Group would seek to acquire businesses offering complementary professional and other specialist services to clients in Gateley's target markets. In April 2016, we successfully completed our first acquisition of a non-legal services business, Gateley Capitus Limited (formally Capitus Limited), which is consistent with our stated growth strategy. Gateley Capitus Limited is a UK specialist tax incentives advisory business. We are pleased to report that the integration of this business is performing well. The reception from the marketplace to the enlarged offering is encouraging. We continue to explore acquisitions of further businesses providing complementary professional services to enable us to further diversify our income streams going forward.

Current trading and outlook

Trading in the second half of the financial year ended 30 April 2016 was robust and we are pleased to report that trading in the first two months of the current financial year has been encouraging. As highlighted above, we are confident that our business is well balanced and resilient and we remain focused on delivering another year of growth in our core services, whilst continuing to look for complementary acquisitions.

Michael Ward

CEO

18 July 2016

Finance Director's review

Introduction

For clarity of understanding and ease of future comparison, we have set alongside our trading results for the year to 30 April 2016, pro forma financial results, in the form of a pro forma consolidated statement of profit and loss and other income statement together with the pro forma consolidated statement of financial position for the twelve months of the prior year as if the Plc structure of the Group had been in place during that time (see pages 8 & 9).

A summary of the corporate structure changes effected in order to move from an LLP to a PLC is also included below. The following commentary compares the current year results against the pro forma results for the prior year shown on page 8.

Financial Highlights

During the 12 months ended 30 April 2016 the Group delivered solid organic revenue growth of 10.2% with total revenues of £67.1m (pro forma 2015: £60.9m). This growth continued in line with the trend in revenue from the preceding 12 months and is ahead of that seen within our sector as a whole, demonstrating the Group's ability to increase its market share. During the year the Group has seen expansion across all five of its segmental reporting divisions, with fee growth of between 2% and 16% being achieved across six regional locations across the UK, complemented by the expanding Dubai office.

Gateley begins the next financial year with a new, complementary service line, following the successful acquisition of Gateley Capitus Limited for a total consideration of £2.9m, together with an additional regional legal service offering through four lateral partner hires in our newly opened Reading office.

Operating costs (excluding depreciation and non-underlying items) rose by 9.4% to £54.7m (pro forma 2015: £50m). This growth in operating costs has been driven mainly by the Board continuing to invest in the future of the business through partner and staff recruitment. Fee generating staff numbers at the yearend rose by 6.2% to 410 (pro-forma 2015: 386). Personnel costs rose accordingly by 9.6% from pro forma costs of £35.6m (see page 8) to £39m, however, as the business continues to scale, this cost fell to 58.1% of revenue (pro-forma 2015: 58.5%). In addition to expanding the number of fee earners, the business also benefitted from improvement in the efficiency of fee generating staff as utilisation rose to 89% (2015: 85%).

Other operating expenses (before non-underlying items) increased by 9% to £15.7m (pro-forma 2015: £14.4m). This increase in costs is as a direct result of additional spending incurred to capitalise on the brand-enhancing marketing opportunities post-listing, together with associated professional costs resulting from the Group's new corporate requirements and the sourcing of personnel into existing offices as well as the new Reading office.

Adjusted EBITDA* of £12.8m is up by 13.3% from £11.3m reflecting an adjusted EBITDA margin of 19.1% (Pro forma 2015: 18.5%). Profit before tax was up 12.2% to £11.0m (pro-forma 2015: £9.8m). Adjusted numbers are stated after excluding income or expenses that relate to non-underlying items (which include one-off professional costs together with the costs associated with the IPO and acquisition of Gateley Capitus Limited).

Finance Director's review *(continued)*

Earnings per share

Basic earnings per share was 8.18p (pro-forma 2015: 7.74p). Adjusted** basic earnings per share was 8.98p (pro forma 2015: 8.27p). Diluted earnings per share movements from the basic earnings per share are negligible.

Dividend

The Board has adopted a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group, paying up to 70% of profits after tax each year. Following the announcement of our interim dividend of 1.895p per share that was paid in January 2016, the Board proposes a full year final dividend at its Annual General Meeting on 21 September 2016 of 3.764p per share, which if approved, will be paid on 28 September 2016 to shareholders on the register at the close of business on 2 September 2016. The shares will go ex-dividend on 1 September 2016.

Balance sheet, cash flow and financing

The net asset position of the Group's balance sheet has transformed from nil (pro forma £10.3m), as is typical with a law firm LLP structure, to £12.7m (before final dividend) as a PLC, positioning the Group well for future expansion.

The Group's cash generation was strong following its planned focus on the collection of our trade receivables and the completion of a number of larger assignments during the year. Cash generated from operating activities was £14.3m. Closing cash totalled £9.8m which represents a strong start following the change in funding and debt structure post the IPO.

The Group's net debt position as at 30 April 2016 has changed as a result of replacing former members' capital, otherwise known as "fixed capital", with £10m of new term bank debt, together with the injection of new money from the issue of shares totalling £5m. The total injection of £15m of new cash into the Group balance sheet on admission has been partially used to repay in full all former members' fixed capital and undistributed LLP profits in respect of prior years. The remaining undrawn profits of the LLP for the year ended 30 April 2015 were converted into loans from members of the LLP upon admission. The remaining surplus funds continue to assist in the on-going working capital funding of the Group.

Finance Director's review *(continued)*

Net debt movement since 30 April 2016

	As at 30 April 2016 (as a Plc) £m	As at 30 April 2015 (as an LLP) £m
Cash and cash equivalents	9.8	2.7
Fixed capital	-	(6.7)
Term bank loans	(8.9)	-
Net debt before loans from former members of Gateley Heritage LLP	0.9	(4.0)
Loans from former members of Gateley Heritage LLP	(5.1)	(15.3)
Net debt after loans from former members of Gateley Heritage LLP	(4.2)	(19.3)

* Adjusted for depreciation and non-underlying items

** Adjusted for non-underlying items

Neil Smith

Finance Director

18 July 2016

Pro forma adjustments to historical financial information

The pro forma adjustments to the historical financial information used below are provided to illustrate the impact of the reorganisation from a Limited Liability Partnership to a Company which results in differing accounting treatments. All adjustments disclosed have been prepared consistently with information provided on historical results in the Group's Admission Document upon listing.

Finance Director's review (*continued*)

**Pro forma consolidated statement of profit and loss and other comprehensive income
for the year ended 30 April 2016**

	Year ended 30 April 2016 (As a Plc) £'000	Unaudited Pro forma year ended 30 April 2015 £'000	Pro forma adjustments £'000	Year ended 30 April 2015 (as an LLP) £'000
Revenue	67,061	60,871	-	60,871
Other operating income	442	386	-	386
Personnel costs	(38,951)	(35,584)	(13,841)	(21,743)
Depreciation and amortisation	(687)	(822)	-	(822)
Other operating expenses	(16,605)	(15,061)	-	(15,061)
Operating profit	11,260	9,790	(13,841)	23,631
Adjusted EBITDA	12,803	11,266	(13,841)	25,107
Depreciation and amortisation	(687)	(822)	-	(822)
<i>Non-underlying items</i>				
One off professional costs	(101)	(143)	-	(143)
IFRS transitional lease adjustment	-	(388)	-	(388)
Property restructuring costs	-	(123)	-	(123)
Admission costs	(755)	-	-	-
Net financing (expense)/income	(226)	47	-	47
Profit before tax	11,034	9,837	(13,841)	23,678
Taxation	(2,448)	(2,093)	(2,093)	-
Profit for the year after tax	8,586	7,744	(15,934)	23,678
Amounts due to members	-	-	22,745	(22,745)
Total comprehensive income for the year, net of tax	8,586	7,744	6,811	933
Earnings per share				
Basic	8.18p	7.74p		
Diluted	8.18p	7.74p		
Adjusted earnings per share				
Basic	8.98p	8.27p		
Diluted	8.98p	8.27p		

The adjustment to consolidated statement of profit and loss and other comprehensive income are:

- the inclusion of partners' pay as a personnel cost together with the removal of members' remuneration charged as an expense
- the inclusion of a corporation tax charge

Finance Director's review (continued)

Pro forma Consolidated statement of financial position at 30 April 2016

	2016 (as a Plc) £'000	Unaudited pro forma 2015 £'000	Pro forma adjustments £'000	2015 (as an LLP) £'000
Non-current assets				
Property, plant and equipment	1,478	1,499	-	1,499
Investment property	164	164	-	164
Intangible assets & goodwill	2,515	-	-	-
Other Investments	85	70	-	70
	4,242	1,733	-	1,733
Current assets				
Trade and other receivables	33,696	31,695	-	31,695
Cash and cash equivalents	9,795	7,411	4,692	2,719
Total current assets	43,491	39,106	4,692	34,414
Total assets	47,733	40,839	4,692	36,147
Non-current liabilities				
Other interest-bearing loans and Borrowings	(7,438)	(6,920)	(6,920)	-
Other payables	(154)	(154)	-	(154)
Deferred tax liability	(200)	-	-	-
Provisions	(339)	(377)	-	(377)
Total non-current liabilities	(8,131)	(7,451)	(6,920)	(531)
Current liabilities				
Other interest-bearing loans and Borrowings	(6,583)	(8,333)	13,591	(21,924)
Trade and other payables	(18,597)	(13,482)	-	(13,482)
Provisions	(257)	(160)	-	(160)
Current tax liabilities	(1,441)	(1,093)	(1,093)	-
Total current liabilities	(26,878)	(23,068)	12,498	(35,566)
Total liabilities	(35,009)	(30,519)	5,578	(36,097)
NET ASSETS	12,724	10,320	10,270	50
EQUITY				
Share capital	10,640	10,527	527	10,000
Share premium	4,332	4,423	4,423	-
Merger reserve	(9,950)	(9,950)	-	(9,950)
Other reserve	1,013	-	-	-
Treasury reserve	(27)	-	-	-
Retained earnings	6,716	5,320	5,320	-
TOTAL EQUITY	12,724	10,320	10,270	50

The adjustment to net assets in the pro forma consolidated financial position are:

- a pro forma corporation tax liability
- the drawdown of term loans totalling ten million pounds, repayable over five years
- proceeds received from the term loans were used to repay individual members' fixed capital and support working capital after admission
- the receipt of £5m by the Group of net proceeds from the placing of new shares on AIM.

Strategic report

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006.

Principal objectives, strategy and outlook

The principal activity of the Gateley Group during the year was the provision of commercial legal services together with complementary non-legal services including acting as independent trustees to pension schemes (via Entrust Pension Limited) and providing specialist tax incentive advice (via Gateley Capitus Limited).

The Group's services are tailored to those required by local, regional and national clients and are provided from seven offices across England as well as an office in Dubai. Gateley is affiliated with a Scottish practice, HBJ Gateley, which has three offices in Aberdeen, Edinburgh and Glasgow. Gateley also has informal relationships with a number of law firms in European countries enabling it to offer clients access to advice in those jurisdictions.

Gateley took advantage of changes in the law to adopt an Alternative Business Structure ("ABS") with effect from 1 January 2014, allowing non-lawyers to own and invest in law firms. The Board believes the combination of the new ABS structure, the transitioning from an LLP to a PLC and the admission to trading on AIM, will provide a platform to enhance and diversify its business through:

- Enhanced opportunities to grow Gateley organically – including lateral hires of individuals or teams
- The opportunity to make selective acquisitions, including (i) other legal firms which offer geographical expansion or specialist services and (ii) businesses offering complementary professional or other business services
- Alignment, through share participation, of employees' goals with those of the business, aiding retention of staff and enhancing Gateley's recruitment appeal
- Facilitating a more flexible career structure, further widening Gateley's appeal in the employment market
- Enhancing the visibility of Gateley generally.

The Group generates fee income across 15 business lines, grouped into five operating segments. Dependent on a client's requirements, any given mandate or assignment can involve more than one department, working across one or more office locations.

The Group's strategy is to continue to develop its business by way of organic growth, but also by acquisition.

Organic growth strategy

The UK legal services market continues to exhibit growth and clear opportunities exist for Gateley to grow organically, in particular from:

- The retention of former partners and fee earners and their commitment to Gateley and opportunities it provides, as demonstrated by the extended five year lock-in arrangements the existing partners have entered into
- Attracting new talent wishing to be a part of a progressive legal services business
- Enhanced cross-selling opportunities afforded by the adoption of an ABS. Whilst legal services will always remain at the heart of the business, the directors believe there is a compelling logic to adding complementary business services, such as regulatory advice, compliance and professional training, alongside Gateley's existing legal service offerings
- Improving Gateley's bank panel representation and "own account" work for banks
- Extending Gateley's relationships with the UK's leading house builders and in particular in those divisions and regions where Gateley does not currently act for them
- Obtaining instructions from the Pension Protection Fund to act as independent trustee on large schemes with deficits

Strategic report *(continued)*

- Expansion of specialist areas such as regulatory into other geographical areas
- Growing Gateley's corporate teams in each region, in particular Yorkshire and the North West and more recently Reading
- Developing Gateley's project litigation offering and taking advantage of the offshore work this generates.

Acquisitive growth

In addition to organic growth, Gateley intends to take advantage of becoming the first UK commercial law firm to be admitted to trading on AIM as well as having an ABS and being at the forefront of anticipated consolidation within the UK legal services sector.

Acquisitive growth will be achieved through the acquisition of:

- Legal teams or firms offering niche services, sector specialism or geographic expansion
- Complementary professional or other business services businesses (now permitted under the ABS).

A broader set of services will increase the potential for cross-selling to existing clients and represent a stronger sales proposition for potential new clients.

Overview for the year

Management use the following key performance indicators (KPIs) to assess the performance of the Group:

- Revenue up 10.2% to £67.1m (2015: £60.9m)
- Profit before tax up 12.2% to £11.0m (pro forma 2015: £9.8m) (down 54.6% from 2015 LLP: £23.7m)
- Adjusted EBITDA* up 13.3% to £12.8m (pro forma 2015: £11.3m) (down 49% from 2015 LLP: £25.1m)
- Basic Earnings per share (EPS) up 5.7% to 8.18p (pro forma 2015: 7.74p) (down 65.5% from 2015 LLP: 23.68p)
- Total dividend declared of 5.6p (pro forma 2015: 5.1p) (2015 LLP £nil)

*Adjusted underlying pro-forma EBITDA excludes income or expenses that relate to non-underlying items

See Finance Director's report on pages 5 to 9 for a summary of key financial highlights during the year.

Earnings per share

Adjusted basic EPS was 8.98p (pro forma 2015: 8.27p). Basic EPS was 8.18p (pro forma 2015: 7.74p). Diluted adjusted EPS was 8.98p (pro forma 2015: 8.27p).

Strategic report *(continued)*

Cash flows

Net cash generated from operating activities was £14.3m. The current year cash flows included cash outflows associated with non-underlying costs of £0.9m. Accordingly, cash generated from operations before exceptional items was £15.2m.

Investing cash outflows principally comprised £0.67m for capital expenditure, together with £1.59m investment in Gateley Capitus Limited ('GCL'). Consideration in respect of the acquisition of GCL totalling £0.22m remained unpaid at the year end.

Financing cash outflows reflect the key aspects of the Group's transition from Limited Liability Partnership (LLP) to the PLC. Upon admission to AIM, the Group received term loans totalling £10m (before charges) together with £5m of new money from the issue of shares. During the year £1m was repaid in respect of the term loans. These newly acquired funds have been used to settle in full former LLP members fixed capital of £6.7m together with £10.2m of undrawn profits owed to former partners from the LLP for the year ended 30 April 2015, which were converted into loans from partners of the LLP upon admission. Equity dividends totalling £1.995m were also paid during the year.

Financing

The Group's debt position as at 30 April 2016 (including loans owed to former partners) was £14m. The decrease in net debt reflects the structural changes resulting from the LLP to PLC transition which remains on schedule.

Going concern

The Group financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group remains cash generative, with a strong on-going trading performance. On 1 June 2015 the Group acquired two unsecured term loans for £5m each repayable quarterly over five years together with unsecured overdraft facilities of up to £6m, renewed for a further 12 months on 1 November 2015. Also on 1 November 2015 a further £1m unsecured overdraft was entered into. All of the Group's overdraft facilities are now therefore 12 months in duration. The term loan facilities contain financial covenants which have been met throughout both periods.

Principal risks and uncertainties

Reputational Risk

Reputation

The success of Gateley's business depends on the maintenance of good client relationships and its reputation for providing high-quality professional services. If Gateley does not meet a client's expectations, or if Gateley is involved in litigation or claims relating to its performance in a particular matter, the reputation of the Company could be significantly damaged. The Group's reputation could also be damaged through Gateley's involvement (as an adviser or as a litigant) in high-profile or unpopular legal proceedings. Gateley may be required to incur legal expenses in defending itself against any litigation arising in, or out of, such cases and may also incur significant reputational and financial harm if such litigation is successful or if the Company receives negative press coverage.

Intellectual property rights and brand name

The Company regards its brand name, trademarks, domain names, trade secrets and similar intellectual property as important to its success. The Company's business has been developed with a strong emphasis on branding. Should the brand name of Gateley be damaged in any way or lose market appeal, the Group's business could be adversely impacted. While the Group will use all reasonable endeavours to protect its intellectual property rights, unauthorised use or disclosure of its intellectual property may have an adverse effect on the operating, marketing and financial performance of the Group.

Strategic report (continued)

Financial Risk

Operational risk

While Gateley has operational risk management practices, its profitability will continue to be subject to a variety of operational risks including strategic and business decisions (including acquisitions), technology risk (including business systems failure), reputation risk, fraud, compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, business continuity planning, legal risk, data integrity risk, client default risk, key person risk and external events. A further operational risk is that a client or clients may terminate the services of the Group at any time, for any reason.

Professional liability and uninsured risks

Gateley provides legal advice. Therefore, like any law firm, it is susceptible to potential liability from negligence, breach of client contract and other claims by clients. As well as the risk of financial damage, such claims also carry a risk of damage to the Company's reputation. Although Gateley holds professional liability insurance and, in the opinion of the directors has a good claims history, this insurance may not cover all potential claims or may not be adequate to indemnify the Company for all liability that may be incurred (or loss which may be suffered). Any liability or legal defence expenses that are not covered by insurance or are in excess of Gateley's insurance coverage could have a material adverse effect on Gateley's business and financial condition.

Restrictions on holdings of 10% or more

Under the Legal Services Act 2007, there are restrictions on the holding of "restricted interests" in the Licensed Body law firms. A restricted interest for the purpose of these restrictions is an interest of 10 per cent or more in the issued share capital of the Licensed Body and includes an interest in the ultimate parent company of the Licensed Body, i.e. Gateley. Gateley Plc is currently a Licensed Body. The effect of the restrictions is that the consent of the Solicitors Regulation Authority ("SRA") is required should any person who is a non-deemed approved lawyer seek to acquire a shareholding of 10 per cent or more in the Company. It is a criminal offence for any non-deemed approved lawyer to acquire a restricted interest without first notifying the SRA or to acquire a restricted interest having notified the SRA but before obtaining its consent. Any consent from the SRA may have conditions attached. The SRA also has power to force the divestment of any shareholding which breaches this rule via the courts and/or to suspend or revoke the Licensed Body status of Gateley Plc, which would have a serious effect on the Group. The directors intend, should this situation arise, to work with the SRA to minimise any such risk.

Infrastructure Risk

Employee misconduct

Gateley is exposed to the risk of employees engaging in misconduct, including by improperly using or disclosing confidential client information. Employee misconduct could result in considerable harm to Gateley's reputation, as well as regulatory sanctions and financial damage.

Information systems

The Group is exposed to the risk of catastrophic loss to computer equipment or other facilities that would have a serious impact on the Group's operations. Some of the Group's growth plans are based on its ability to apply its existing infrastructure (including information technology systems) across a growing business. The Group can give no assurance that all such risks will be adequately covered by its existing systems or its insurance policies to prevent an adverse effect on the Group's financial performance.

Strategic report (continued)

Personnel

Gateley, as a law firm, is a professional services provider, and therefore heavily reliant on its ability to attract new key personnel and retain existing key personnel. Whilst Gateley has a proven track record of attracting and retaining quality fee earners, the market for high-quality lawyers is very competitive, and the Company may experience difficulty in hiring employees with appropriate qualifications and experience. Further, the Company heavily relies on existing key personnel to maintain business and client relationships. If Gateley is unable to retain and motivate these key employees, the Company's profitability could be harmed. This risk may be mitigated in part by the lock-in arrangements described above and by encouraging key employees to participate in the ownership of the Company through the Stock Appreciation Rights and other Schemes. However, key personnel cannot be prevented from ceasing employment with the Company.

Conflict of duties

Lawyers have duties both to the courts and to their clients. These duties – including the attendant responsibilities such as client confidentiality and the rules relating to legal professional privilege – are paramount given the nature of the Group's business as an independent law firm. There could be circumstances in which the lawyers of Gateley are required to act in accordance with these duties and contrary to other corporate responsibilities and against the interests of Shareholders and the short-term profitability of the Group.

Marketplace Risk

Competition

The Company competes with other legal firms that also offer commercial law services. Gateley competes on the basis of a number of factors, including the quality of advice and service, innovation, reputation and price. However, there is no assurance that competitors will not succeed in developing and offering legal services that are more effective, economic or otherwise more desirable than those being offered by the Company.

In addition, the Company may not be able to compete successfully against current or future competitors where aggressive pricing policies are adopted by those competitors to capture market share. Such price competition could result in revenue reductions, reduced margins, or loss of market share, any of which could materially adversely affect the Group's future business, operating results and financial position.

Government actions and legal developments

Gateley is subject to significant regulatory and legal oversight. Whilst such changes may provide opportunities for Gateley, the Company's business operations could be adversely affected by actions of the Government and changes in Government legislation, guidelines and regulations. The Company is exposed to regulatory change in the areas of law in which the Company practises, such as corporate and individual law, and is also exposed to regulatory changes in the laws that regulate the Company, such as tax law, accounting standards and the Legal Services Act 2007. In general, the extent to which legal and regulatory changes might affect Gateley's business is difficult to predict. Any such changes may detrimentally affect revenue, require increased capital and/or operating expenditures and could prevent or delay certain acquisitions or growth initiatives by the Company, any of which could have a material adverse effect on its business and financial condition.

Report on remuneration: voluntary disclosure

As an AIM listed company, Gateley (Holdings) Plc is not required to comply with Schedule 7A of the Companies Act, however the directors feel it is appropriate to provide the following unaudited information to shareholders.

Directors' remuneration

The board submits its directors' remuneration report for the year ended 30 April 2016. The report sets out a description of how the remuneration committee operates; a summary of the remuneration policy and details of the remuneration paid to the directors for the year under review.

The policy of the board is to provide executive remuneration packages designed to initially create what it believes strikes the optimal cost structure for the Group as it begins its transition from a Limited Liability Partnership to a Public Limited Company. In the long term the Board recognises that its executive remuneration structures need to attract, motivate and retain directors of the calibre necessary to maintain the Group's position as a market leader and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary.

At present, the board believes that the balance of all forms of total personal remuneration received by its executives, through a combination of basic annual salary, bonuses, dividend income and shareholding growth, is sufficiently motivating for each individual. The board also believes that its executives are strategically aligned with external shareholders in a unique way so as to incentivise all executives to perform well for all stakeholders of the Group.

Remuneration Committee

The committee is appointed by the board and is formed entirely of non-executive directors. The committee is chaired by Michael Seabrook and the other members are Nigel Payne and Joanne Lake. None of them have any personal financial interest in the matters to be decided, potential conflicts of interest arising from cross-directorships, nor any day to day involvement in running the business.

The committee has responsibility for setting the Group's general policy on remuneration and also specific packages for individual directors including the directors that comprise the strategic board. The committee also makes recommendations to the board concerning the allocation of shares options to employees under the SAR Scheme. The committee's terms of reference are available for public inspection on request.

The committee has met once formally during the year with all committee members in attendance. The committee has also met on several other occasions with advisers.

Other members of the board of directors are invited to attend meetings when appropriate, but no director is present when his or her remuneration is discussed. New Bridge Street ("NBS"), a part of Aon Hewitt Limited, provided advice to the committee during the year. NBS is a signatory to the Remuneration Consultants' Group code of conduct and has no other connection with the Company other than in the provision of advice on remuneration.

Remuneration policy

The remuneration policy is designed to provide an appropriate level of remuneration for the executive directors so that they are incentivised and rewarded for their performance, responsibilities and experience. The main elements of the executive directors' remuneration package are base salary and performance related bonuses, underpinned by high levels of executive share ownership. The Finance Director and other members of the senior management team, below the strategic board level, are also shareholders and participate in a share option scheme.

The current remuneration policy was set prior to admission on AIM and reflects the initial structure created by the Board to position the cost base correctly for its transition from a Limited Liability Partnership to a Public Limited Company.

During the year, the committee reviewed the remuneration policy against market and best practice, as it intends to do each year. No significant changes are proposed to the remuneration policy for 2016/17 year, save for the introduction of the performance pool in 2016/17. However, over time, the committee intends to raise the executives' salaries to a broadly mid-market position relative to similarly sized AIM-listed companies to ensure that the policy remains competitive in the marketplace and to introduce a broader range of corporate measures into the incentive arrangements.

Report on remuneration: voluntary disclosure (*continued*)

The details of the individual components of the remuneration package the service contracts are set out below.

Basic annual salary

Base salaries are reviewed on an annual basis by the Committee with any increases normally becoming effective from the start of the financial year. Salaries are set taking into account the responsibilities of the role and the skills and experience of the individual director.

Bonuses

The performance related elements of remuneration form a significant proportion of the executive directors' total potential remuneration. They are designed to align the executive directors' interests with those of shareholders and to give executive directors keen incentives to perform at the highest levels. Going forward, the executive directors have the ability to participate in two types of bonus scheme; a merit pool and a performance pool bonus scheme will be in existence for the year ended 30 April 2017. For the year ended 30 April 2016 only a merit pool bonus scheme was in operation.

Each year, a pre-agreed percentage of pre-tax profits is paid into a merit pool. The merit pool is distributed to select employees, including the executive directors, based on their individual performance during the year. The merit pool for the year ended 30 April 2016 was set at 15% of pre-tax profits and resulted in awards of up to £44,000 being made to the executive directors.

Under the firm's performance pool bonus scheme, a fixed sum will be allocated to the pool dependent on achieving excess budgeted profit. To the extent that budget profit is not achieved, the size of the pool is scaled back. The pool is distributed to select employees, including certain of the executive directors based on a points based system, with the allocation of points reflecting an individual's role, responsibility and contribution to delivering the long-term business strategy.

Pension

The executive directors do not participate in a company funded pension scheme nor receive a cash allowance in lieu thereof.

Share options

On Admission, the Company introduced an employee share incentive arrangement (the "SAR Scheme"). The purpose of the SAR Scheme is to assist in the recruitment and retention of senior employees and directors by enabling the Company to grant share awards to such persons.

Under the rules of the SAR Scheme, options may be granted to participants, which will entitle the recipient to receive, on vesting, ordinary shares equal to the growth in value of the options between the date of grant and the date of exercise in excess of the hurdle rate. The hurdle rate is set at 115.765% of the market value on the date of grant. The options may not normally be exercised any earlier than the third anniversary of grant or later than the six months after the third anniversary of the date of grant.

On Admission, an aggregate 7,200,000 options over ordinary shares were granted to employees. Included within these options are 150,000 awarded to Neil Smith, Finance Director. No other options have been or will be granted to any of the other directors due to their significant shareholdings in the Company. 150,000 options have been forfeited following the retirement of two option holders during the year.

Employee share ownership

The Company supports and encourages employee share ownership through the use of the SAR Scheme and, with effect from September 2016, through an all employee share scheme and a CSOP scheme. In owning shares, employees are directly aligned with the interests of shareholders and are able to participate in the dividend income that share ownership provides. 70.31% of the Company's issued share capital is held by employees. Details of the shares held by the directors are set out on page 22. There is no minimum shareholding guideline but over time, the executive directors are expected to build up a sizeable shareholding. The Chief Executive Officer and Chief Operating Officer hold significant shareholdings. It is anticipated, that over time, the size of their shareholdings will reduce to facilitate the redistribution of shares to other employees.

Report on remuneration: voluntary disclosure (*continued*)

Service contracts

The executive directors signed new service agreements on 1 June 2015. The service agreements provide that their employment with the company is on a rolling basis, subject to written notice being served by either party of not less than six months. The service agreements contain provisions for early termination in the event of a breach of a material term of the service agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The service agreements also contain restrictive covenants for a period of 12 months following termination of employment. No bonus is payable to the director if their employment terminates for any reason or they are under notice of termination (whether given by the company or the executive) at or prior to the date when the bonus is paid. All bonuses are payable within six months of the financial year end.

Non-executive director fees

The chairman of the board, Nigel Payne, is eligible for a fee of £36,000 per annum. The two other non-executive directors, Michael Seabrook and Joanne Lake, are eligible for annual fees of £30,000 per annum. Other than this fee, and appropriate travel expenses to and from board meetings, no additional compensation is payable.

The non-executive directors serve under letters of appointment (dated 1 June 2015). The appointments are for an initial fixed term of three years unless terminated by either party serving at least three months' written notice on the other during or after such initial fixed term. The agreement contains provisions for early termination in the event of a serious or repeated breach of the agreement by the director or where the director ceases to be a director of the Company for any reason.

The Remuneration Committee, having taken internal advice from other Executive Directors and external advice from its Remuneration Consultants, is responsible for structuring non-executive director pay, subject to approval of all the independent directors, so that it is aligned with the long-term interests of shareowners. In light of the fact that non-executive directors are involved in setting their own remuneration, the Remuneration Committee places additional emphasis on the feedback from its independent external remuneration consultants. The Remuneration Committee will disclose all instances where the consultant is also retained by the Remuneration Committee to provide advice on executive remuneration. In no circumstances should the Remuneration Committee utilise a consultant for non-executive director or executive remuneration who is also retained by management.

Summary of directors' remuneration

The following table represents the Directors' remuneration for the year ended 30 April 2016:

	Salaries and fees £'000	Benefits £'000	Bonus ¹ £'000	Share Options ² £'000	Total 2016 £'000
Nigel Terrence Payne	32	-	-	-	32
Joanne Carolyn Lake	27	-	-	-	27
Michael Richard Seabrook	27	-	-	-	27
Michael James Ward	132	-	44	-	176
Peter Gareth Davies	132	-	44	-	176
Neil Andrew Smith	132	-	44	3	179
Total	482	-	132	3	617

¹ Relates to amounts paid under the merit pool bonus scheme for the year ending 30 April 2016.

² Relates to share appreciation rights scheme awards issued effective from 8 June 2015

As the Group only commenced remuneration of its directors following its admission to AIM, the directors do not feel it appropriate to disclose comparative year remuneration.

Report on remuneration: voluntary disclosure (*continued*)

Directors' Interests

Directors' shareholdings at 30 April 2016 were as follows:

	10p ordinary shares	
	Number of shares	Percentage Holding
	At 30 April 2016	
Nigel Terrence Payne	39,107	0.04%
Joanne Carolyn Lake	26,300	0.02%
Michael Richard Seabrook	15,700	0.01%
Michael James Ward	3,289,004	3.09%
Peter Gareth Davies	3,289,004	3.09%
Neil Andrew Smith	474,702	0.45%

Directors' share options at 30 April 2016

The following directors held share options under the SAR Scheme as at 30 April 2016:

	Number of options at 30 April 2016 Number	Date of grant	Exercise price in £	Earliest exercise date
Neil Andrew Smith	150,000	8 June 2015	1.10 ¹	8 June 2018

¹ Being the share price on the date of grant of £0.95p multiplied by the hurdle rate of 115.765%.

Under the SAR Scheme, the participant is entitled to shares equivalent to the growth in value above the exercise price.

Corporate governance: voluntary disclosure

The Combined Code

The Board of Directors is committed to delivering high standards of corporate governance, integrity and business ethics. Gateley (Holdings) Plc is quoted on AIM and is not subject to the requirements of the new edition of UK Corporate Governance Code (formerly the Combined Code) issued by the Financial Reporting Council in September 2014 (“the Code”) on corporate governance, nor is it required to disclose its specific policies in relation to corporate governance. However, the Board has taken into consideration the Guidance for Smaller Quoted Companies on the Code produced by the Quoted Companies Alliance and has taken steps to apply the principles of the Code insofar as it can be applied practically given the size of the Group and the nature of its operations. The Board of Directors operates within the framework set out below.

The Board and its committees

Board composition and independence

The Board consists of three Executive Directors, the Chief Executive Officer, Chief Operating Officer and Finance Director, together with the independent non-executive Chairman and two further independent non-executive Directors. The non-executive directors are considered by the Board to be independent of management and are free from any relationship which may materially interfere with the exercise of independent judgement. A third of the Directors will submit themselves for re-election every year.

Operation of the Board

The Board meets regularly throughout the year, as well as on an ad hoc basis as required, to consider all aspects of the Group's activities. A formal schedule of matters reserved for the Board includes overall Group strategy, acquisition progress, operational review, committee updates, governance and risk and approval of major expenditure. Reports from the executive directors together with minutes of all sub board meetings (sub boards comprise both the Strategic and Operations Boards), and the subsidiary companies' operations are discussed. The agenda and relevant briefing papers are distributed by the Company Secretary on a timely basis, usually a week in advance of each board meeting.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

Remuneration Committee

The Remuneration Committee comprises Michael Seabrook (Chairman), Nigel Payne and Joanne Lake. The Remuneration Committee is responsible for all elements of the remuneration of the Executive Directors and the members of the Strategic Board. The committee also oversees the Company's share option schemes. The Chief Executive Officer will normally be invited to meetings of the Remuneration Committee to discuss the performance of other executive directors but shall not be involved in any of the decisions. The Remuneration Committee may invite any person it thinks appropriate to join the members of the Remuneration Committee at its meetings. Further details of the committee are included in the Remuneration Report.

Audit Committee

The Audit Committee comprises Joanne Lake (Chairman), Nigel Payne and Michael Seabrook. Joanne Lake and Nigel Payne are Chartered Accountants and the Board believes the committee is independent with all members being non-executive directors. The Committee meets, together with the Finance Director, Neil Smith, at least twice a year. It is responsible for ensuring the financial performance of the Group is properly reported on and monitored. The Committee reviews the interim and annual accounts, reviews reports from the auditor, monitors the adequacy and effectiveness of the systems of internal control, and reviews annually the effectiveness of the auditor. The auditor, KPMG LLP, normally attends meetings and the Audit Committee meets with the auditor without Executive Directors being in attendance for part of the meeting.

Corporate governance: voluntary disclosure (*continued*)

Nomination Committee

The Nomination Committee comprises Nigel Payne (Chairman), Michael Seabrook and Joanne Lake. The Committee is responsible for monitoring the size and composition of the Board and the other Board committees. It is also responsible for identifying suitable candidates for board membership and will monitor the performance and suitability of the current Board on an on-going basis.

Risk Committee

The Risk Committee is chaired by Michael Ward and is responsible for all elements of corporate risk. The Committee reports to every meeting of each Board. Neil Smith is also a member of this Committee.

Communications with shareholders

Communications with shareholders are given a high priority by the Directors who take responsibility for ensuring that a satisfactory dialogue takes place. The principal methods of communication with private shareholders remain the annual report and financial statements, the interim report, the AGM and the group's website (www.gateleyplc.com). It is intended that all directors will attend each AGM and shareholders will be given the opportunity to ask questions. In addition, the Chief Executive, Finance Director and Head of Investor Relations meet with institutional shareholders following the announcement of interim and final results and at other appropriate times. The Chief Executive Officer and Finance Director are also in regular contact with analysts.

Internal control

The Board is responsible for the Group's systems of internal control and for reviewing their effectiveness. It must, however, be recognised that any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Any such system of internal control can at best provide reasonable but not absolute assurance against material misstatement or loss. The Board is committed to operating in accordance with the Code as far as it is appropriate to do so given the current stage of development of the Group. The Audit Committee discusses the effectiveness of the systems of internal control with the auditor. The Board regularly reviews the process for identifying, evaluating and managing any significant risks faced by the Group. Systems of internal control continue to develop as the Group's activity expands. The internal controls in the newly acquired Gateley Capitus Limited business and its newly opened offices are, where appropriate, the same as those in existing offices. In addition to the work of the Risk Committee, the subsidiary companies' management have specific responsibilities and authority to manage risk effectively. They report to the Operations Board who, in turn, refer points of interest to the Risk Committee for periodic review, as required, on financial, operational and compliance risks.

In addition, the operational functions, professional practice, finance, IT, HR, training, business development, support services and compliance operate within a developed management structure to ensure that the relevant risks are adequately identified, managed and reported on. Strategic and Operations Boards meet monthly. Specific matters are reported on to the Operations Board who in turn refer specific key decisions to the Strategic Board, the Board and, if necessary, to the Audit Committee and these provide the basis on which the Audit Committee reviews internal controls.

New processes to embed risk management throughout the Group will continue to be reviewed and implemented as appropriate, as will reviews of social, environmental and ethical matters to ensure that all significant risks to the business of the Group arising from these matters are adequately addressed. The Board has considered the need for an Internal Audit function and is continuing to develop its Group implementation.

On behalf of the Board,
Nigel Payne, Chairman
18 July 2016

Board of Directors

Details of the Directors', their roles and their backgrounds are as follows:

Nigel Payne, aged 56, *Non-Executive Chairman*

Nigel has over 30 years' experience as a director of both publicly listed and private companies. He has extensive experience of listing companies, fund raising on the public markets acting as either Chairman or Non-Executive Director of public companies. Nigel is presently Non-Executive Chairman of AIM quoted Stride Gaming Plc and AIM quoted EG Solutions Plc, and is also a Non-Executive Director of AIM quoted SEC Group and AIM quoted Gama Aviation Plc. Previously Nigel was the CEO of Sportingbet Plc, one of the world's largest internet gambling companies where Nigel made a number of acquisitions whilst listed on the London Stock Exchange (both FTSE listed and AIM quoted). Nigel holds an Executive MBA from the IMD Business School (Lausanne, Switzerland) and a degree in Economics and Accounting from Bristol University.

Michael Ward, aged 57, *Chief Executive Officer*

Mike has over 30 years' experience as a corporate lawyer, advising private and public companies, management teams and private investors. He joined Gateley in 1987 and has been instrumental in the development of Gateley. He was elected as Senior Partner in 2001 and sits on the Strategic Board. Mike is a former President and Treasurer of the Birmingham Law Society and a former President of the Greater Birmingham Chamber of Commerce.

Neil Smith, aged 40, *Finance Director and Company Secretary*

Neil he has more than 20 years' experience working in the accountancy profession where he specialised in the professional services industry. Initially Neil spent 14 years at Grant Thornton where he gained considerable experience of auditing and advising a wide range of privately owned and publicly listed business across many sectors. He joined Gateley LLP in 2008, was appointed as Finance Director in 2011 and became the first non-lawyer to be appointed as Partner within Gateley LLP following its successful application to become an Alternative Business Structure in January 2014. Neil was a member of the management team on Gateley LLP's acquisition of the commercial law business from Hallwells LLP in 2010 and, following his involvement in its admission to AIM, was appointed to the Board of Gateley (Holdings) Plc in 2015. As well as Company Secretary for the Gateley Group he is also the Group's compliance officer for finance and administration ("COFA") together with a fellow of the Association of Certified Chartered Accountants.

Peter Davies, aged 58, *Chief Operating Officer*

Peter has over 30 years' experience as a dispute resolution lawyer. He has considerable experience in construction disputes, acting for developers, contractors, sub-contractors and construction professionals. More recently, he has concentrated on providing advice to the firm's house-builder clients. He is a member of the Law Society, TeCSA, and is also a CEDR accredited mediator. He has been involved in the management of Gateley LLP for over 20 years. He sits on the Strategic Board and Chairs the Operations Board.

Joanne Lake, aged 51, *Non-Executive Director*

Joanne has over 30 years' experience in financial and professional services; in investment banking with firms including Panmure Gordon, Evolution Securities and Williams de Broe and in audit and business advisory services with Price Waterhouse. Joanne is a non-executive deputy Chairman of AIM quoted wealth management group, Mattioli Woods plc and main market listed land management and construction group, Henry Boot PLC. She is a non-executive director of AIM quoted standard finance provider, Morses Club PLC and tissue converter, Accrol Group Holdings plc and is a trustee of the Hepworth Wakefield. Joanne is a Fellow of the Chartered Institute for Securities & Investment and of the ICAEW, and is a member of the ICAEW's corporate finance faculty.

Michael Seabrook, aged 63, *Non-Executive Director*

Michael has over 30 years' experience as a solicitor, nearly 25 of which were served as a partner in Eversheds LLP, where he performed a number of senior roles before retiring in 2011. Since then he has held non-executive director roles at Steelite International Holdings Limited, Springboard Corporate Finance Limited, West Midlands Enterprise Limited and other businesses, and acts as a trustee of the Queen Elizabeth Hospital Birmingham Charity.

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2016.

Principal activities

The principal activity of the Gateley Group during the year was the provision of commercial legal services together with complementary non-legal services including acting as independent trustees to pension schemes (via Entrust Pension Limited) and providing specialist tax incentive advice (via Gateley Capitus Limited).

Business review

The results of Gateley (Holdings) Plc for the year are set out in the consolidated statement of profit and loss and other comprehensive income on page 27.

Details of the Group reorganisation prior to its admission to AIM were as follows:

Ensco 1101 Limited was incorporated on 13 November 2014.

On 29 May 2015, Ensco 1101 Limited changed its name to Gateley (Holdings) Plc.

On 8 June 2015, Gateley (Holdings) Plc listed on the AIM Market of London Stock Exchange plc ("AIM").

A Group reorganisation occurred on 29 May 2015 that became effective upon admission of the new Gateley Group ("the Group"). The reorganisation involved the sale of all of the business assets and liabilities of Gateley Heritage LLP (formerly Gateley LLP) to Gateley Plc (formerly Ensco 1102 Limited), with effect from an economic date for accounting purposes of 1 May 2015, in consideration for the issue of ordinary shares in the capital of Gateley Plc. The shares in Gateley Plc were distributed to the members of Gateley Heritage LLP by way of a capital profit distribution. These shares were then subject to a share for share exchange with shares in the newly formed Gateley (Holdings) Plc prior to admission. All members in Gateley Heritage LLP then subsequently resigned.

A review of the business, results and dividends, and likely future developments of the company are contained in the Chief Executive Officer's review on pages 3 to 4 and the Finance Director's review on pages 5 to 9. The Strategic Report, which includes a description of the principal risks and uncertainties facing the Group, is set out on pages 10 to 14.

Dividends

The Directors proposes to recommend that a final dividend of £4,005,055, being 3.764p per share, be paid, giving a total dividend for the year of 5.639p. The final dividend has not been included within creditors as it was not approved before the year end.

The directors and their interests in the shares of the parent company

	10p ordinary shares	
	Number of shares	Percentage Holding
	At 30 April 2016	
Nigel Terrance Payne	39,107	0.04%
Joanne Carolyn Lake	26,300	0.02%
Michael Richard Seabrook	15,700	0.01%
Michael James Ward	3,289,004	3.09%
Peter Gareth Davies	3,289,004	3.09%
Neil Andrew Smith	474,702	0.45%

All of the above directors were appointed on 1 May 2015.

Mr P Cliff and Gateley Incorporations were appointed as directors on incorporation and resigned on 1 May 2015. Neither director received any remuneration for their services as directors during their period of office.

Gateley Secretaries Limited was appointed as secretary on incorporation and resigned on 1 May 2015.

Directors' report *(continued)*

Substantial shareholdings

The Company was notified that the following were interested in 3% or more of the issued share capital of the company as at 30 April 2016:

Name	Number of ordinary shares	% of issued share capital
Schroder Investment Management	8,421,000	7.91%
Miton Asset Management	7,855,534	7.38%
Mr Brendan G McGeever	3,289,004	3.09%
Mr Paul A Hayward	3,289,004	3.09%
Premier Fund Management	3,240,797	3.05%

Slavery and Human trafficking statement

Gateley (Holdings) Plc is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain, and expects its suppliers to adopt the same high standards. As part of our commitment to combating modern slavery, the directors have approved the adoption and implementation of a specific modern slavery policy. We expect all of our suppliers to adhere to our Anti-Slavery Policy and will not tolerate slavery and human trafficking within our supply chains.

Gateley (Holdings) Plc's slavery and human trafficking statement, made in accordance with section 54(1) of the Modern Slavery Act 2015 for the financial year commencing 1 May 2015 and ending 30 April 2016, can be found on its website, www.gateleyplc.com.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through informal discussions between management and other employees at a local level.

Financial instruments

It is the Group's policy not to enter into complex financial instruments. More detail on financial instruments is given in note 21 to the financial statements.

Charitable donations

The Group made charitable donations during the year of £33,924 (2015: £7,741). There were no political donations (2015: £nil).

Directors' report *(continued)*

Statement of directors' responsibilities in respect of the Annual report, Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Annual report, Strategic report, the Directors' report and the 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. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and 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 and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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 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.

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.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware: there is no relevant audit information of which the Company's auditor is unaware; each Director has taken all the steps that he ought to have taken as a Director to make themselves aware of any relevant audit information and has established that the Company's auditor are aware of that information.

Auditor

As a result of a foreseeable future conflict of interest between the Group and KPMG, the Board have agreed that a tendering process would be undertaken immediately in order to replace KPMG as our auditors. Following the anticipated successful outcome of the tendering process, we expect to announce the outcome at our AGM for the year ended 30 April 2016. The Audit Committee remains satisfied with the current effectiveness and efficiency of KPMG.

By order of the board

Michael J Ward
Director

One Eleven Edmund Street
Birmingham
West Midlands
B3 2HJ

18 July 2016



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditors report to the members of Gateley (Holdings) Plc (formerly Enesco 1101 Limited)

We have audited the financial statements of Gateley (Holdings) Plc for the year ended 30 April 2016 set out on pages 27 to 68. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with 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.

Independent auditor's report to the members of Gateley (Holdings) Plc (formerly Ensko 1101 Limited) (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Ian Borley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

18 July 2016

Consolidated statement of profit and loss and other comprehensive income
for the year ended 30 April 2016

	<i>Note</i>	Year ended 30 April 2016 (As a Plc) £000	Year ended 30 April 2015 (as an LLP) £'000
Revenue	2	67,061	60,871
Other operating income	3	442	386
Personnel costs	5	(38,951)	(21,743)
Depreciation and amortisation		(687)	(822)
Other operating expenses		(16,605)	(15,061)
Operating profit	4	11,260	23,631
Adjusted EBITDA	4	12,803	25,107
Depreciation and amortisation	11	(687)	(822)
<i>Non-underlying items</i>			
One off professional costs	4	(101)	(143)
IFRS transitional lease adjustment	4	-	(388)
Property restructuring costs	4	-	(123)
Admission costs	4	(755)	-
Net financing (expense)/income	6	(226)	47
Profit before tax		11,034	23,678
Taxation	8	(2,448)	-
Profit for the year after tax		8,586	23,678
Amounts due to members*		-	(22,745)
		Year ended 30 April 2016 (As a Plc)	Year ended 30 April 2015 (as an LLP)
Statutory Earnings per share			
Basic and diluted	9	8.18p	23.68p
Adjusted Basic and diluted	9	8.98p	24.20p
Pro forma earnings per share			
Basic and diluted	9	-	7.74p
Adjusted basic and diluted	9	-	8.27p

*Amounts due to members has been included above for additional information purposes and relates to distributions allocated in the prior year to members of Gateley (Heritage) LLP (formally Gateley LLP) as a profit share (see note 5).

Consolidated statement of financial position
at 30 April 2016

	Note	2016 (as a Plc) £000	2015 (as an LLP) £'000
Non-current assets			
Property, plant and equipment	11	1,478	1,499
Investment property	12	164	164
Intangible assets & goodwill	13	2,515	-
Other Investments	14	85	70
		<u>4,242</u>	<u>1,733</u>
Current assets			
Trade and other receivables	15	33,696	31,695
Cash and cash equivalents		9,795	2,719
		<u>43,491</u>	<u>34,414</u>
Total current assets		<u>43,491</u>	<u>34,414</u>
Total assets		<u>47,733</u>	<u>36,147</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	16	(7,438)	-
Other payables	17	(154)	(154)
Deferred tax liability	18	(200)	-
Provisions	19	(339)	(377)
		<u>(8,131)</u>	<u>(531)</u>
Current liabilities			
Other interest-bearing loans and borrowings	16	(6,583)	(21,924)
Trade and other payables	17	(18,597)	(13,482)
Provisions	19	(257)	(160)
Current tax liabilities		(1,441)	-
		<u>(26,878)</u>	<u>(35,566)</u>
Total current liabilities		<u>(26,878)</u>	<u>(35,566)</u>
Total liabilities		<u>(35,009)</u>	<u>(36,097)</u>
NET ASSETS		<u>12,724</u>	<u>50</u>
EQUITY			
Share capital	20	10,640	10,000
Share premium		4,332	-
Merger reserve		(9,950)	(9,950)
Other reserve		1,013	-
Treasury reserve		(27)	-
Retained earnings		6,716	-
TOTAL EQUITY		<u>12,724</u>	<u>50</u>

These financial statements were approved by the directors on 18 July 2016 and were signed on their behalf by:

Michael J Ward
Chief Executive Officer

Neil A Smith
Finance Director

Company registered number: 9310078

Statement of changes in equity

	Share capital	Share premium	Merger reserve	Other reserve	Treasury reserve	Retained earnings	Members' other reserves	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2014 (See note 1.3)	10,000	-	(9,950)	-	-	-	(933)	(883)
Profit for the year after tax	-	-	-	-	-	-	23,678	23,678
Amounts due to members	-	-	-	-	-	-	(22,745)	(22,745)
Total equity at 30 April 2015	10,000	-	(9,950)	-	-	-	-	50
At 1 May 2015	10,000	-	(9,950)	-	-	-	-	50
Total comprehensive income for the year	-	-	-	-	-	8,586	-	8,586
Repurchase of treasury shares	-	-	-	-	(27)	-	-	(27)
Issue of shares	640	4,482	-	1,013	-	-	-	6,135
Share issue costs	-	(150)	-	-	-	-	-	(150)
Dividend paid	-	-	-	-	-	(1,995)	-	(1,995)
Share based payment transactions	-	-	-	-	-	125	-	125
Total equity at 30 April 2016	10,640	4,332	(9,950)	1,013	(27)	6,716	-	12,724

The following describes the nature and purpose of each reserve within equity:

Share premium – Amount subscribed for share capital in excess of nominal value.

Merger reserve – Represents the difference between the nominal value of shares acquired by the company in the share for share exchange with the former Gateley Heritage LLP members and the nominal value of shares issued to acquire them.

Other reserve – Represents the difference between the actual and nominal value of shares issued by the company in the acquisition of subsidiaries.

Treasury reserve – Represents the repurchase of shares for future distribution by Group's Employee Benefit Trust.

Retained earnings – All other net gains and losses and transactions with owners not recognised anywhere else.

On 29 May 2015, the Company acquired 100% of the issued share capital of Gateley Plc which had, on the same day, acquired the business assets and liabilities of Gateley Heritage LLP, formerly the partnership of Gateley LLP. Following this Group reorganisation the financial statements for the year ended 30 April 2016 have been prepared on a merger accounting basis as though this Group structure had always been in place and a full twelve month set of results are therefore presented. The first day of trading of the Group included in this statement was therefore 1 May 2015.

Although the share for share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of the pre-existing group, headed by Gateley LLP.

Consolidated cash flow statement
for year ended 30 April 2016

	<i>Note</i>	Year ended 30 April 2016 (As a Plc) £000	Year ended 30 April 2015 (As an LLP) £000
Cash flows from operating activities			
Profit for the year after tax		8,586	23,678
<i>Adjustments for:</i>			
Depreciation and amortisation	11	687	822
Financial income	6	(265)	(198)
Financial expense	6	491	151
Equity settled share based payments		125	-
Profit on disposal of property, plant and equipment		(8)	(4)
Tax expense	8	2,448	-
		12,064	24,449
Increase in trade and other receivables		(1,387)	(2,747)
Increase in trade and other payables		4,605	(181)
Increase in provisions		59	70
		15,341	21,591
Cash generated from operations			
Tax expense paid		(1,007)	-
		14,334	21,591
Net cash flows from operating activities			
Investing activities			
Interest and other financial income paid	6	(226)	47
Acquisition of property, plant and equipment	11	(670)	(869)
Purchase of other investments	14	(15)	(40)
Consideration paid on acquisition of subsidiary	27	(1,592)	-
Cash received on acquisition of subsidiary	27	350	-
Proceeds from sale of property, plant and equipment	16	16	104
		(2,137)	(758)
Net cash used in investing activities			
Financing activities			
Issue of ordinary shares, net of issue costs	20	4,910	-
Proceeds from new term bank loans	16	9,907	-
Repayment of term bank loans/borrowings	16	(989)	(333)
Capital introduced by members		-	1,028
Repayment of loans from former members of Gateley Heritage LLP	16	(10,153)	(20,372)
Repayment of fixed capital from former members of Gateley Heritage LLP	16	(6,717)	(355)
Acquisition of own shares		(27)	-
Dividends paid	10	(1,995)	-
Payment of finance lease liabilities	17	(57)	(76)
		(5,121)	(20,108)
Net cash used in financing activities			
Net increase in cash and cash equivalents		7,076	725
Cash and cash equivalents at beginning of year		2,719	1,994
		9,795	2,719
Cash and cash equivalents at end of year			

Notes

(forming part of the financial statements)

1 Basis of preparation and significant accounting policies

Gateley (Holdings) Plc is a company incorporated and domiciled in the United Kingdom. The Company was incorporated on 13 November 2014.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group and Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except where Adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments.

1.2 Going concern

The Group financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group remains cash generative, with a strong ongoing trading performance. On 1 June 2015 the Group acquired two unsecured term loans for £5m each repayable quarterly over five years together with unsecured overdraft facilities of up to £6m. A further £1m unsecured overdraft was entered into on 1 November 2015. All of the Group’s overdraft facilities are 12 months in duration. The term loan facilities contain financial covenants which have been met throughout both periods. The Group’s forecasts and projections show that the new facility provides adequate headroom for its current and future anticipated cash requirements.

1.3 Basis of consolidation

On 29 May 2015, the Company acquired 100 per cent of the issued share capital of Gateley Plc which had, on the same day, acquired the business assets and liabilities of Gateley Heritage LLP, formerly the partnership of Gateley LLP. Following this Group reorganisation the financial statements for the year ended 30 April 2016 have been prepared on a merger accounting basis as though this Group structure had always been in place and a full 12 month set of results are therefore presented. The first day of trading of the Group included in this statement was therefore 1 May 2015.

Although the share for share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of the pre-existing group, headed by Gateley LLP.

These audited financial statements for the year ended 30 April 2016 have been prepared on the basis of the accounting policies adopted by the Group upon admission to AIM.

As a result, the comparatives presented in these financial statements are the consolidated results of the consolidated Gateley LLP Group. For the details of the impact on the earnings per share calculation see note 9.

Notes (continued)

1 Basis of preparation and significant accounting policies (continued)

1.3 Basis of consolidation (continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

1.5 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial instruments (including members' capital) are classified as a financial liability. Profit distributions relating to equity instruments are debited direct to equity.

Notes (continued)

1 Basis of preparation and significant accounting policies (continued)

1.6 Non derivative financial instruments

Financial Assets

The Group's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

i) Investments

Investments in subsidiary undertakings are started at cost less amounts written off for impairment. Investments are reviewed for impairment where events or circumstances indicate that their carrying amount may not be recoverable.

Other investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

ii) Trade and other receivables

Trade and other receivables (except unbilled amounts for client work) are recognised and carried at original invoice amount less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group may not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the statement of profit and loss in other operating expenses.

iii) Unbilled amounts for client work (unbilled revenue)

Services provided to clients, which at the year-end date have not been billed, are recognised as unbilled revenue and included in trade and other receivables.

Unbilled revenue is valued at selling price less provision for any foreseeable under recovery when the outcome of the matter can be assessed with reasonable certainty. In respect of conditional or contingent fee engagements unbilled revenue is only recognised once the conditional or contingent event occurs.

iv) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. For the purpose of the consolidated cash flow statement, cash and cash equivalents includes bank overdrafts in addition to the definition above.

Notes (continued)

1 Basis of preparation and significant accounting policies (continued)

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities comprise trade and other payables, borrowings, members' capital and amounts due to members. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

i) Bank borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method

Financial expenses comprise interest expense on borrowings and the cost of foreign currency forward contracts.

ii) Trade and other payables

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

iii) Loans from former members

Loans from former members, measured at amortised cost, comprise of undrawn surplus profits and tax provisions owed to former members of Gateley Heritage LLP which were converted into unsecured loans upon admission to the AIM market. Interest is chargeable at 0.5% over Bank of England base rate. The business has full discretion over the timing of repayment of such loans over a period of 2 years at which point the loan holders can request repayment of the loan. However, current forecast projections show all such loans as repayable within two years of admission.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the partnership assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the consolidated statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	over the term of the lease
Equipment	33.3% straight line
Fixtures and fittings	20% straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes (continued)

1 Basis of preparation and significant accounting policies (continued)

1.8 Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2010

- For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

1.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Brands and customer lists that are acquired by the Group as part of a business combination are stated at cost less accumulated amortisation and impairment losses (see accounting policy 'Impairment of assets'). Cost reflects management's judgement of the fair value of the individual intangible asset calculated by reference to the net present value of future benefits accruing to the Group from the utilisation of the asset, discounted at an appropriate discount rate.

Notes (continued)

1 Basis of preparation and significant accounting policies (continued)

1.9 Intangible assets and goodwill (continued)

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brand	3 years
-------	---------

1.10 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Any gain or loss arising from a change in fair value is recognised in profit or loss.

1.11 Impairment excluding investment properties

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The Group operates an equity settled share based compensation plan.

The grant date fair value of share-based payment awards made to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non market performance conditions at the vesting date, measured at the grant date fair value of the award.

Notes (continued)

1 Basis of preparation and significant accounting policies (continued)

Share-based payment transactions (continued)

At each reporting date, the group revises its estimates of the number of share incentives which are expected to vest. The impact of the revision of original estimates is recognised in the income statement with a corresponding adjustment to equity.

1.13 Own shares held by ESOP trust

Transactions of the group-sponsored ESOP trust are included in the group financial statements. In particular, the trust's purchases and sales of shares in the Company are debited and credited directly to equity.

1.14 Professional indemnity provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Where material, the impact of the time value of money is taken into account by discounting the expected future cash flow at a pre-tax rate, which reflects risks specific to the liability.

Insurance cover is maintained in respect of professional negligence claims. This cover is principally written through insurance companies with a coverage of up to £150 million for each claim. Premiums are expensed as they fall due with prepayments or accruals being recognised accordingly.

In the event the insurance companies cannot settle the full liability, the liability will revert to the Group.

1.15 Revenue recognition

Revenue

Revenue represents the fair value of the consideration receivable in respect of professional services provided during the year, inclusive of recoverable expenses incurred on client assignments but excluding value added tax. Where the outcome of a transaction can be estimated reliably, revenue associated with the transaction is recognised in the income statement by reference to the stage of completion at the year end, provided that a right to consideration has been obtained through performance. Consideration accrues as contract activity progresses by reference to the value of work performed.

Where the outcome of a transaction cannot be estimated reliably, revenue is recognised only to the extent that the costs of providing the service are recoverable. No revenue is recognised where there are significant uncertainties regarding recovery of the consideration due or where the right to receive payment is contingent on events outside the control of the group. Amounts deemed to be recoverable on the engagement (on the basis above) are recognised in unbilled revenue and form part of Trade and other receivables.

Recoverable expenses and disbursements represent charges from other professional service firms, sub-contractors and out of pocket expenses incurred in respect of assignments and expected to be recovered from clients.

Rental income is recognised on a straight line basis over the lease term.

1.16 Operating lease payments

Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit and loss as an integral part of the total lease expense.

1.17 Financial income and expenses

Financial expenses comprise interest payable and exchange losses that are recognised in the statement of profit and loss. Financial income comprises interest receivable on funds invested and exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes (continued)

1 Basis of preparation and significant accounting policies (continued)

1.18 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.19 Non-controlling interests

Non-controlling interests represent the share of the profits less losses on ordinary activities attributable for discretionary division to the members of subsidiaries which are not wholly owned by the Group.

1.20 Non-underlying items

Non-underlying items are non-trading items disclosed separately in the Consolidated Income Statement where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Group. The following are included by the Group in its assessment of non-underlying items:

- Gains or losses arising on disposal, closure, restructuring or reorganisation of businesses that do not meet the definition of discontinued operations.
- Expenses associated with acquisitions.
- Impairment charges in respect of tangible or intangible fixed assets.
- Costs incurred as part of significant refinancing activities.
- Significant costs in relation to the admission to the stock exchange.

The tax effect of the above is also included if considered significant.

Details in respect of the non-underlying items recognised in the current and prior year are set out in note 5 to the Financial Statements.

1.21 Ordinary dividends

Dividends are recognised as a liability in the period in which they are approved by the Company's shareholders.

Notes (continued)

1 Basis of preparation and significant accounting policies (continued)

1.22 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued and endorsed by the EU but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

Endorsed (all effective from December 2015):

- Amendments to IAS 1 – Presentation of financial statements
- Annual improvements to IFRS 2012 – 2014
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendment to IAS 27: Equity Method in Separate Financial Statements

Endorsed (all effective from November 2015):

Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

Not yet endorsed by EU and included as may be relevant:

- IFRS 14 - Regulatory Deferral Accounts
- IFRS 16 - Leases
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the new standards and amendments above have had no significant impact.

Notes *(continued)*

2 Operating segments

The Chief Operating Decision Maker (“CODM”) is the Strategic Board. The Group have the following five strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they report different specialisms from the legal teams in those divisions.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Banking and Financial Services	Provision of legal advice in respect of asset finance, banking and corporate recovery services
Corporate	Provision of legal advice in respect of corporate, family, private client and taxation services
Business Services	Provision of legal advice in respect of commercial, commercial dispute resolution, litigation, regulatory, shipping, transport and insurance services
Employees, Pensions and Benefits	Provision of legal advice in respect of employment and pension services
Property	Provision of legal advice in respect of construction, planning, real estate and residential development services.

The revenue and operating profit are attributable to the principal activities of the Group. A geographical analysis of revenue is given below:

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
United Kingdom	63,180	58,063
Europe	2,288	1,165
Middle East	443	803
North and South America	275	583
Asia	346	179
Other	529	78
	<u>67,061</u>	<u>60,871</u>

Notes *(continued)*

2 Operating segments *(continued)*

30 April 2016 (As a Plc)

	Banking and Financial Services £000	Corporate £000	Business Services £000	Employee Pensions and Benefits £000	Property £000	Total segments £000	Other expense and movement in unbilled revenue £000	Total £000
Segment revenue	13,550	11,345	10,295	7,273	22,349	64,812	2,249	67,061
Segment contribution (as reported internally)	6,304	3,157	4,037	2,456	10,132	26,086	2,249	28,335
Costs not allocated to segments:								
Other operating income								442
Personnel costs								(3,882)
Depreciation and amortisation								(687)
Other operating expenses								(12,092)
Net financial expense								(226)
Profit for the financial year before taxation and non-underlying items								<u>11,890</u>

30 April 2015 (As an LLP)

	Banking and Financial Services £000	Corporate £000	Business Services £000	Employee Pensions and Benefits £000	Property £000	Total segments £000	Other expenses And movement in unbilled revenue £000	Total £000
Segment revenue	12,296	9,992	8,872	7,144	20,073	58,377	2,494	60,871
Pro-forma segment contribution (as reported internally)	5,583	2,421	3,235	2,305	8,404	21,948	2,494	24,442
Costs not allocated to segments:								
Other operating income								386
Personnel costs								(3,463)
Depreciation and amortisation								(822)
Other operating expenses								(10,490)
Net financial expense								47
Profit for the financial year before taxation and non-underlying items								<u>10,100</u>
Members remuneration not allocated to Operating segments								<u>(9,167)</u>
								<u>933</u>

No other financial information has been disclosed as it is not provided to the CODM on a regular basis.

Notes *(continued)*

3 Other operating income

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
Rental income	326	329
Gateley (Manchester) LLP income	116	57
	442	386

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
Depreciation on tangible assets	687	721
Amortisation of intangible assets	-	-
Depreciation on assets held under finance leases	-	101
Operating lease costs	220	323
Operating lease costs on property	2,722	2,526
Other operating income – rent received	(326)	(329)
Foreign exchange losses	4	2
Profit on sale of fixed assets	(8)	(4)

Non-underlying items and IFRS transition adjustments

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
Listing costs	755	-
IFRS transition adjustment in relation to leases	-	388
One-off professional costs	101	143
Property restructuring costs	-	123
	856	654

Non-underlying items in the prior year relate to one-off professional costs in respect of the Group's future strategy, on-going lease restructuring costs of certain offices together with additional costs resulting from the release of operating lease incentives in accordance with IFRS, whereby lease incentives are now recognised over the full term of the lease.

Non-underlying items relate primarily to expenses incurred in respect of the company's admission to the AIM market of the London Stock Exchange.

Notes (continued)

4 Expenses and auditor's remuneration (continued)

Auditor's remuneration

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
Audit of these financial statements	92	53
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	15	14
Audit-related assurance services	92	30
Partnership and partners' individual tax compliance fees	-	89
Corporate finance services	300	-
Taxation and business advisory services	33	99
	33	99

5 Staff numbers and costs

The average number of persons employed by the Group (including members) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 30 April 2016	Year ended 30 April 2015
Legal staff (Including members of the LLP of nil (2015: 89))	392	376
Administrative staff	230	223
	622	599

The aggregate payroll costs of these persons were as follows:

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
Wages and salaries	34,733	19,372
Social security costs	3,491	1,859
Pension costs	602	512
Share based payments expenses	125	-
	38,951	21,743

In the LLP, profits were shared amongst members in accordance with agreed profit sharing arrangements noted in the 30 April 2015 accounts was as follows:

	2016 £000	2015 £000
Amounts due to members	-	22,745

The share attributable to the member with the largest entitlement was £Nil (2015: £679,958). The average profit per member was £Nil (2015: £266,041).

Notes (continued)

6 Financial income and expense

Recognised in profit and loss

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
<i>Financial income</i>		
Interest income	265	198
Total finance income	265	198
<i>Financial expense</i>		
Interest expense on bank borrowings measured at amortised cost	(491)	(143)
Interest payable on finance leases	-	(8)
Total financial expense	(491)	(151)
Net financial (expense)/income	(226)	47

7 Directors' interest and remuneration

The directors who served during the year, and their interests in the share capital of the company, were as follows:

	10p ordinary shares	
	Number of shares	Percentage Holding
	At 30 April 2016	
Nigel Terrence Payne	39,107	0.04%
Joanne Lake	26,300	0.02%
Michael Seabrook	15,700	0.01%
Michael James Ward	3,289,004	3.09%
Peter Gareth Davies	3,289,004	3.09%
Neil Andrew Smith	474,702	0.45%

The following directors held share options as at 30 April 2016:

	Number of options at 30 April 2016	Date of grant	Exercise price in £	Vesting period of options
Neil Andrew Smith	150,000	8 June 2015	1.099	3 years

The following table represents the Directors' remuneration of the Company for the 12 month period ended 30 April 2016 (unless otherwise stated):

	Salaries and fees £'000	Benefits £'000	Bonus £'000	Share Options £'000	Total 2016 £'000
Nigel Terrence Payne*	32	-	-	-	32
Joanne Lake*	27	-	-	-	27
Michael Seabrook*	27	-	-	-	27
Michael James Ward	132	-	44	-	176
Peter Gareth Davies	132	-	44	-	176
Neil Andrew Smith	132	-	44	3	179
Total	482	-	132	3	617

* Services for the 11 month period from 1 June 2015 to 30 April 2016

Notes (continued)

None of these directors received any remuneration for their services as directors of Gateley Incorporations Limited for this period.

8 Taxation

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
Current tax expense		
Current tax on profits for the year	<u>2,448</u>	-
Total current tax	<u><u>2,448</u></u>	-
Deferred tax expense		
Origination and reversal of temporary differences	<u>-</u>	-
Total tax expense	<u><u>2,448</u></u>	-

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
Profit for the year (subject to corporation tax)	<u>11,034</u>	-
Tax using the Company's domestic tax rate of 20% (2015 – 20%)	2,207	-
Expenses not deductible for tax purposes	261	-
Origination and reversal of temporary differences	<u>(20)</u>	-
Total tax expense	<u><u>2,448</u></u>	-

Taxation payable on the Group's profits for the year ended 30 April 2015 was a personal liability of the members and, consequently, neither taxation nor related deferred taxation is accounted for in these financial statements. Amounts retained for tax are treated in the same way as other profits of the LLP and so are included in "Members' interests" or in "Amounts due to members" depending on whether or not division of profits has occurred.

Reductions in the UK corporation tax rate to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 30 April 2016 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

9 Earnings per share

Statutory earnings per share

	Year ended 30 April 2016	Pro forma Year ended 30 April 2015
	Number	Number
Weighted average number of ordinary shares in issue, being weighted average number of shares for calculating basic earnings per share	104,928,209	100,000,011
Weighted average number of ordinary shares for calculating diluted earnings per share	104,928,209	100,000,011
	Year ended 30 April 2016	Pro forma Year ended 30 April 2015
	£000	£000
Total comprehensive income for the year, net of tax	8,586	933
Pro forma adjustment to reverse Members remuneration charged as an expense	-	22,745
	8,586	23,678
Pro forma personnel costs adjustment (See page 8 of Finance Directors Report)	-	(13,841)
Pro forma tax charge adjustment (See page 8 of Finance Directors Report)		(2,093)
Profit for the year and basic earnings attributable to ordinary equity shareholders	8,586	7,744
Non-underlying items (see note 5)		
Operating expenses and finance costs	856	654
Tax on non-underlying items	(20)	(131)
Underlying earnings before non-underlying items	9,422	8,267

Earnings per share is calculated as follows:

	Year ended 30 April 2016	Year ended 30 April 2015
	pence	pence
Basic earnings per ordinary share	8.18	23.68p
Diluted earnings per ordinary share	8.18	23.68p
Basic earnings per ordinary share after non-underlying items	8.98	24.20p
Diluted earnings per ordinary share after non-underlying items	8.98	24.20p
Pro forma basic earnings per ordinary share		7.74p
Pro forma diluted earnings per ordinary share		8.27p

Underlying earnings per share have been shown because the Directors consider that this provides valuable additional information about the underlying performance of the Group. For the year ended 30 April 2015 the group's actual pro forma earnings per share are also provided.

10 Dividends

An interim dividend of 1.895p per share was paid on 22 January 2016 totalling £1,994,945. The Board proposes to recommend a final dividend of 3.764p per share at the AGM. If approved, this dividend will be paid on 28 September 2016 to shareholders on the register at the close of business on 2 September 2016. The shares will go ex-dividend on 1 September 2016. This dividend has not been recognised as a liability in these final statements.

Notes (continued)

11 Property, plant and equipment

	Leasehold improvements £000	Equipment £000	Fixtures and fittings £000	Total £000
Cost				
Balance at 1 May 2014	122	5,524	4,180	9,826
Additions	29	386	454	869
Disposals	-	(1,242)	-	(1,242)
Balance at 30 April 2015	151	4,668	4,634	9,453
Balance at 1 May 2015	151	4,668	4,634	9,453
Arising on acquisition	-	6	-	6
Additions	-	433	237	670
Disposals	-	(2,151)	(1,288)	(3,439)
Balance at 30 April 2016	151	2,956	3,583	6,690
Depreciation and impairment				
Balance at 1 May 2014	23	4,930	3,321	8,274
Depreciation charge for the year	5	388	429	822
Disposals	-	(1,142)	-	(1,142)
Balance at 30 April 2015	28	4,176	3,750	7,954
Balance at 1 May 2015	28	4,176	3,750	7,954
Arising on acquisition	-	2	-	2
Depreciation charge for the year	9	322	356	687
Disposals	-	(2,141)	(1,290)	(3,431)
Balance at 30 April 2016	37	2,359	2,816	5,212
Net book value				
At 30 April 2015	123	492	884	1,499
At 30 April 2016	114	597	767	1,478

At the year end, the assets held under finance lease are £Nil.

Notes (continued)

12 Investment property

	2016 £000	2015 £000
Carrying value at beginning and end of year	164	164

The Group's interest in its freehold property at 216 Capella House, Celestia Falcon Drive, Cardiff Bay, Cardiff, CF10 4RE was valued as at 30 April 2016 at £164,000 by the Directors based on current open market values for existing use. However, it was noted that a valuation by a qualified individual with relevant experience has not been performed during the year on the basis that it is not expected by the Directors to have materially changed.

13 Intangible assets and goodwill

	Goodwill £'000	Brand £'000	Total £'000
Deemed cost and carrying amount			
Acquisitions through business combinations (note 27)	1,515	1,000	2,515
At 30 April 2016	1,515	1,000	2,515

Impairment testing

The Group tests goodwill annually for impairment. The impairment test involves determining the recoverable amount of the cash generating unit to which the goodwill has been allocated. The directors believe that each operating segment represents a cash generating unit for the business and as a result, impairment is tested for each segment, and all the assets of each segment are considered. All of the goodwill is allocated to the Property Segment cash generating unit. The recoverable amount is based on the present value of expected future cash flows (value in use) which was determined to be higher than the carrying amount of goodwill so no impairment loss was recognised. Value in use was determined by discounting the future cash flows generated from the continuing operation of the Group and was based on the following key assumptions:

- A pre tax discount rate of 10% was applied in determining the recoverable amount. The discount rate is based on the average weighted cost of capital
- The values assigned to the key assumptions represent managements estimate of future trends and are based on both external and internal sources
- The review demonstrated significant headroom such that the estimated carrying value is not sensitive to changes in assumptions. Having reviewed the key assumptions used, the Directors do not believe that there is a reasonably possible change in any of the key assumptions that require further disclosure.

The value of the brand has been calculated by management using forecast future profit generation from customers, discounted at 10% based on the average weighted cost of capital over a three year period.

14 Other investments

The Group holds other investment interests in the following third party investments:

	£000
Fair value	
Balance at 1 May 2014	30
Additions	40
Balance at 30 April 2015	70
Balance at 1 May 2015	70
Additions	15
Balance at 30 April 2016	85

£30,000 - Gateley Investments Limited holds a 5% investment interest in the ordinary shares of Mantua Capital Limited with effect from 21 December 2015. Prior to this date Gateley Investments Limited was entitled to a 5% share of profits in Mantua Capital (UK) LP which it acquired on 25 April 2012.

£40,000 - Gateley Plc holds a 1% investment in the ordinary shares of Business Collaborator Limited with effect from 24 November 2014.

Notes (continued)

14 Other investments (continued)

£15,000 – Gateley Investments Limited holds a 1.9% investment in the ordinary shares of PeptigelDesign Limited with effect from 5 April 2016.

Investments in subsidiaries

The Group has effective control of the following:

	Country of incorporation	Ordinary share proportion held during year to 30 April 2016	Nature of business
Gateley Plc (formerly Ensco 1101 Limited)	England and Wales	100%	Legal services
Entrust Pension Limited	England and Wales	100%	Pension trustee services
Gateley Capitus Limited (formerly Capitus Limited)	England and Wales	100%	Tax incentive services
Gateley EBT Limited (formerly Ensco 1133 Limited)	England and Wales	100%	Employee benefit trust
Gateley Investments Limited	England and Wales	100%*	Corporate investment company
Ensco Trustee Company Limited	England and Wales	100%*	Corporate trustee company
Gateley Heritage LLP	England and Wales	100%*	Non-trading
Gateley Secretaries Limited	England and Wales	100%*	Non-trading
Gateley Incorporations Limited	England and Wales	100%*	Non-trading
HBJ Manchester Secretaries Limited	England and Wales	100%*	Non-trading
HBJ Manchester Directors Limited	England and Wales	100%*	Non-trading
Gateley Custodian and Nominee Services Limited	England and Wales	100%*	Non-trading
HCT (Consultancy) Limited	England and Wales	100%***	Non-trading
Gateley Wareing Limited	England and Wales	100%***	Non-trading
	Country of incorporation	Controlling interest held during year to 30 April 2016	Nature of business
Gateley UK LLP	England and Wales	100%**	Legal services via a branch in Dubai
Gateley (Manchester) LLP	England and Wales	51%*	Collection of residual assets

* these investments are indirectly held at the year end

** certain Group directors of Gateley (Holdings) Plc as individuals are members of this entity, although effective control is held by Gateley (Holdings) Plc via a trust holding arrangement

*** Dissolved during the year

On 19 May 2015, the Company acquired 100% of the share capital of Gateley EBT Limited (formerly Ensco 1133 Limited) for £1.

On 29 May 2015, the Company acquired 100% of the share capital of Gateley Plc (formerly Ensco 1102 Limited) via a share for share exchange (see note 9 for further details).

On 29 May 2015, the Company acquired 100% of the share capital of Entrust Pension Limited for £1.

On 29 May 2015, the Company acquired the membership interest of Gateley UK LLP for £1.

On 8 April 2016, the Company acquired 100% of the share capital of Gateley Capitus Limited (formerly Capitus Limited). Details of consideration paid can be found at note 27.

Non-controlling interests

During the year, Gateley (Manchester) LLP has generated and allocated profits of £228,265 (2015: £56,733) from which £33,762 (2015: £27,799) is owed to non-controlling interested parties and a further 78,088 (2015: £nil) remains unallocated at 30 April 2016.

Notes *(continued)*

15 Trade and other receivables

	2016	2015
	£000	£000
Trade receivables	20,759	21,179
Unbilled revenue	9,881	8,716
Prepayments and accrued income	3,056	1,774
Amounts owed to related parties	-	26
	33,696	31,695

All trade receivables are repayable within one year.

Movement in the allowance for doubtful receivables

	2016	2015
	£000	£000
Brought forward provision	(1,828)	(1,911)
Provision utilised	555	331
Charged to income	(913)	(905)
Provisions released	394	657
	(1,792)	(1,828)

Ageing of trade receivables (net of provisions)

	2016	2015
	£000	£000
Not past due	13,283	14,825
Past due 0-30 days	1,482	1,462
Past due 31-120 days	2,199	2,122
Past due greater than 120 days	3,795	2,770
	20,759	21,179

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Group's maximum exposure to credit risk. Financial assets include client and other receivables and cash. The Group does not hold collateral over these balances.

Notes (continued)

16 Other interest-bearing loans and borrowings

The contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost are described below. For more information about the Group's exposure to interest rate and foreign currency risk, see note 21.

	2016	Carrying	2015	Carrying
	Fair	amount	Fair	amount
	value	£000	Value	£000
	£000	£000	£000	£000
<i>Non-Current liabilities</i>				
Unsecured bank loan	6,938	6,938	-	-
Loans from former members	500	500	-	-
	7,438	7,438	-	-
<i>Current liabilities</i>				
Unsecured bank loan	1,980	1,980	-	-
Loans from former members	4,603	4,603	-	-
Individual members capital classified as a liability	-	-	6,717	6,717
Amounts due to members	-	-	15,207	15,207
	6,583	6,583	21,924	21,924

The unsecured overdraft facilities totalling £7m are repayable on demand.

On 8 June 2015, Gateley Plc entered into two new loan agreements of £5m each. The total £10m of term loans are repayable quarterly over five years commencing on 8 November 2015. Interest is chargeable at 2.25% over LIBOR.

On the 8 June 2015 all amounts relating to individual members capital classified as a liability together with amounts due to members were converted into Loans from former members. Loans are repayable quarterly over a period of not less than two years subject to adequate working capital facilities, in the opinion of the board of directors, within the Group being available to accommodate such payments. Repayment of the remaining liabilities are forecast to be made quarterly from May 2016. Interest is chargeable at 0.5% over Bank of England base rate.

17 Trade and other payables

	2016	2015
	£000	£000
Current		
Trade payables	5,844	4,031
Other taxation and social security payable	4,153	3,357
Other payables	653	405
Accruals and deferred income	7,947	5,632
Obligations under finance leases	-	57
	18,597	13,482
Non-current		
Other payables	154	154

Current other payables include £0.22m in respect of deferred consideration being a final payment due for the acquisition of Gateley Capitus Limited (formerly Capitus Limited).

Notes (continued)

18 Deferred tax liability

			2016	2015
			£000	£000
Deferred tax liability			200	-
	1 May 2015	Recognised in the income statement (credit)/charge	Recognised in other comprehensive income (credit)/charge	Acquired on business combination
	£'000	£'000	£'000	£,000
				30 April 2016
				£'000
Intangible assets - Brand	-	-	-	200
				200

19 Provisions

Professional indemnity

	2016	2015
	£000	£000
On incorporation	537	467
Provisions made during the year	325	596
Provisions used during the year	(178)	(451)
Provisions reversed during the year	(88)	(75)
At end of year	596	537
Non-current	339	377
Current	257	160
	596	537

The professional indemnity provision represents amounts equal to the insurance excesses payable on outstanding claims against the Group which are covered by the Company's professional indemnity insurance policy.

20 Share capital

Authorised, issued and fully paid

	2016	2016
	Number	£
Ordinary shares of 10p each		
On incorporation – 13 November 2014	10	1
Issued on acquisition of business	100,000,001	10,000,000
Issued on initial public offering	5,274,148	527,415
Issued on acquisition of Gateley Capitus Limited	1,122,753	112,275
At 30 April 2016	106,396,912	10,639,691

The share capital reflects the shares issued to acquire Gateley Plc on 29 May 2015. In line with the requirements of merger accounting, the structure and share capital issued has been recorded as though it had always been in place.

On the Group's admission to the AIM market of London Stock Exchange Plc on 8 June 2015, a further 5,274,148 10p ordinary shares were issued and fully paid up.

On 8 April 2016 the Group acquired the entire issued share capital of Gateley Capitus Limited (formerly Capitus Limited) in part for the issue of 1,122,753 10p ordinary shares.

Notes (continued)

21 Financial instruments and related disclosures

Financial risk management

The Group has overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Board, who also monitor the status of agreed actions to mitigate key risks.

Management's objective in managing financial risks is to ensure the long-term sustainability of the Group.

As the Group's principal financial instruments comprise cash, client receivables and unbilled revenue, the main risks are those that relate to credit in regard to receivables.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. The Group has a policy of performing credit checks and the large spread of reputable clients ensures there are no unacceptable concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there is sufficient cash or working capital facilities to meet the cash requirements of the Group.

Gateley Plc is financed through a combination of unsecured bank loans together with unsecured loans from former members. The Board reviews the projected financing requirements annually when agreeing the Group's budget and, based on this review, sets the value of the future capital requirements of the business. The cash flow forecast for the entire Group is updated regularly and compared to the budget with any significant variance being reported to the Board.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income. The Group's exposure to market risk predominantly relates to interest and currency risk. Management does not consider this to be a significant risk to the Group.

Interest rate risk

The Group's bank borrowings incur variable interest rate charges linked to LIBOR plus a margin. Management do not consider this to be a significant risk to the Group.

Foreign currency risk

The Group has one overseas operation based in Dubai which, therefore, exposes the Group to changes in Sterling/Dirhams exchange rates. Management does not consider this to be a significant risk to the Group.

Notes (continued)

21 Financial instruments and related disclosures (continued)

Fair value disclosures

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables, short term deposits and borrowings	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long-term borrowings	The fair value of bank loans and other loans approximates to the carrying value reported in the balance sheet.

Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

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

There are no financial instruments carried at fair value within this financial information.

The fair value of financial assets and liabilities are as follows (there is no difference between the carrying value of the financial assets and liabilities and their fair value):

	2016	2015
	£000	£000
Cash and cash equivalents	9,795	2,719
Trade receivables	33,696	31,695
Total financial assets	43,491	34,414
Trade and other payables (excluding intercompany)	(20,038)	(13,482)
Short-term borrowings	(6,583)	(21,924)
Current financial liabilities	(26,621)	(35,406)
Long-term borrowings	(7,438)	-
Total financial liabilities	(34,059)	(35,406)

Notes (continued)

21 Financial instruments and related disclosures (continued)

Financial instruments sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations on its earnings. At the end of each reporting period, the effect of hypothetical changes in interest and currency rates are as follows:

Interest rate sensitivity analysis

The table below shows the Group's sensitivity to interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) if interest rates were to change by +/- 1%. The impact on the results in the statement of profit and loss and other comprehensive income and equity would be:

	2016	2015
	Increase/ (decrease) in equity £000	Increase/ (decrease) in equity £000
+1 % movement in interest rates	95	164
-1 % movement in interest rates	(95)	<i>(164)</i>

The borrowing facilities arranged typically include overdraft facility and short term borrowing facilities. All borrowings are repayable within one year.

Foreign exchange rate sensitivity analysis

The Group had the following net currency denominated financial instruments at year end:

	2016	2015
	£000	£000
Net currency	146	125

The effect of foreign currency fluctuations on the financial statements is immaterial.

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 2016 £000	Other 2016 £000	Land and buildings 2015 £000	Other 2015 £000
Less than one year	3,020	194	2,627	295
Between one and five years	11,593	131	10,241	393
More than five years	15,056	-	15,993	-
	29,669	325	28,861	688

Notes (continued)

23 Related parties

Gateley Plc entered into a lease agreement for the Leicester office, in which some of the directors have a beneficial interest. The annual rent charge under the lease is £95,000 (2015: £95,000) and the amounts outstanding at the yearend are £Nil (2015: £Nil).

Compensation paid to key management personnel

At 30 April 2016, Directors of Gateley (Holdings) Plc control 6.70% of the voting shares of the Company

The key management personnel comprise the strategic board who make any final key decisions.

Short term compensation paid to key management personnel is as follows: 30 April 2016: £1.287m.

24 Share based payments

Group

At year end the Group has one share based payment scheme in operation.

Stock Appreciation Rights Scheme

This Scheme is a discretionary executive reward plan which allows the Group to grant conditional share awards or nil cost options to selected executives at the discretion of the Remuneration Committee.

The awards vest after a three year performance period, subject to the achievement of performance measures based on earnings per share and total shareholder return targets.

The first awards under the scheme were granted on 8 June 2015 and are summarised below:

	Weighted average exercise price	Scheme Number
Granted on admission	£1.0997	7,200,000
Forfeited during the year	£1.0997	(150,000)
Outstanding at end of year	<u>£1.0997</u>	<u>7,050,000</u>
Weighted average remaining contractual life		2.1 years

Fair value calculations

The award is accounted for as equity-settled under IFRS 2. The fair value of awards which are subject to non-market based performance conditions is calculated using the Black Scholes option pricing model. The inputs to this model for awards granted during the financial year are detailed below:

	8 June 2015
Grant date	8 June 2015
Share price at date of grant	£0.95p
Exercise price	£1.10p
Volatility	24%
Expected life	3.3 years
Risk free rate	1%
Dividend yield	6%
<i>Fair value per share</i>	
Market based performance condition	£0.05p
Non-market based performance condition/no performance condition	<u>-</u>

Notes (continued)

As the Group had only limited share price history at the date of grant, expected volatility was based on a proxy volatility determined from the median volatility of a group of appropriate comparator companies. For the same reason, a similar approach was followed to derive the dividend yield. Expected life has been taken to be between the minimum and maximum exercise period of three and three and a half years, respectively.

25 Accounting estimates and judgements

The preparation of consolidated financial statements under IFRS requires management to make estimates and assumptions which affect the financial statements. The key estimates and assumptions relate to the impairment assessment of client receivables, professional indemnity provisions and the fair value of unbilled revenue on client assignments.

Impairment assessment of client receivables

The total carrying amount of trade receivables and unbilled revenue on client assignment is held net of impairment losses after consideration is given to the clients' willingness to pay those amounts accrued.

Professional indemnity provisions

The Group occasionally receives claims in respect of professional service matters. It defends such claims where appropriate but makes a provision for possible amounts considered likely to be payable, up to the deductible amount under the Group's related insurance arrangements.

26 Pensions

The Group participates in a defined contribution scheme operated by Aegon UK plc, the assets of which are held separately from the Group. The amounts charged to the profit and loss account in respect of this scheme represent contributions payable in respect of the accounting year. The total annual pension cost for the defined contribution scheme was £602,000 (2015: £512,000) and the outstanding balance at the year -end was £114,000 (2015: £92,000).

27 Business combinations

On 19 May 2015, the Company acquired 100% of the share capital of Gateley EBT Limited (formerly Ensko 1133 Limited) for £1.

On 29 May 2015, the Company acquired 100% of the share capital of Gateley Plc (formerly Ensko 1102 Limited) via a share for share exchange.

On 29 May 2015, the Company acquired 100% of the share capital of Entrust Pension Limited for £1.

On 29 May 2015, the Company acquired the membership interest of Gateley UK LLP for £1.

Acquisition of Gateley Capitus Limited ("GCL") (Formerly Capitus Limited).

On 8 April 2016 the Company acquired 100% of the voting equity interest of GCL, a UK specialist tax incentives advisory business. The acquisition has been accounted for using the acquisition method. The fair value of the identifiable assets and liabilities of GCL as at the date of the acquisition was:

Notes (continued)

27 Business combinations (continued)

	Pre-acquisition carrying amount	Policy alignment and fair value adjustments	Total
	£'000	£'000	£000
Property, plant and equipment	4	-	4
Intangible asset relating to brand	-	1,000	1,000
Cash and short term deposits	350	-	350
Trade receivables	336	-	336
Prepayments and accrued income	224	-	224
Tax assets	54	-	54
Total assets	968	1,000	1,968
Trade payables	(1)	-	(1)
Other taxation and social security payable	(223)	-	(223)
Accruals	(23)	-	(23)
Other payables	(99)	-	(99)
Deferred tax	-	(200)	(200)
Total liabilities	(346)	(200)	(546)
Total identifiable net assets at fair value	622	800	1,422
Goodwill arising on acquisition (note 13)			1,515
Total acquisition cost			2,937
<i>Analysed as follows:</i>			
Initial cash consideration paid			1,592
Issue of new 10p ordinary shares in Gateley (Holdings) Plc			1,125
Deferred cash consideration payable			220
			2,937
<i>Cash inflow on acquisition</i>			
Cash paid			(1,592)
Acquisition costs			(25)
Net cash acquired with subsidiary (Included in cash flows from investing activities)			350
Net cash outflow			(1,267)

From the date of acquisition, GCL has contributed £0.08m to revenue and £0.03m to Group profit for the year. If the combination had taken place at the beginning of the year, Group revenue from continuing operations would have been £1.39m and the profit for the year would have been £0.39m.

The acquisition of GCL is consistent with the Group's growth strategy to acquire businesses offering complementary professional and other specialist services to clients in the Group's target markets. GCL has developed a strong blue chip client base of national and global companies which provide regular, repeat business. The addition of GCL to the Group also provides Gateley with expertise in a range of tax incentives, opening up attractive and growing markets and diversifying the Group's income streams. A number of new business opportunities have already been identified within the Group's existing real estate and tax practices.

GCL will operate as a wholly owned subsidiary of Gateley (Holdings) Plc with its own existing dedicated management team and employees. An operating board, made up of senior management from both the Group and GCL will oversee the ongoing delivery and development of the business.

Brands have been recognised as specific intangible assets as a result of the acquisition. The residual goodwill arising primarily represents the assembled workforce, market share and geographical advantages afforded to the Group. Policy alignment and fair value adjustments principally relate to harmonisation with Group IFRS accounting policies, including the provisional application of fair values on acquisition.

Notes *(continued)*

27 Business combinations *(continued)*

None of the recognised goodwill is expected to be deductible for income tax purposes. The fair value of the brand has been based upon management's assessment of its ability to generate future profitability for the acquired assets over the next three years after taking into account a 10% present value discount factor. The brand value will be amortised on a straight-line basis over an estimated useful life of three years.

Transaction costs of £0.025m incurred during the course of the acquisition have been expensed and are included in non-underlying items in the consolidated statement of comprehensive income and consolidated statement of cash flows in the year in which they were incurred.

28 Subsequent events

There are no subsequent events to disclose in these financial statements.

Parent company statement of financial position
at 30 April 2016

	Note	30 April 2016 £000
Non-current assets		
Investments	5	12,937
Total non-current assets		<u>12,937</u>
Current assets		
Trade and other receivables	6	3,268
Cash and cash equivalents		-
Total current assets		<u>3,268</u>
Total assets		<u>16,205</u>
Current liabilities		
Total current liabilities	7	(220)
Total liabilities		<u>(220)</u>
Net assets		<u>15,985</u>
Equity		
Share capital	8	10,640
Share premium		4,332
Other reserves		1,013
Retained earnings		-
Total equity		<u>15,985</u>

These financial statements were approved by the directors on 18 July 2016 and were signed on their behalf by:

Michael J Ward
Chief Executive Officer

Neil A Smith
Finance Director

Company registered number: 9310078

Parent company Statement of changes in equity

	Share capital £'000	Share premium £'000	Other reserves	Retained earnings £'000	Total equity £'000
On incorporation	-	-		-	-
Share for share exchange with subsidiary	10,000	-	-	-	10,000
Issue of shares – On admission to AIM	528	4,482	-	-	5,010
Issue of share – Acquisition of Gateley Capitus Limited	112	-	1,013	-	1,125
Share issue costs	-	(150)		-	(150)
Total comprehensive income for the year	-	-		1,995	1,995
Dividend paid	-	-		(1,995)	(1,995)
Total equity at 30 April 2016	10,640	4,332	1,013	-	15,985

The following describes the nature and purpose of each reserve within equity:

Share premium – Amount subscribed for share capital in excess of nominal value.

Other reserves – Represents the difference between the actual and nominal value of shares issued by the company in the acquisition of subsidiaries.

Retained earnings – All other net gains and losses and transactions with owners not recognised anywhere else.

Parent company cash flow statement
for period from incorporation on 13 November 2014 to 30 April 2016

	30 April 2016 £000
Cash flows from operating activities	
Profit for the year	1,995
(Increase)/decrease in trade and other receivables	<u>(3,268)</u>
Net cash flows from operating activities	<u>(1,273)</u>
Investing activities	
Consideration paid on acquisition of subsidiary	(1,592)
	<u>(1,592)</u>
Financing activities	
Proceeds from the issue of share capital	5,010
Share issue costs	(150)
Dividends paid	(1,995)
Net cash from financing activities	<u>2,865</u>
Net increase/(decrease) in cash and cash equivalents	-
Cash and cash equivalents on incorporation	<u>-</u>
Cash and cash equivalents at 30 April 2016	<u>-</u>

Parent company notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements, except as noted below.

Basis of preparation

Gateley (Holdings) Plc (formerly Ensco (1101) Limited (the "Company") is a company incorporated and domiciled in the UK.

These accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (adopted IFRSs) and have been approved by the board of directors.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The profit for the year to 30 April 2016 was £1,994,986.

Gateley (Holdings) Plc was incorporated on 13 November 2014. On 29 May 2015, the Company invested in Gateley Plc (formerly Ensco 1102 Limited) via a share for share exchange. On 8 June 2015, the Company listed on the AIM Market of the London Stock Exchange.

Measurement convention

The accounts are prepared on the historical cost basis except where Adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments.

1.1 Going concern

The Company and the Group remain cash generative and have sufficient medium-term facilities in place, including two new loans for £5m each repayable quarterly over five years.

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

1.2 Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (c) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (d) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial instruments are classified as a financial liability.

1.3 Non derivative financial instruments

Financial Assets

The Company's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Company becomes party to the contractual provisions of the instrument.

Parent company notes to the financial statements (continued)

1 Basis of preparation and significant accounting policies (continued)

Non derivative financial instruments (continued)

v) Investments

Fixed asset investments are stated at cost less provision for any impairment in value.

Investments in subsidiary undertakings are stated at cost less amounts written off for impairment. Investments are reviewed for impairment where events or circumstances indicate that their carrying amount may not be recoverable.

vi) Trade and other receivables

Trade and other receivables are recognised and carried at original amount less provision for impairment.

A provision for impairment of amounts owed from related parties is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of the engagement. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the statement of profit and loss in other operating expenses.

vii) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. For the purpose of the cash flow statement, cash and cash equivalents includes bank overdrafts in addition to the definition above.

1.4 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised on deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Parent company notes to the financial statements (continued)

1 Basis of preparation and significant accounting policies (continued)

1.6 Ordinary dividends

Dividends are recognised as a liability in the period in which they are approved by the Company's shareholders.

1.7 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued and endorsed by the EU but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

Endorsed (all effective from December 2015):

- Amendments to IAS 1 – Presentation of financial statements
- Annual improvements to IFRS 2012 – 2014
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendment to IAS 27: Equity Method in Separate Financial Statements

Endorsed (all effective from November 2015):

Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

Not yet endorsed by EU and included as may be relevant:

- IFRS 14 - Regulatory Deferral Accounts
- IFRS 16 - Leases
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the new standards and amendments above have had no significant impact.

2 Expenses

Audit fees in relation to the audit of these accounts of £10,000 have been borne by Gateley Plc (formerly Ensco 1102 Limited).

3 Investment income

On 10 December 2015, Gateley Plc, (formerly Ensco 1102 Limited) paid an intercompany dividend of £1,995,000 to its parent company Gateley (Holdings) Plc (formerly Ensco 1101 Limited).

4 Taxation

The Company's profit for the period arises solely from the receipt of an intercompany dividend, which is not chargeable to corporation tax. As a result, no provision for corporation tax is needed in these financial statements.

Parent company notes to the financial statements (continued)

5 Investments

	£000
On incorporation	-
Share for share exchange	10,000
Acquisition of Gateley Capitus Limited (formerly Capitus Limited)	2,937
Balance at 30 April 2016	12,937

Investments in subsidiaries

The Company has effective control of the following:

	Country of incorporation	Ordinary share proportion held during year to 30 April 2016	Nature of business
Gateley Plc (formerly Ensko 1101 Limited)	England and Wales	100%	Legal services
Entrust Pension Limited	England and Wales	100%	Pension trustee services
Gateley Capitus Limited (formerly Capitus Limited)	England and Wales	100%	Tax incentive services
Gateley EBT Limited (formerly Ensko 1133 Limited)	England and Wales	100%	Employee benefit trust
Gateley Investments Limited	England and Wales	100%*	Corporate investment company
Ensko Trustee Company Limited	England and Wales	100%*	Corporate trustee company
Gateley Heritage LLP	England and Wales	100%*	Non-trading
Gateley Secretaries Limited	England and Wales	100%*	Non-trading
Gateley Incorporations Limited	England and Wales	100%*	Non-trading
HBJ Manchester Secretaries Limited	England and Wales	100%*	Non-trading
HBJ Manchester Directors Limited	England and Wales	100%*	Non-trading
Gateley Custodian and Nominee Services Limited	England and Wales	100%*	Non-trading
HCT (Consultancy) Limited	England and Wales	100%***	Non-trading
Gateley Wareing Limited	England and Wales	100%***	Non-trading
	Country of incorporation	Controlling interest held during year to 30 April 2016	Nature of business
Gateley UK LLP	England and Wales	100%**	Legal services via a branch in Dubai
Gateley (Manchester) LLP	England and Wales	51%*	Collection of residual assets

* these investments are indirectly held at the year end

** certain Group directors of Gateley (Holdings) Plc as individuals are members of Gateley UK LLP and, as such, hold Gateley (Holdings) Plc's 100% membership interest on trust. Effective control is held by directors of Gateley Plc (formerly Ensko 1102 Limited)

*** Dissolved during the year

On 19 May 2015, the Company acquired 100% of the share capital of Gateley EBT Limited (formerly Ensko 1133 Limited) for £1.

On 29 May 2015, the Company acquired 100% of the share capital of Gateley Plc (formerly Ensko 1102 Limited) via a share for share exchange (see note 10 for further details).

On 29 May 2015, the Company acquired 100% of the share capital of Entrust Pension Limited for £1.

On 29 May 2015, the Company acquired the membership interest of Gateley UK LLP for £1.

On 8 April 2016, the Company acquired 100% of the share capital of Gateley Capitus Limited (formerly Capitus Limited). Details of consideration paid can be found at note 27.

Parent company notes to the financial statements (continued)

6 Trade and other receivables

30 April 2016
£000

Amounts owed from related parties	3,268
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All trade receivables are due within one year.

The carrying amount of financial assets recorded in these accounts, which is net of any impairment losses, represents the Company's maximum exposure to credit risk. Financial assets include amounts due from Gateley Plc. The Company does not hold collateral over these balances.

7 Other payables

30 April 2016
£000

Deferred consideration (see Group note 27)	220
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8 Capital and reserves

Share capital

	2016	2016
	Number	£
Ordinary shares of 10p each		
On incorporation – 13 November 2014	10	1
Issued on acquisition of business	100,000,001	10,000,000
Issued on initial public offering	5,274,148	527,415
Issued on acquisition of Gateley Capitus Limited	1,122,753	112,275
At 30 April 2016	106,396,912	10,639,691

On incorporation, the Company had in issue one ordinary share of £1. On 29 May 2015, this share was sub-divided into 10 ordinary shares of £0.10 each.

On 29 May 2015, 100,000,001 new £0.10p ordinary shares were issued which, together with the 10 ordinary shares already issued, were exchanged for 100% of the share capital of Gateley Plc (formerly Ensko 1102 Limited).

On 8 June 2015, 5,274,148 new £0.10p ordinary shares were issued for £5,010,440 on admission to the AIM market of the London Stock Exchange.

On 8th April 2016 the Group acquired the entire issued share capital of Gateley Capitus Limited (formerly Capitus Limited) in part for the issue of 1,122,753 £0.10p ordinary shares.

Share premium

The share premium arose on 8 June 2015 when the Company was floated on the AIM market of the London Stock Exchange. 5,274,148 £0.10 ordinary shares were issued at £0.85 above their nominal value, therefore creating share premium of £4,483,026. Share issue costs of £150,000 have been deducted from share premium in accordance with Accounting Standards.

Further share premium arose on 8 April 2016 during the acquisition of Gateley Capitus Limited (formerly Capitus Limited) when the Company issued 1,122,753 £0.10p ordinary shares for £1,125,000, therefore creating share premium of £1,012,725.

Parent company notes to the financial statements (continued)

9 Accounting estimates and judgements

The preparation of these financial statements under IFRS requires management to make estimates and assumptions which affect these financial statements. The key estimates and assumptions relate to the impairment assessment of investments.

Impairment

The total carrying amount of investments is held net of impairment losses.

10 Subsequent events

There are no subsequent events to disclose in these financial statements.

Company number: 09310078

GATELEY (HOLDINGS) PLC

Notice of annual general meeting

NOTICE IS GIVEN that the annual general meeting of the above named Company will be held at One Eleven Edmund Street, Birmingham B3 2HJ on 21 September 2016 at 12:30pm. Shareholders will be asked to consider and, if thought fit, to pass the following resolutions of which resolutions 1 to 11 (inclusive) will be proposed as ordinary resolutions and resolution 12 will be proposed as a special resolution.

ORDINARY RESOLUTIONS

1. To receive the Company's annual accounts for the financial year ended 30 April 2016 together with the directors' report and the auditors' report on those accounts.
2. To approve the directors' remuneration report for the financial year ended 30 April 2016, which is set out in the Company's annual report for the financial year ended 30 April 2016.
3. To declare a final dividend for the year ended 30 April 2016 of 3.764p per share payable on 28 September 2016 to shareholders on the register of members at the close of business on 2 September 2016.
4. To reappoint Michael James Ward (who retires in accordance with article 23.4.1 of the Company's articles of association and, being eligible, offers himself for re-election) as a director of the Company.
5. To reappoint Peter Gareth Davies (who retires in accordance with article 23.4.1 of the Company's articles of association and, being eligible, offers himself for re-election) as a director of the Company.
6. To reappoint Neil Andrew Smith (who retires in accordance with article 23.4.1 of the Company's articles of association and, being eligible, offers himself for re-election) as a director of the Company.
7. To reappoint Nigel Terrence Payne (who retires in accordance with article 23.4.1 of the Company's articles of association and, being eligible, offers himself for re-election) as a director of the Company.
8. To reappoint Michael Richard Seabrook (who retires in accordance with article 23.4.1 of the Company's articles of association and, being eligible, offers himself for re-election) as a director of the Company.
9. To reappoint Joanne Carolyn Lake (who retires in accordance with article 23.4.1 of the Company's articles of association and, being eligible, offers herself for re-election) as a director of the Company.
10. To appoint Grant Thornton UK LLP as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the directors to fix their remuneration.
11. **THAT**, in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the **Act**) to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as **Relevant Securities**) up to an aggregate nominal value of £3,546,563 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company), such authority, unless previously renewed, varied or revoked by the Company in general meeting, to expire at the conclusion of the next annual general meeting of the Company (or, if earlier, at the close of business on 20 December 2017) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be

allotted after the expiry of such period and the directors of the Company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

SPECIAL RESOLUTION

12. **THAT**, if resolution 11 above is passed, the directors of the Company be authorised to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution 11 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:

12.1 the allotment of equity securities or sale of treasury shares in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and

12.2 the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 12.1 above) up to an aggregate nominal amount of £1,063,969 representing approximately 10% of the current share capital of the Company,

such authority, unless previously renewed, varied or revoked by the Company in general meeting, to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on 20 December 2017) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after the expiry of such period and the directors of the Company may allot equity securities (and sell treasury shares) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

BY ORDER OF THE BOARD



.....
Neil Andrew Smith
Secretary

Date: 19 August 2016

Registered office:
One Eleven Edmund Street
Birmingham
B3 2HJ

NOTES:

1. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf. A proxy need not be a member of the Company.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact the Company's Registrars, Capita Asset Services in writing at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 12.30pm on 19 September 2016.
3. A proxy may only be appointed using the procedures set out in these notes and the notes to the proxy form. To appoint a proxy, a member may complete, sign and date the enclosed proxy form and deposit it at the office of the Company's Registrars, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 12:30pm on 19 September 2016. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
4. In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the Company's Registrars, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 3.00pm on 20 September 2016.
5. Any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company's Registrars at the address set out in note 3 above prior to the commencement of the meeting.
6. The right to vote at the meeting shall be determined by reference to the register of members of the Company. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the register of members of the Company at close of business on 19 September 2016 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.
7. Copies of the service contracts and letters of appointment (as appropriate) of the directors with the Company or any of its subsidiaries will be available for inspection at the Company's Registered Office from the date of this notice until the time of the annual general meeting and will be available for inspection at the annual general meeting.
8. Members who have general queries about the annual general meeting should contact the Company's Registrars, Capita Asset Services on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. From overseas - +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Capita Asset Services are open between 9.00am - 5.30pm, Monday to Friday excluding public holidays in England and Wales). No other methods of communication will be accepted. You may not use any electronic address provided either:
 - 8.1 in this notice; or
 - 8.2 any related documents (including the proxy form),
to communicate with the Company for any purposes other than those expressly stated.

EXPLANATORY NOTES ON CERTAIN BUSINESS OF THE ANNUAL GENERAL MEETING

Resolution 11 – Directors' power to allot relevant securities

Under section 551 of the Act, relevant securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £3,546,563, which is equal to 33% of the nominal value of the current ordinary share capital of the Company. Unless previously revoked or varied, the authority will expire on the conclusion of the next annual general meeting of the Company or on the date which is 15 months after the resolution being passed (whichever is the earlier).

Resolution 12 – Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the directors to allot shares up to an aggregate nominal value of £1,063,969 which is equal to 10% of the nominal value of the current ordinary share capital of the Company, subject to resolution 11 being passed. The directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next annual general meeting of the Company or on the date which is 15 months after the resolution being passed (whichever is the earlier).

