EUROPEAN WEALTH

Protect and grow your wealth

European Wealth Group Limited

Annual Report and Accounts 2015

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Company's Registered Number

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Highlights and Summary Information

Operational Highlights

- Funds under management increased by 20% to £1.2 billion (2014: £1.0 billion);
- 3 acquisitions were successfully completed in the financial year under review:
  - In July 2015 the Group completed the acquisition of Greensnow Limited (trading under the name of ISM Solutions) which added £70 million of funds under influence and a young client base with a significant proportion of recurring revenue;
  - In September 2015 the Group completed the acquisition of the financial planning clients of Bells Solicitors which added £43 million of funds under influence;
  - In November 2015 the Group acquired XCAP Nominees Limited, the client list of Hume Capital plc bringing £30 million of funds under management to the Group;
- Staff numbers increased to 82 (2014: 69) of which 49% are fee earning (2014: 46%);
- Group recurring revenue increased to 63% (2014: 45%)

Financial Highlights

- Income from trading activities increased by 67% to £7.7 million (2014: £4.6 million) which reflects a full year of trading as well as organic growth, growth from acquisitions and growth from attracting additional revenue generating staff;
- Group recurring revenue increased to 63% (2014: 45%)
- Financial Planning recurring revenue increased to 72% (2014: 49%);
- Strong growth of Treasury and Cash Management team who now account for 13% of the Investment Management division's revenue (2014: 8%)
- Loss before tax increased to £1.0 million (2014: £0.3 million) generating a cash outflow of £1.07 million mainly, as a result of lower than expected trading volumes and the costs associated with making acquisitions and bringing in new revenue generating staff;
- Net assets increased to £17.3 million (2014: £16.6 million);

Summary information

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

Its client base currently ranges from individuals with up to £8 million of assets to invest to institutions investing up to £84 million. It currently manages over £1.2 billion of funds under management or influence ("FUM") and has its headquarters in London and regional offices in Brighton, Cheltenham, Worcester, Wokingham, East Malling, Manchester and an overseas business in Zurich, Switzerland. European Wealth and its subsidiaries (the "Group") currently have 82 employees as well as using the services of 6 consultants.

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

Under the Investment Management division the three trading subsidiaries are European Investment Management Limited ("European Investment Management"), European Wealth Trading Limited ("European Wealth Trading") and European Wealth (Switzerland) SA (formerly P&C Global Wealth managers SA) ("EW Switzerland").

European Investment Management is the investment management arm of the Group providing institutional style investment management for private clients, trusts, pension funds and charities. It also manages money on behalf of third party independent financial advisers. As at the year end European Investment Management and EW Switzerland had approximately £751 million of FUM split between approximately £406 million of, mainly discretionary, equity investments and approximately £345 million of fixed interest investments.

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

The Financial Planning business is European Financial Planning Limited ("European Financial Planning"). European Financial Planning currently acts for over 9,000 clients and 51 corporate pension schemes ranging in size from 10 to 4,500 members, with aggregate funds under advice of approximately £500 million. The financial planning division provides advice to clients covering three core services – financial planning, corporate pension advisory and tax planning.

Chairman's Statement

I am pleased to present the second Annual Report and Financial Statements for European Wealth Group Limited ("European Wealth" or the "Company", together with all its subsidiaries, the "Group") since the reverse takeover of European Wealth Management Group Limited ("EWMG") in May 2014.

The Group has continued to pursue its core strategy of taking advantage of the structural changes within the financial services industry both in the United Kingdom and internationally. These changes, which are primarily driven by changing regulation, are resulting in increased stress on overheads at a time when the industry is becoming more competitive and margins, particularly in the investment management industry, remain under pressure.

The Group's strategy has always been to grow organically, through acquisition and by attracting additional revenue-generating staff. It is inevitable that growth will be determined by our success in each part of our strategy. For the year to 31 December 2015, revenues increased to £7.7 million (2014: £5.6 million), an increase of 38 per cent.

The growth in our revenue has partly been a result of the acquisitions that we made in the second half of 2015 which together account for £445,000 of turnover in the year under review. The balance has been achieved by growth in the core business.

It was pleasing to report in the half yearly figures that the Group had achieved one of its ambitions of recording a positive EBITDA figure. The Group, however, has recorded a loss before tax and exceptional items for the full year to 31 December 2015 of £1.7 million (2014: £22,000). It should be noted that the 2014 numbers included £0.8 million of one off non trading related revenues as a result of the EWMG acquisition. As stated in the trading statement released on 11 December 2015, the full year loss is a reflection of two key influences.

Firstly, many of the new revenue generating staff took longer to build an established client base than we had originally anticipated. However, it is pleasing to see that we are now starting to benefit from the revenue generated from those clients which we expect to develop during the course of 2016. Secondly, subdued trading volumes in global stock markets in the second half of the year has resulted in commission-driven revenues being lower than expected.

The Group is continuing to grow as demonstrated by the increase in the funds under management or influence ('FUM') over the period covered by this report. FUM grew by over 20 per cent. to £1.2 billion (31 December 2014: £1.0 billion). This growth is against a background of benign equity markets with the FTSE All Share Index falling by 2.49 per cent. over the same period.

It was noted in the last Annual Report that growing a business at this speed will inevitably put pressure on the infrastructure of the business. This has resulted in the total headcount continuing to increase and reaching 82 at the 31 December 2015. The mix of staff and consultants is as below:

	2015	2014
Fee earning	40 (49%)	32 (46%)
Administration	42 (51%)	37 (54%)
Total	82	69

The Group has also continued to invest in both its IT and support systems. Against a background of potential margin pressure, it is important that the Group is run as efficiently as possible using the most up to date technology. Over the last 12 months, a new software system has been introduced into the financial planning division. It is expected that, once fully functional, the new system will significantly enhance the administrative capability of that division resulting in a reduction in the administrative costs.

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Acquisitions

During the second half of the year under review, three acquisitions were made bringing the total number of acquisitions since the listing on AIM in May 2014 to five. The Board has continued to take a prudent approach towards making acquisitions by ensuring that any acquisition fits with the ethos of the Group and, is valued at a realistic level.

The first of last year's acquisitions was completed in July. This was the purchase of Greensnow Limited, the IFA business that trades under the name ISM Solutions ("ISM"). ISM has further increased the Company's presence within the financial planning arena of the UK financial services industry as well as adding £70 million of funds under influence. ISM provides a broad range of financial planning services to a client base made up predominantly of young, aspiring professionals. At the time of writing this report, all the administration systems have been integrated with our core financial planning business and the staff have transferred from Fenchurch Street to our Head Office in Austin Friars.

The second acquisition completed in September, this was the purchase of the financial planning clients of Bells Solicitors ("Bells"), adding £43 million of funds under influence. This acquisition has been integrated into the financial planning back office systems and the member of staff is now based in the Company's Wokingham office.

In the last quarter of 2015 the acquisition of XCAP Nominees Limited from the administrators of Hume was announced. This acquisition added critical mass to our Investment Management division, bringing £30 million of funds under management and has further enhanced our presence in Manchester. The transfer of client assets and the interaction with the clients was a challenging project but it is pleasing to report that the process is now complete and all the clients and assets are migrated onto our core investment management system.

This acquisition has added 10 per cent. to our equity funds under management within the investment management business and is expected to add some 15 per cent. to our dealing revenue.

Board changes

On 11 March 2015, Paul Everitt stepped down as a Non-Executive Director. The Board would like to thank Paul for his significant contribution to the Company over the past several years and to wish him well for the future.

On 1 December 2015 Marianne Hay joined the Board of the Company as a Non-Executive Director. Formerly the Head of Private Banking for Europe, Middle East and Africa for Standard Chartered Bank, Ms. Hay is highly experienced at board level in leading global financial services businesses. Her core skills include strategic planning, risk management and investment management.

On 29 April 2016, Rod Gentry stepped down as Chief Executive Officer. Rod has been a Director of European Wealth from its creation and has made a significant contribution towards its development since its launch in 2010. The Board and the management team would like to place on record their appreciation for his dedication, and wish him all the best for the future.

Having strengthened the senior management team with the appointment of Adam Suggett as Group Financial Controller and Simon Ray as Chief Operating Officer, the Board considers that there is sufficient depth of expertise to be able to drive the business forward in the near term.

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Review of Divisions

European Wealth Group has established two key divisions which allow the Group to offer a wide range of services within the wealth management industry.

Financial Planning

The financial planning division has continued to develop during the year under review. The changes to the remuneration structure of the financial planning industry have continued to impact on the shape of the revenue generated by this division. The consequence of this trend has been to significantly improve the quality of income generated as illustrated by the increased percentage of revenue that is recurring rather than being transactional.

The percentage of revenue classed as recurring has increased to 72 per cent. (2014: 49 per cent.). This percentage is expected to increase further during 2016 particularly when a full year's contribution from ISM is reflected in the figures.

The financial planning division is structured into three distinct financial planning disciplines; general financial planning, group pension scheme administration and specialist tax planning.

The largest in terms of turnover is the general financial planning discipline, accounting for some 74 per cent. of the financial planning revenue. This will always be the cornerstone of the business but your Board remains of the opinion that diversification is important within the financial planning industry and provides good opportunities for cross referrals across the Group.

The group pension industry has been through significant change over the last two years moving away from commission based arrangements to standard fees. Our financial planning division has remained strong through these changes with the revenue accounting for 21 per cent. of the financial planning division's revenue, a modest drop of 3 per cent. compared to the same period in 2014.

The benefits of the financial planning division also include the opportunity for cross selling as senior members leave their company pension scheme to establish their own arrangements.

Specialist tax planning for high net worth individuals made a more modest contribution to the financial planning turnover in 2015 accounting for 5 per cent. of turnover in comparison to 8 per cent. in 2014. However, the Board expect demand for tax planning schemes including EIS and VCTs to increase over the medium term.

Investment Management

The investment management division is made up of three core disciplines, discretionary portfolio management, treasury and cash management and the specialist execution only dealing desk.

Discretionary portfolio management is the backbone of the division, providing discretionary and advisory multi-asset investment management services to a broad range of clients. This area accounts for 77 per cent. of the division's turnover (2014: 80 per cent.). As mentioned earlier in this report, high quality, institutional style investment management is a critically important ingredient for meeting clients' expectations over the long term. It is pleasing to see that the portfolios are continuing to outperform both their peers and benchmarks over a variety of time horizons.

European Wealth (Switzerland) SA is a key part of this division and despite the loss of a major client in 2015, the business performed better than expected. The business continues to win new clients, both in the UK and locally, in an increasingly difficult environment and the Board remains committed to developing its links in Switzerland where it continues to see opportunities.

The treasury and cash management team has continued to grow funds under management with the overall contribution to the revenue of the division increasing to 13 per cent. (2014: 8 per cent.). This is especially pleasing to see in an environment where management fees in this sector are under pressure given the unprecedented level of global interest rates.

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It is also encouraging to see that the team has continued this growth in 2016 winning a number of large mandates and additional funds from a high quality list of clients.

The specialist execution dealing desk continues to provide dealing services to the rest of the investment management division in addition to generating its own revenues. In 2015 the team contributed 11 per cent. of the divisions revenue (2014: 12 per cent.). The second half of the year under review saw trading volumes on the London Stock Exchange fall to unexpectedly low levels and the flow of new issues and secondary placings, an area the desk specialises in, almost disappear with a number of floatations not successfully proceeding due to both stock market and global economic uncertainty.

The opening months of the current year have been challenging for the dealing team but the Board expect a recovery in the remainder of 2016.

Outlook

Following the challenging trading environment in the second half of 2015, and the current economic and political uncertainties in various parts of the globe, predicting how 2016 is likely to unfold is particularly difficult. The opening month of 2016 was a particularly trying period for the industry with global stock markets falling by up to 10 per cent. as a result of a sharp fall in the oil price together with concerns over the speed of growth in the Chinese economy. European markets have to face the UK's EU referendum and world markets have to survive the uncertainty of the US presidential elections in November.

Despite the short term uncertainties, the Board believe that the increased demand for the services that the company offer together with a continuing trend of consolidation within the industry will provide opportunities for the further development of the Group focusing on the three channels of growth.

The Board expects the impact of RDR to continue to be felt in the financial planning industry for the foreseeable future. The revenue generated by this division is increasingly adopting the profile of the fund management business with clients paying a percentage fee depending on the level of service agreed and the size of the assets.

The current dynamics of the industry highlight the need to run an efficient and operationally streamlined business. With the business having been created only five years ago we believe we have the up to date systems and technology to be able to take advantage of this huge opportunity.

In conclusion, 2015 has been a year when we have continued to take advantage of growth opportunities in the industry. As with any growing business, it is the dedication and determination of the staff that help fuel the growth of the Group. I would like to take this opportunity to thank everybody associated with European Wealth for their commitment and determination over the last 12 months. The Board and all the staff within the Group are determined to make European Wealth a growing name within the wealth management industry both across the UK and overseas. We look forward to the future with confidence.

A J Morton
Executive Chairman

Strategic Report

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

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

Objectives and strategy

The Group's strategy is to become a leading independent provider of asset management and financial planning services. The Group intends to achieve this through its three main ambitions which are to grow the business by acquisition, organic growth and by attracting highly qualified staff. This strategy has resulted in the Group increasing its FUM to £1.2 billion over the last 5 years.

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

1. The need for an appropriate integration of investment management and financial planning disciplines to deliver a unified wealth management service where personal service is key;
2. The ability to respond effectively to changes in both the regulatory environment and industry developments; and
3. The ability to deliver profitability at times when operating margins come under pressure.

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

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

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

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Results for the financial year

During the financial year ended 31 December 2015 the business continued growing organically as well as completing three acquisitions. The acquisitions took longer to complete than originally expected resulting in the associated cost savings taking longer to feed through than originally anticipated. As a result, the operating results of the Group are worse than had been forecast. However, these cost savings are now starting to feed through as originally expected.

Revenues are derived from trading in all business divisions.

European Wealth's revenue for the year was £7.7 million (2014: £5.6 million) which generated an operating loss pre exceptional items of £1.7 million (2014: profit £22,000). It should be noted that the 2014 annual figures included a gain of £0.8 million from re-valuations of investments.

Loss before tax was £1.0 million (2014: loss of £0.3 million).

Exceptional items for the year related to adjustments in deferred consideration that resulted in a gain of £0.7 million (2014: loss of £0.4 million in relation to costs of the reverse acquisition).

At the year end the Group's net assets amounted to £17.3 million (2014: £16.6 million), and net current liabilities amounted to £3.4 million (2014: net current liabilities of £1.7 million).

EWMG's trading results for the full relevant periods have resulted in revenues of £7.7 million (2014: £6.7 million) with an Earnings before interest, tax depreciation and amortisation ("EBITDA") loss of £0.5 million (2014: loss of £0.2 million).

Key performance indicators

A review of the Group's business and an indication of likely future developments are contained in the Chairman's statement and in the Review of the Business. The Group's key performance indicators going forward include, but are not limited to, assets under management and influence, number of clients, revenues, EBITDA, the recurring fee base and the ratio of administration staff to revenue generating staff. The KPI's are not included in this report due to the basis of preparing of accounts between years, and KPI's relating to operating companies and non-financial KPI's more relevant in the subsidiaries. These KPI's are disclosed where relevant in the subsidiary financial statements and will be monitored going forward on a Group basis and disclosed in future reports.

Key risks affecting the business

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

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

Operational risk

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

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

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Solvency risk

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

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

Dependence on key personnel

The Group's performance is dependent on its current and future management team. The loss of any of its existing Directors or key employees or a failure to recruit additional Directors and/or senior executives could, therefore, significantly reduce the Group's ability to make successful acquisitions or manage the Group and its operations effectively. The Group manages this risk through the use of standard contracts with relevant restrictive covenants where required along with the use of its strong, experienced, internal HR department.

The future performance of the Group cannot be guaranteed

There is no certainty and no representation or warranty is given by any person that the Group will be able to achieve any returns referred to in this document. The financial operations of the Group may be adversely affected by general economic conditions, by conditions within the UK financial services market generally or by the particular financial condition of other parties doing business with the Company. Historically, the performance of the assets has been good and is under constant review by the firms experienced Investment Management Committee.

Prospective acquisitions may fail to deliver expected performance

There can be no guarantee that suitable companies or businesses will be available for the Group to successfully identify and acquire in the future. The wealth management sector has a number of large businesses operating within it, together with many of medium size and a substantial number of small operations. The Company therefore will face competition to acquire other operations. A number of competitors are larger and have greater resources than the Company and may prevent the successful implementation of the Company's business plan. The Group has a strong, experienced management team, all of whom have experience in working with growing acquisitive businesses, which allows for robust post acquisition integration plans to be implemented.

Future funding requirements

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

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Regulatory risk

Regulatory risk is the risk that the regulated entities fail to comply with any of the regulations set by the various regulatory bodies that each company operates under. The Group is engaged in activities which are regulated by the Financial Conduct Authority ("FCA"). The Group may, therefore, be required from time to time to review and update its regulatory permissions and the status of its authorised persons to ensure that it's existing and new activities, as they develop, are consistent with the Group's regulatory permissions. Failure to do so could lead to public reprimand, the imposition of fines, the revocation of permissions or authorisations and/or other regulatory sanctions, any of which could lead to adverse publicity and reputational damage and could have a material adverse effect on the continued conduct of the Group's business. There may, in the future, be changes to, or new laws and regulations that govern the operations of the Group. The Company cannot predict the full effect that any proposed or future law or regulation may have on the financial condition or results or operations of the Group. It is possible that the Group may be adversely affected by changes in the applicable laws or regulations.

Key to managing this risk is:

1. Adopting a robust "top down" system of risk management headed by the Risk and Compliance committee which is chaired by the Company's Senior Non-Executive Director. The Committee meets in person every quarter and on an ad-hoc basis in between. The heads of risk and compliance for European Investment Management, European Wealth Trading and European Financial Planning attend all meetings of the Committee with senior members of the firm's finance function;
2. A non-executive board of three Directors bringing significant business expertise in the financial services sector and seeking to enhance an independent and balanced decision making process, particularly around regulatory matters;
3. An effective risk and compliance team handling day to day management of regulatory risk for the Group and monitoring of its business to ensure compliance with the rules of the Financial Reporting Council, the Financial Conduct Authority and of the London Stock Exchange.

Stock market conditions

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

Approved by the Board
A J Morton
Executive Chairman

The Board

John Morton

Executive Chairman

John is the Executive Chairman of European Wealth Group and an Executive Director of European Wealth Management Group. John was previously the founding Chief Executive of Ashcourt. He has over 30 years' experience of managing institutional and private client investments, and the management and acquisition of wealth management businesses.

He began his career with Hill Samuel Investment Management and became a Director of Abtrust Fund Managers (now Aberdeen Asset Managers) where he specialised in managing European equities before establishing the investment function for Brachers which subsequently demerged into the Ashcourt Group. He is also on the Boards of two UK charities.

Kenneth Reginald Dawson ("Buzz") West

Senior Non-Executive Director

Buzz is a senior independent Non-Executive Director of European Wealth Group. He is also a Senior Non-Executive Director at AIM listed telecoms company Norcon and entertainment group, Cannonco. He was previously the Chairman of AIM listed wealth manager, Ashcourt and Chairman of the loss adjusting group GAB Robins.

He runs investment advisory group Kenneth West Associates, and has successfully developed a number of companies with international trading interests in Europe, the Middle East and United States in the high technology, natural resources and service sectors. He spent 15 years with Reuters, the financial services information group, latterly as Bahrain based Managing Director of Middle East & Africa.

Kishore Gopaul

Non-Executive Director

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

Marianne Hay

Independent Non-Executive Director

Marianne is a Non-Executive Director of European Wealth Group. She was formerly the Head of Private Banking for Europe, Middle East and Africa for Standard Chartered, Chief Executive Officer for Citigroup's European wealth management business and Head of Private Wealth Management for Morgan Stanley. She currently serves on the boards of the Court of the University of Greenwich, ACE Africa, the Advisory Board of Riverpeak Wealth and the Town and Country Housing Group.

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements, for the year to 31 December 2015. The Corporate Governance Statement set out on page 18 onwards, the strategic report on page 8 and the Highlights and Summary Information on page 2 form part of this report. All financial information given in this Directors' Report is taken solely from the statutory results prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

Incorporation

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

Principal activities

The principal activities of the Group are the operation of an investment management and financial planning business.

Financial risk management objectives and policies

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

Dividends

The Directors are not proposing the payment of any dividend on ordinary shares in respect of the year ended 31 December 2015 (year ended 31 December 2014: same).

Capital Structure

Details of European Wealth's issued share capital, together with details of the movements in the number of shares during the year, are shown in note 29.

In May 2014 the Company re-organised its share capital such that it now has one class of ordinary shares of nominal value 5 pence each and one class of deferred shares which have very limited rights (contained in the New Articles) such that, in practical terms, they have no value. Nor do they carry any rights to voting, dividends or a return on capital (otherwise than on a winding up).

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

In addition, the Company has a convertible loan note ("CLS") in issue. The CLS prior to their conversion have no right to share in the Company's profits or in any surplus in the event of its liquidation. The CLS pay a coupon of 10 per cent. per annum and have stepped conversion terms. Further details of the note can be found at note 27 and also in the Company's admission document dated 16 April 2014.

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Capital Management

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

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

Directors

John Morton, Kishore Gopaul and Buzz West served throughout the year.

Rod Gentry served throughout the year and resigned on 29 April 2016.

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

Marianne Hay was appointed as a Director of the Company on 1 December 2015.

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

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

Directors' interests

The Directors who held office at 31 December 2015 had the following beneficial interests in the ordinary shares of the Company as at 31 December 2015:

Name of Director	Number of Ordinary Shares held
John Morton	2,347,206
Rod Gentry (resigned 29 April 2016)	2,329,471
Kishore Gopaul (held by Courvoisier & Associates)	1,635,021
Buzz West	326,306
Marianne Hay	-

No changes have taken place in the beneficial interests in ordinary shares of the Company of Directors who held office as at 31 December 2015 between that date and 21 June 2016.

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

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Directors' interests (continued)

The Directors who held office at 31 December 2015 had the following share options over ordinary shares of the Group as follows:

Director	Scheme	Number of Ordinary Share Options	Date of Grant	Exercise Price per Share	Exercise Period
John Morton	EMI OPTION	335,241	27 March 2012	25.35p	Exercisable 50% on/after 1 Oct 2012 or after 1 April 2013
Rod Gentry (resigned 29 April 2016)	EMI OPTION	335,241	27 March 2012	25.35p	Exercisable 50% on/after 1 Oct 2012 or after 1 April 2013

Employees

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

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

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

Future developments and events after the balance sheet date

A review of the Group's business and an indication of likely future developments are contained in the Chairman's statement and in the Strategic Report.

On 25 April 2016, the Company announced that Rod Gentry would be resigning from the Board along with all his other directorships within the Group effective from 29 April 2016.

Post year end European Financial Planning Limited acquired the client list of Phoenix Invest Limited, a financial planning business that generates over £93,000 of recurring revenue. The total consideration payable is £268,000 spread over a 4 year period.

(continued)

Substantial shareholdings

On 21 June 2016, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company of 3% or more of the issued share capital of the Company:

Name of Shareholder	Percentage of voting rights and issued share capital	No. of ordinary shares
John Morton and family	10.39%	2,432,356
Rod Gentry	9.95%	2,329,471
Unicorn Asset Management	9.86%	2,198,206
Courvoisier and Associates	6.99%	1,635,201
Septer Investments Limited	5.78%	1,352,283
Peter Mullins	4.75%	1,112,497
George Robb	4.73%	1,106,962
Southern Rock Insurance	3.82%	892,857
Bruce Albrecht	3.30%	771,902
Iain Little	3.30%	771,902
Susan Roughley	3.29%	769,533

All shareholdings stated above are beneficial.

Policy of payment to suppliers

It is the Company's policy to ensure that payments are made according to the terms and conditions of business agreed with the supplier. Trade creditors of the Group at 31 December 2015 were equivalent to 42 days' purchases (2014: 70 days' purchases), based on the average daily amount invoiced by suppliers during the year.

Directors' indemnities

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

Charitable contributions

During the year the Company made charitable donations of £nil (2014: £nil).

(continued)

Going concern

The Financial Reporting Council issued a guidance note in April 2016 requiring all companies to provide fuller disclosures regarding the directors' assessment of going concern.

The Group's business activities, together with the factors likely to affect its future development and liquidity and capital position, are set out in the Review of the Group's Business section of the Strategic Report on page 8.

In the year ended 31 December 2015 the Group made a loss before tax and exceptional items of £1.7 million, had a net current liability position of £3.3 million with net cash used in operating activities of £1.1 million. A material percentage of the loss was made in the second half of the year for three significant reasons; firstly, due to industry wide reductions in trading volumes, secondly, as a result of three acquisitions made and thirdly due to the cost of new teams joining.

The Group has taken steps to alleviate the reliance on trading commission through amending the charging structure. The Group still continues to look to build the asset base in order to improve its revenue generating capabilities. However, the Company also has various restructuring options and mitigating factors which if implemented could improve the short term cash flow position of the Group. The Group regularly monitors its actual and forecast cash flow position to determine whether the steps mentioned above are required.

However, whilst the Group expects to generate positive cash flows that cover its operating costs, there are material non operating costs that are due for payment in the next 12 months which the Group may not be able to cover from its current operating cash flows. The Group has several potential options in terms of refinancing debt and raising new equity that would assist in covering these costs if operating cash flows do not generate sufficient headroom, together with the ability to realign the operational cost base. Discussions are currently underway with a number of parties, but these are not as yet finalised. Therefore, in summary, there appears to be a material uncertainty related to the above, that may cast significant doubt on the Group's ability to continue as a going concern.

However, having considered the cashflow forecast, the present negotiations that are underway with equity and debt providers, and the mitigating actions that have been described above; at the time of preparation of this Annual Report the directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future. For these reasons the directors continue to prepare these financial statements on the going concern basis. Accordingly, the financial statements do not include any adjustments that may be required if they were prepared on a basis other than going concern.

Auditor

Each of the persons who are Directors of the Company at the date of approval of this annual report confirms that:

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

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

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

PO Box 268
Mill Court
La Charroterie
St Peter Port
Guernsey GY1 3QZ

By order of the Board,
A J Morton
Executive Chairman, 21 June 2016.

Corporate Governance Statement

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

As an AIM listed company, European Wealth Group Limited is not required to comply with the UK Corporate Governance Code issued in 2014 by the Financial Reporting Council (the "Code") but, as outlined in this section, the Board considers that it is in the interests of shareholder protection and value to have regard to the Code's principles of good governance and code of best practice where this is considered to be in the interests of shareholders.

Board Composition

During the year under review, the Board comprised of:

- John Morton (Executive Chairman throughout the year);
- Rod Gentry (Chief Executive Officer throughout the year, resigned 29 April 2016);
- Kishore Gopaul (Non-Executive Director throughout the year);
- Kenneth "Buzz" West (Non-Executive Director throughout the year);
- Paul Everitt (Non-Executive Director resigned on 11 March 2015); and
- Marianne Hay (Non-Executive Director appointed 1 December 2015).

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

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

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

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

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

(continued)

Board Composition (continued)

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

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

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

Subsidiary Boards

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

Corporate Governance Structure

The post of senior Independent Non-Executive Director is held by Buzz West, the post of Executive Chairman is held by John Morton. The Board considers that the Non-Executive Directors provide a strong and consistent independence to the Executive Board. None of the Non-Executive Directors are involved with the day-to-day management of the Group and are free from any business or other relationship which could materially interfere with their judgement. Biographies of the Directors are contained on page 12.

During the year ended 31 December 2015 in his role as such, the Executive Chairman was responsible for leadership of the Board, creating conditions for overall Board and individual Director effectiveness and developing the Group's strategy. The Chief Executive Officer was responsible for running the Group's business day to day and, subject to Board agreement, the implementation of strategy. Post the resignation of Rod Gentry on 29 April 2016 the Executive Chairman has taken on the responsibilities previously held by the Chief Executive Officer.

The minutes of scheduled meetings of the Board are taken by the Executive Chairman's PA. In addition to constituting records of decisions taken, the minutes reflect questions raised by the Board members in relation to the Group's business and, in particular, issues raised from the reports included in the Board or Committee papers circulated prior to the relevant meeting. Unresolved issues (if any) are recorded in the minutes.

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

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

(continued)

Board Committees

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

Audit Committee

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

The independence and effectiveness of the external auditor is reviewed annually. The possibility of undertaking an audit tender process is considered on a regular basis. The Audit Committee meets at least once a year with the Auditors to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. As well as providing audit related services, the auditors also provide taxation advice. The fees in respect of audit and tax services are set out in note 9 of the Notes to the Group Financial Statements. Fees for non-audit services paid to the auditors are not deemed to be of such significance to them as to impair their independence and therefore the Audit Committee considers that the objectivity and independence of the auditors is safeguarded.

Internal Control

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

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

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

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

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

(continued)

Remuneration Committee

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

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

There was one Remuneration Committee meeting during the financial year ended 31 December 2015. The Board considers the composition of the Committee appropriate given the size of the Group. No Director has a service contract for longer than 12 months.

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

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

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

1. Basic salaries and benefits in kind: Basic salaries are recommended to the Board by the Remuneration Committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Benefits in kind, comprising death in service cover are available to all staff and Executive Directors. Benefits in kind are non-pensionable.
2. Share options: The Company operates approved share option schemes for Executive Directors and other employees to motivate those individuals through equity participation. Exercise of share options under the schemes is subject to specified exercise periods and compliance with the AIM Rules. The schemes are overseen by the Remuneration Committee which recommends to the Board all grants of share options based on the Remuneration Committee's assessment of personal performance and specifying the terms under which eligible individuals may be invited to participate. The Code refers to the requirement for the performance related elements of remuneration to form a significant proportion of the total remuneration package of Executive Directors and should be designed to align their interests with those of shareholders. In this re-structuring and development phase of the Group the Remuneration Committee currently considers that the best alignment of these interests is through the continued use of incentives for performance through the award of share options.
3. Bonus Scheme: The Group has a bonus scheme for staff and Executive Directors which is specific to each individual and the role performed by that individual within the Group.
4. Pension Contributions: The Group pays a defined contribution to the pension schemes of Executive Directors and other employees. The individual pension schemes are private and their assets are held separately from those of the Group.

Policy on Non Executive Remuneration

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

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

(continued)

Policy on Non Executive Remuneration (continued)

The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the Non-Executive Directors and will seek guidance from its advisors if, at any time, it is concerned that the shareholding of any Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company. Directors' emoluments, including Directors' interest in share options over the Group's share capital, are set out in note 29 of the financial statements.

Risk and Compliance Committee

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

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

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

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

Nomination Committee

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

There was one Nomination Committee meeting during the financial year ended 31 December 2015. The Board considers the composition of the Committee appropriate given the size of the Group.

Re-election

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

Performance evaluation

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

(continued)

Relationship with shareholders and dialogue with institutional shareholders

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

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

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

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

Corporate social responsibility

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

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

Internal control and risk management

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

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

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

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

Directors' Remuneration Report

Directors' Emoluments

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

	Basic salary received	Benefits in kind received	Bonuses received	31 December 2015 total	31 December 2014 total
	£	£	£	£	£
Executive					
John Morton	200,000	22,707	-	**222,707**	**217,972**
Rod Gentry (resigned 29 April 2016)	200,000	22,247	-	**222,247**	**217,388**
Non-Executive					
Kishore Gopaul	18,000	-	-	**18,000**	**24,500**
Paul Everitt (resigned 11 March 2015)	-	-	-	**-**	**-**
Buzz West	45,000	-	-	**45,000**	**44,000**
Marianne Hay (appointed 1 Dec 2015)	1,500	-	-	**1,500**	**-**
Paul Everitt (resigned 11 March 2015)	-	-	-	**-**	**10,473**
Tim Revill (resigned 7 May 2014)	-	-	-	**-**	**3,000**
Aggregate emoluments	**464,500**	**44,954**	**-**	**509,454**	**517,333**

Approval

This report was approved by the Board of Directors on 21 June 2016 and signed on its behalf by:

A J Morton
Executive Chairman

Directors' Responsibilities Statement

Directors' responsibilities statement

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

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

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

By order of the Board
A J Morton
Executive Chairman, 21 June 2016.

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

We have audited the financial statements of European Wealth Group Limited for the year ended 31 December 2015 which comprise a Consolidated Statement of Comprehensive Income, a Consolidated and Company Balance Sheet, a Consolidated and Company Cash Flow Statement, a Consolidated Statement of Changes in Equity and the related notes 1 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of The Companies (Guernsey) Law, 2008.

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015, and of the Group's loss for the year then ended;
- The Group and Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The financial statements have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

(continued)

Emphasis of matter – going concern

We have considered the adequacy of the disclosures made in the going concern section of the Summary of significant accounting policies and the Directors report in respect of the Group's ability to continue as a going concern.

The Group is obliged to make significant deferred consideration payments in relation to its previous acquisitions in the 12 months following the preparation of these financial statements. Based on present cash forecasts, in order to meet these obligations and to provide continuing working capital, new debt facilities may be required and the Group's existing facilities restructured. In order to address this potential cashflow shortfall, the Group is presently in discussions with a number of third parties.

Whilst we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate, these conditions together with the other matters set out in the going concern section of the Summary of significant accounting policies and the Director's report, indicate the existence of a material uncertainty which may give rise to significant doubt over the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Matters on which we are required to report by exception

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

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

Stephen Williams (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London. 21 June 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Income from trading activities		7,653	4,647
Gains from re-valuations of investments		-	830
Interest income		-	101
Revenue	7	**7,653**	**5,578**
Cost of sales		(1,188)	(906)
Gross profit		**6,465**	**4,672**
Administrative expenses		(7,253)	(4,214)
Depreciation and amortisation		(424)	(204)
Operating (loss)/profit	8	**(1,212)**	**254**
Finance costs	11	(509)	(232)
(Loss)/Profit before tax and exceptional items		**(1,721)**	**22**
Exceptional items	12	719	(359)
Loss before tax		**(1,002)**	**(337)**
Tax	13	11	(11)
Total comprehensive loss for the year		**(991)**	**(348)**
Loss per share			
Basic	15	**(0.05)p**	**(0.03)p**
Diluted	15	**(0.04)p**	**(0.02)p**

The entire Group's revenue and operating (loss)/profit was derived from continuing operations.

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

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

Consolidated Balance Sheet

As at 31 December 2015

	Note	Group 31 December 2015 £'000	31 December 2014 £'000
Non-current assets			
Fixtures and equipment	16	170	202
Intangible assets and goodwill	18	24,744	22,437
Investments	19	13	9
Deferred tax asset	20	428	428
		25,355	23,076
Current assets			
Trade and other receivables	21	797	715
Cash and cash equivalents	24	179	237
		976	952
Total assets		26,331	24,028
Current liabilities			
Trade and other payables	25	3,620	2,122
Short term borrowings	26	662	500
		4,282	2,622
Non-current liabilities			
Convertible loan note	27	3,963	4,025
Other non-current term liabilities	28	808	735
		4,771	4,760
Total liabilities		9,053	7,382
Net current liabilities		(3,306)	(1,670)
Net assets		17,278	16,646
Equity			
Share capital	29	1,171	983
Share premium account	30	12,654	9,851
Capital reserve	31	351	1,719
Retained earnings	32	3,102	4,093
Total equity		17,278	16,646

(continued)

Consolidated balance sheet (continued)

The financial statements of European Wealth Group Limited (registered number 42316) were approved by the Board of Directors and authorised for issue on 21 June 2016.

They were signed on its behalf by:

A J Morton

Executive Chairman, 21 June 2016.

Company Balance Sheet

As at 31 December 2015

	Note	Company 31 December 2015 £'000	Company 31 December 2014 £'000
Non-current assets			
Investments	19	18,373	16,329
Loans and deferred consideration		-	-
		18,373	16,329
Current assets			
Trade and other receivables	21	2	296
Loans receivable	23	7,153	5,735
Cash and cash equivalents	24	1	176
		7,156	6,207
Total assets		25,529	22,536
Current liabilities			
Trade and other payables	25	1,871	890
Short term borrowings	26	300	500
		2,171	1,390
Non-current term liabilities			
Convertible loan note	27	3,963	4,025
Other non-current liabilities	28	200	-
		4,163	4,025
Total liabilities		6,334	5,415
Net current assets/(liabilities)		4,985	4,817
Net assets		19,195	17,121
Equity			
Share capital	29	1,171	983
Share premium	30	12,654	9,851
Capital reserve	31	351	1,719
Retained earnings	32	5,019	4,568
Total equity		19,195	17,121

(continued)

Company balance sheet (continued)

The financial statements of European Wealth Group Limited (registered number 42316) were approved by the Board of Directors and authorised for issue on 21 June 2016.

They were signed on its behalf by:

A J Morton

Executive Chairman, 21 June 2016.

Consolidated and Company Statement of Changes in Equity

For the year ended 31 December 2015

Consolidated	Share Capital £'000	Share Premium Account £'000	Capital reserve £'000	Retained Earnings £'000	Total £'000
Balance at 31 December 2013	**634**	**2,899**	**34**	**4,441**	**8,008**
Loss for the year	-	-	-	(348)	(348)
Issue of share capital	455	7,105	-	-	7,560
Convertible loan note	-	-	203	-	203
Share based settlement of deferred consideration	-	-	1,374	-	1,374
Share based payments	-	-	2	-	2
Transaction costs associated with fundraise	-	(153)	-	-	(153)
Share capital re-organisation	(106)	-	106	-	-
Balance at 31 December 2014	**983**	**9,851**	**1,719**	**4,093**	**16,646**
Loss for the year	-	-	-	(991)	(991)
Issue of share capital	188	2,893	-	-	3,081
Share based settlement of deferred consideration	-	-	(1,374)	-	(1,374)
Share based payments	-	-	6	-	6
Allowable costs of fundraise	-	(90)	-	-	(90)
Balance at 31 December 2015	**1,171**	**12,654**	**351**	**3,102**	**17,278**

Consolidated and Company Statement of Changes in Equity

For the year ended 31 December 2015

Company	Share Capital £'000	Share Premium Account £'000	Capital reserve £'000	Retained Earnings £'000	Total £'000
Balance at 31 December 2013	**634**	**2,899**	**34**	**4,441**	**8,008**
Profit for the year	-	-	-	127	127
Issue of share capital	455	7,105	-	-	7,560
Issue of convertible loan note	-	-	203	-	203
Share based settlement of deferred consideration	-	-	1,374	-	1,374
Share based payments	-	-	2	-	2
Transaction costs associated with fundraise	-	(153)	-	-	(153)
Share capital re-organisation	(106)	-	106	-	-
Balance at 31 December 2014	**983**	**9,851**	**1,719**	**4,568**	**17,121**
Profit for the period	-	-	-	451	451
Issue of share capital	188	2,893	-	-	3081
Share based settlement of deferred consideration	-	-	(1,374)	-	(1,374)
Share based payments	-	-	6	-	6
Allowable costs of fundraise	-	(90)	-	-	(90)
Balance at 31 December 2015	**1,171**	**12,654**	**351**	**5,019**	**19,195**

Consolidated and Company Cash Flow Statement

For the year ended 31 December 2015

	Note	Group		Company	
		Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Net cash used in operating activities	**33**	(1,072)	(436)	(545)	(370)
Investing activities					
Receipts from sale of investments		-	-	-	-
Property, plant and equipment purchased		(8)	(14)	-	-
Acquisition of investments		(30)	(368)	(20)	-
Loans advanced		-	-	(1,179)	(400)
Cash acquired on acquisitions		(824)	273	-	-
Net cash used in investing activities		(862)	(109)	(1,199)	(400)
Financing activities					
Net proceeds on issue of shares		1,918	570	1,918	570
Interest paid		(491)	(161)	(417)	(52)
Loans receivable repaid		(201)	205	-	265
New loans received		650	-	68	-
Interest income		-	132	-	127
Net cash from financing activities		1,876	746	1,569	910
Net (decrease)/increase in cash and cash equivalents		(58)	201	(175)	140
Cash and cash equivalents at beginning of year		237	36	176	36
Cash and cash equivalents at end of year	**24**	**179**	**237**	**1**	**176**

Notes to the Financial Statements

For the year ended 31 December 2015

1. General information

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

2. Basis of accounting

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"s) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

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

For all periods up to and including the year ended 31 December 2013, the Group prepared its financial statements in accordance with local UK generally accepted accounting practice.

3. Basis of consolidation

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

The Group now consists of the following subsidiaries, European Wealth Management Group Limited, European Investment Management Limited, European Financial Planning Limited, European Wealth Trading Limited, European Wealth (Switzerland) SA, GTI Fund Investment Ltd P&C Global, EIM Nominees Limited, EW Investments Limited, Matthews Smith (Financial Consultants) Limited, Greensnow Limited (trades under the name ISM Solutions), ISM Financial Solutions Limited, ISM Wealth Management Limited and XCAP Nominees Limited.

All acquisitions are consolidated on the date of acquisition.

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

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

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

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

(continued)

Greensnow Limited, ISM Financial Solutions Limited and ISM Wealth Management Limited have been consolidated as of 1 July 2015.

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

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

4. Adoption of new and revised standards

The Consolidated Group and Parent Company financial statements of European Wealth Group Limited have been prepared in accordance with European Union endorsed International Financial Reporting Standards ('IFRSs'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and The Companies (Guernsey) Law, 2008 applicable to companies reporting under IFRS. Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015 (except as noted below). Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Annual Improvements to IFRSs 2010 – 2012 Cycle
The amendments are effective in the EU for accounting periods beginning on or after 1 February 2015. However, earlier application is permitted so that companies applying IFRSs as adopted in the EU are able to adopt the amendments in accordance with the IASB effective date of 1 July 2014. The Group has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2010 – 2012 Cycle for the first time in the current year.

The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements. However, the amendments to IFRS 8 Operating Segments - Aggregation of operating segments and IAS 24 Related Party Disclosures - Key management personnel represent changes to existing requirements.

The amendments to IFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011 – 2013 Cycle The Group has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2011 – 2013 Cycle for the first time in the current year.

The amendments are in the nature of clarifications rather than substantive changes to existing requirements.

The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

(continued)

4. Adoption of new and revised standards (continued)

New and revised IFRSs in issue but not yet effective.

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations
IAS 1 (amendments)	Disclosure Initiative
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment Entities: Applying the Consolidation Exemption

Annual Improvements to IFRSs: 2012-2014 Cycle Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed. The above standards have not had a significance on the Group or on the Company other than on disclosures.

5. Significant accounting policies

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on pages 13 to 17.

Revenue recognition

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

Management fees

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

Commission income

Commissions are recognised when the service is completed.

Fee income

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

Other income

Other income is recognised as the services are provided.

Interest income

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

(continued)

5. Significant accounting policies (continued)

Operating lease payments

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

Borrowing costs

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

Retirement benefit costs

The company contributes to defined contribution pension schemes, held in separately administered funds. Contributions to the schemes are charged to the Consolidated Statement of Comprehensive Income when payable.

Operating loss

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

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

(continued)

5. Significant accounting policies (continued)

Fixtures and equipment

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

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

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

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

Business combinations

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

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

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

In the year ended 31 December 2014 a profit was therefore calculated from the "sale" of the associate, which was established as the fair value of the stake less the carrying value of the investment. For the immediate reacquisition, the amount of additional consideration paid for the stake, was added to the fair value of the original stake, to calculate the total consideration that was paid for the 100% shareholding, less the fair value of the net assets of the business in order to calculate the goodwill acquired. This has included calculating the fair value of the intangibles acquired as would be the case in normal acquisition accounting.

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

(continued)

5. Significant accounting policies (continued)

Intangible assets

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

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

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

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

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

Financial instruments

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

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value with transaction costs expensed in the Statement of Comprehensive Income.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Classification

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

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

Recognition

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

Measurement

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

(continued)

5. Significant accounting policies (continued)

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

Equity

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

Equity instruments

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

Effective interest rates

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

Derecognition of financial liabilities

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

(continued)

5. Significant accounting policies (continued)

Client money

The Group holds money on behalf of clients in accordance with the client money rules of the Financial Conduct Authority and other regulatory bodies. Such money and the corresponding liabilities to clients are not shown on the face of the balance sheet, as the Group is not beneficially entitled thereto. The amounts held on behalf of clients at the balance sheet date are stated in note 24.

Deferred consideration

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

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 35.

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

Cash and cash equivalents

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

6. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 5, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

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

Share based payments

The calculation of the fair value of share based payments requires assumptions to be made regarding market conditions and future events. These assumptions are based on historic knowledge and industry standards. Changes to the assumptions used would materially impact the charge to the Statement of Comprehensive Income. Details of the assumptions are set out in note 35.

(continued)

6. Critical accounting judgements and key sources of estimation uncertainty (continued)

Deferred tax rates

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. As outlined in note 20 the directors have recognised a deferred tax asset of £428,000 and have not recognised an asset in respect of remaining losses.

Goodwill and intangible assets

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

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

Convertible loan note

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

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

(continued)

7. Business and geographical segments

Products and services from which reportable segments derive their revenues

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

- Investment Management; and
- Financial Planning

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

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment for the year to 31 December 2015. The table below details full year's worth of revenue and results for the principal business divisions, which has then reconciled to the results included in the Statement of Comprehensive Income:

	Investment Management Year ended 31 December 2015 £'000	Financial Planning Year ended 31 December 2015 £'000	Consolidated Year ended 31 December 2015 £'000
Revenue			
External sales – presents full year	4,562	3,091	7,653
Result			
Segment result – presents full year	373	491	864
Central administrative expenses – presents full year			(1,661)
Operating result of trading segments			**(797)**
Finance costs			(509)
Forex			15
Share based payments			(6)
Amortisation and depreciation			(424)
Loss before tax and extraordinary items			**(1,721)**
Tax and extraordinary items			730
Loss after tax			**(991)**

(continued)

7. Business and geographical segments (continued)

Products and services from which reportable segments derive their revenues

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

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

8. Loss for the year

Loss for year ended 31 December 2015 has been arrived at after charging:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Depreciation of fixtures and equipment	39	25
Amortisation of intangibles	385	179
Operating lease – property and equipment	39	23
Staff costs	4,937	2,715

See Directors' remuneration report for details of Directors' remuneration during the year.

(continued)

9. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Fees payable to the Group's auditor		
Audit of Company	15	15
Audit of Subsidiaries	42	27
Total audit fees	**57**	**42**
Taxation fees	26	15
Client money reporting fees	21	18
Total non-audit fees	**47**	**33**

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

10. Staff costs

The average monthly number of employees (including Executive Directors, but excluding self employed advisers) from 1 January 2015 to 31 December 2015:

	Year ended 31 December 2015	Year ended 31 December 2014
Investment management and financial planning	33	34
Administration	37	24
Average number of employees	**70**	**58**

Their aggregate remuneration comprised:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Wages and salaries	4,019	2,217
Social security costs	378	260
Other pension costs	223	114
Other benefits	317	122
Share based payments	-	2
Total staff costs	**4,937**	**2,715**

(continued)

11. Finance costs

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Bank and other finance charges	509	232
Total finance costs	**509**	**232**

12. Exceptional items

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Costs in relation to the reverse acquisition of EWMG	-	(359)
Adjustments to deferred consideration	719	-
Total exceptional items	**719**	**(359)**

The deferred consideration adjustments relate to amounts recognised in respect of the Compass and the EW Switzerland acquisitions. For Compass, the amount of deferred consideration payable is £0.9 million compared to £0.5 million that was held on the prior year balance sheet. The difference of £0.4 million has been taken as a debit to the consolidated statement of comprehensive income. For EW Switzerland, the amount of deferred consideration paid was £0.2 million compared to £1.3 million that was held on the prior year balance sheet. The difference of £1.1 million has been taken as a credit to the consolidated statement of comprehensive income. The net effect of both of these transactions is a credit of £0.7 million to the consolidated Statement of Comprehensive Income.

13. Tax

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Corporation tax:		
Current year	-	11
Adjustments in respect of prior years	(11)	-
	(11)	11
Movement in Deferred tax (note 20)	-	-
	(11)	**11**

UK corporation tax is calculated at 20.25% (2014:21.5%) of the estimated assessable profits for the year. The standard rate of UK corporation tax was reduced from 21% to 20% with effect from 1 April 2015.

The Finance Act 2013, which provides for a reduction in the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% effective from 1 April 2015, was enacted on 17 July 2013. As the changes in rates were substantively enacted prior to 31 December 2014, they have been reflected in the balance sheet position as at 31 December 2014. The Finance (No.2) Act 2015 introduces further reductions in the corporation tax rate from 20% to 19% by 2017 and 18% by 2020.

(continued)

13. Tax (continued)

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Loss/(profit) before tax on continuing operations	(1,002)	(337)
Tax at the UK corporation tax rate of 20.25% (2014: 21.5%)	(203)	(72)
Expenses not deductible for tax purposes	49	106
Adjustments for balance sheet items	98	(11)
Revenue not eligible for tax purposes	(145)	(178)
Unrelieved tax losses carried forward	201	155
Tax charge on profits ineligible for Group relief	(11)	11
Total tax charge for the year	(11)	11

14. Dividends

The Directors are not proposing to pay a dividend in respect of the year ended 31 December 2015 (year ended 31 December 2014: same).

15. Earnings per share

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

Losses	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Losses for the purposes of basic loss per share being net loss attributable to owners of the Group	(991)	(348)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	21,625,149	13,339,002
Effect of dilutive potential ordinary shares:		
Share options	274,500	274,500
Convertible loan notes in issue	4,166,250	4,228,750
Weighted average number of ordinary shares for the purposes of diluted loss per share	26,065,899	17,842,252

The loss per share is (0.05)p (2014: loss per share 0.03p) diluted loss per share is (0.04)p (2014: loss per share 0.02p). The number of ordinary shares for the year ended 31 December 2013 has been restated based on the 60 for 1 share consolidation that occurred on 7 May 2014.

(continued)

16. Fixtures and equipment

	Group Fixtures and equipment £'000	Company Fixtures and equipment £'000
Cost		
At 1 January 2015	227	-
Additions	8	-
At 31 December 2015	**235**	**-**
Accumulated depreciation		
At 1 January 2015	25	-
Charge for the year	40	-
At 31 December 2015	**65**	**-**
Carrying amount		
At 31 December 2015	**170**	**-**
At 31 December 2014	202	-

17. Business combinations

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

On 1 July 2015, EWG acquired 100 per cent of the issued share capital of Greensnow Limited, the IFA business that trades under the name ISM Solutions ("ISM").

Based in the City of London, the clients of ISM are made up of predominantly young, aspiring professionals in both the legal and accountancy professions. For the full year to 31 March 2015 ISM had turnover of £1.1 million of which approximately 92 per cent was recurring income and profit before tax of £114,986. As at 31 March 2015, ISM had aggregate net assets of £29,000.

The aggregate maximum consideration for the acquisition of ISM is £3.0 million (the "Maximum Consideration"), of which 50 per cent. is to be satisfied in cash and 50 per cent. in new ordinary shares of 5p each of the Company ("Ordinary Shares"). The initial consideration payable on completion to ISM is £1.25 million and has been paid in cash and Ordinary Shares.

During the post acquisition period from 1 July 2015 to 31 December 2015, ISM generated revenue of £0.4 million and made a loss before tax of £0.01 million.

On 21 September 2015, EWG acquired the financial planning business of legal firm Bells Solicitors Limited ("Bells Financial Planning") based in Farnham, Surrey. This was the acquisition of a book of business rather than a company.

Bells Financial Planning business, established in 1999 and expanded in 2012 through the acquisition of local IFA company Biggs Hart, primarily advises high net worth individuals and private clients in the Farnham area who may have financially benefitted as a result of the legal firm's work.

In the financial year to 31 August 2015, Bells Financial Planning clients accounted for approximately £43 million of funds under influence and generated approximately £185,000 of revenue, of which approximately 91% was recurring.

(continued)

17. Business combinations (continued)

The maximum consideration payable for the Acquisition is £675,000 ("Maximum Consideration"), of which 80% is to be satisfied in cash and 20% in new Ordinary Shares of 5p each of the Company.

On 22 November 2015, EWG acquired XCAP Nominees Limited, the nominee account of Hume Capital Securities plc.

The acquisition brings a further £30 million of assets to European Wealth's Manchester office, opened in late 2014. The total consideration paid was £10,000.

As at 31 December 2015, in relation to all the previous acquisitions made by the Group, a total of £2.0 million of deferred consideration was due to paid in a mixture of cash and shares (2014: £1.9 million).

18. Intangible assets and goodwill

Acquisition of 100 per cent of the issued share capital of Greensnow Limited, the IFA business that trades under the name ISM Solutions ("ISM").

On 1 July 2015, European Wealth Group Limited acquired 100 per cent of the issued share capital of ISM.

ISM is a Financial Planning business with £70 million of funds under influence.

	£'000
Financial assets	
Net liabilities	(68)
Identifiable intangible assets	1,619
Total identifiable assets	**1,551**
Goodwill	478
Total expected consideration	**2,029**
Satisfied by:	
Ordinary shares of European Wealth Group Limited	625
Initial cash consideration	625
Deferred ordinary shares of European Wealth Group Limited	389
Deferred cash consideration	390
Goodwill and intangible assets acquired	**2,029**

Pre-acquisition financial details of the companies acquired are as follows:

Company	*Date of latest pre-acquisition audited accounts*	*Revenue (£'000)*	*Pre tax loss (£'000)*	*Net liabilities (£'000)*
ISM	Year to 31 March 2015	1,100	115	(67)

(continued)

18. Intangible assets and goodwill (continued)

Acquisition of the financial planning client book of Bells Solicitors Limited ("Bells Financial Planning")
On 21 September 2015, EWG acquired the financial planning business of legal firm Bells Solicitors Limited ("Bells Financial Planning") based in Farnham, Surrey. This was the acquisition of a book of business rather than a company.

Bells Financial Planning business, established in 1999 and expanded in 2012 through the acquisition of local IFA company Biggs Hart, primarily advises high net worth individuals and private clients in the Farnham area who may have financially benefited as a result of the legal firm's work.

Bells Financial Planning clients accounted for approximately £43 million of funds under influence.

	£'000
Financial assets	
Identifiable intangible assets – client list and funds under influence	585
Total identifiable assets	**585**
Total expected consideration	**585**
Satisfied by:	
Ordinary shares of European Wealth Group Limited	45
Initial cash consideration	179
Deferred ordinary shares of European Wealth Group Limited	72
Deferred cash consideration	289
Intangible assets acquired – client list and funds under influence	**585**

Acquisition of XCAP Nominees Limited ("XCAP Nominees")
On 22 November 2015, EWG acquired XCAP Nominees. This was effectively the acquisition of the client list of Hume Capital Securities plc which brought in approximately £30 million of Funds under Management to the Group.

	£'000
Financial assets	
Identifiable intangible assets – client list and funds under management	10
Total identifiable assets	**10**
Total expected consideration	**10**
Satisfied by:	
Initial cash consideration	10
Intangible assets acquired – client list and funds under management	**10**

(continued)

18. Intangible assets and goodwill (continued)

Goodwill

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

	Group £'000
Cost	
At 1 January 2015	15,644
Additions	478
At 31 December 2015	**16,122**
Impairment	
At 1 January 2015	-
Charge for the year	-
At 31 December 2015	**-**
Net book values	
At 31 December 2015	**16,122**
At 31 December 2014	15,644

For statutory accounting impairment review purposes, the Group has identified two cash generating units ("CGUs"): investment management and financial planning.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of asset. The smallest identifiable group of assets in European Wealth are the two divisions that the business is analysed across, being investment management and financial planning. All key management information is divided across these two divisions and when acquisitions are made they are analysed in either of those divisions. The different groups of assets that are within those two divisions do not generate independent cashflows that would enable them to be classed as separate CGUs. This is the first year in which the CGUs have been analysed in this format due to the Group only being formed during the year ended 31 December 2014.

The Company acquired European Wealth Management Group Limited ("EWMG") in 2014. EWMG has been split between the two CGUs depending on which CGU the relevant assets are allocated to by the internal management information. Compass, ISM and Bells were acquired post the EWMG acquisition and have been allocated to the financial planning CGU. EW Switzerland and XCAP Nominees were allocated to the investment management CGU.

The Group tests, for each CGU, at least annually for goodwill impairment. The recoverable amount of a CGU is determined as the higher of fair value less costs to sell of the value in use. For both CGUs the fair value less costs to sell is greater than the carrying value and therefore no further assessment of value in use has been performed.

Valuations are based on an assets under management multiple (the Investment Management CGU) and recurring revenue multiple (the Financial Planning CGU) and look at industry standard valuation metrics in order to analyse out the individual CGUs. Neither CGU valuation reflects an impairment of goodwill would be necessary as at 31 December 2015.

(continued)

18. Intangible assets and goodwill (continued)

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

Intangible assets	Group £'000
Cost	
At 31 December 2014	6,972
Additions	2,214
At 31 December 2015	**9,186**
Amortisation	
At 31 December 2014	179
Charge for the year	385
At 31 December 2015	**564**
Net book values	
At 31 December 2015	**8,622**
At 31 December 2014	6,793

The above addition to intangible assets represents the value of the funds under management acquired and client base acquired as part of the acquisitions of EWMG, Compass, EW Switzerland, ISM, Bells and XCAP Nominees.

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

The assets are assessed for their useful life on an asset by asset basis in order to determine amortisation rates. There are currently £8.3 million of intangible assets being amortised over 20 years, £0.6 million over 15 years, and £0.3 million have been assessed to have an infinite useful life. The assets assessed to have an indefinite useful life represent institutional clients with an indefinite lifespan.

19. Investments

	Group Investments £'000	Company Investments £'000
Cost		
At 31 December 2013	**5,639**	**5,639**
Additions	-	10,690
Eliminated on Group consolidation	(5,630)	-
At 31 December 2014	**9**	**16,329**
Additions	4	2,044
At 31 December 2015	**13**	**18,373**

The amount recognised as an investment in the Company accounts represents the purchase price of the acquisitions of EWMG, EW Switzerland, ISM, Bells, XCAP Nominees detailed in note 18 plus the carrying value of an immaterial investment in a quoted company.

(continued)

20. Deferred tax asset

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

	Group Total £'000	Company Total £'000
At 1 January 2015	**428**	**-**
Acquired	-	-
As at 31 December 2015	428	-

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

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

	Group		Company	
	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Deferred tax assets	428	428	-	-

At the balance sheet date, the Group has unused tax losses of £4.5 million (2014: £3.5 million) available for offset against future profits. A deferred tax asset of £428,000 (2014: £428,000) has been recognised as the Group expects to be able to restructure to utilise these losses. No deferred tax asset has been recognised in respect of the remaining tax losses as there is some uncertainty as to how effective the future restructuring will be.

21. Trade and other receivables

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Prepayments	119	15	2	3
Other debtors	128	187	-	-
Trade receivables	550	513	-	-
Intercompany	-	-	-	293
	797	**715**	**2**	**296**

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

(continued)

22. Subsidiaries

European Wealth Group Limited has the following subsidiaries:

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

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

(continued)

23. Loans receivable

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Loans receivable from the EWMG Group	-	-	7,153	5,735

All loans were to the Company's 100 per cent. fully owned subsidiary, European Wealth Management Group Limited.

24. Cash, cash equivalents

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Cash at bank and in hand	179	237	1	176

Client money

Client money, held in segregated accounts not included in the balance sheet, was £23.5 million (31 December 2014: £23.1 million).

25. Trade and other payables

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Trade payables	822	865	67	390
Intercompany	-	-	703	261
Accruals and other creditors	557	913	322	239
Deferred consideration	1,922	69	779	-
Other taxation and social security	319	275	-	-
	3,620	2,122	1,871	890

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

The deferred consideration payable is due to be paid by a mixture of cash and Ordinary shares in the Company.

(continued)

26. Short term borrowings

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Short term borrowing	**662**	500	**300**	500

In August and December 2013, loans of £300,000 and £200,000, respectively of two-year non-convertible unsecured loans were taken out, both attracting interest at 10% p.a. The £300,000 loan has been extended by 1 year and is therefore repayable in August 2016 and is classed as short term. The £200,000 loan has been extended by 2 years and is therefore repayable in December 2017 and is classed as non-current. Both loans remain outstanding as at the date of these financial statements.

On 30 June 2015 European Financial Planning Ltd entered into a sterling variable rate loan facility agreement with Clydesdale Bank PLC for an amount of £500,000. This loan is repayable on a fully amortising basis over 3 years. The interest rate charged is 3.75% over the London interbank offered rate ("LIBOR").

On 20 September 2015 European Financial Planning Ltd entered into a sterling variable rate loan facility agreement with Clydesdale Bank PLC for an amount of £150,000. This loan is repayable on a fully amortising basis over 3 years. The interest rate charged is 3.75% over LIBOR.

Of the 2 combined amounts, as at 31 December 2015 £559,302 was outstanding of which £211,424 is repayable within 12 months. The balance of £347,878 is recognised in non-current liabilities.

In December 2015 European Wealth (Switzerland) SA received a loan of £151,072. The loan is repayable after 12 months and attracts an interest rate of 10% per annum.

27. Convertible loan note

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Convertible loan note – all due between 1-5 years	**3,963**	4,025	**3,963**	4,025

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

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

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

In June 2015 a further 6,250 CLS units (representing £62,500 in nominal amount) converted into Ordinary shares in the Company at a price of 85 pence per share.

As a result there are currently 416,625 CLS units in issue (representing £4,166,250 in nominal amount). Of this total amount £203,135 has been taken to the capital reserves in accordance with IAS 32. This is based on an assumed effective interest rate of 12 per cent. per annum.

(continued)

28. Other non-current liabilities

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Directors loan (note 37)	**90**	200	-	-
Other Loans	**548**	-	**200**	-
Hire purchase creditor	**51**	109	-	-
Deferred consideration	**119**	426	-	-
	808	**735**	**200**	-

29. Share capital

	Share capital £'000
Authorised, allotted, issued and fully paid:	
As at 1 January 2014	
633.7 million ordinary shares of £0.001 each	634
Issue of shares	455
Share capital re-organisation	(106)
As at 31 December 2014:	
19.8 million ordinary shares of £0.05 each	**983**
Issue of shares	188
As at 31 December 2015	
23.4 million ordinary shares of £0.05 each	**1,171**

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

1. The consolidation and conversion of each block of 60 Existing EWG Shares into one New Ordinary Share and one New Deferred Share; and
2. Where any Existing Shareholder's holding of Existing EWG Shares is not divisible by 60, the compulsory redemption of all of the remaining unconsolidated Existing EWG Shares held by that Existing Shareholder.

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

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

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

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

(continued)

29. Share capital (continued)

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

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

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

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

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

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

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

On 2 June 2015 the Company issued 73,529 ordinary shares of 5p each at an issue price of 85p per share as a result of the conversion of 6,250 convertible loan note units (representing £62,500 in nominal amount).

On 12 June 2015 the Company announced the completion of a placing of 2,527,095 ordinary shares of 5p each at an issue price of to 80p per share to raise approximately £2.0 million.

On 22 June 2015 as part of the deferred consideration for Bradley Stuart, 88,014 ordinary shares of 5p each were issued to Mr Peter Mullins at a price of 88.5p per share.

On 1 July 2015 Company issued 706,214 ordinary shares of 5p each at an issue price of 88.5p per share as part of the consideration for the acquisition of ISM.

On 1 July 2015 Company issued 53,333 ordinary shares of 5p each at an issue price of 84p per share as part of the consideration for the acquisition of Bells.

On 11 December 2015 following the calculation of the deferred consideration payable to Bruce Albrecht and Iain Little, the vendors of European Wealth (Switzerland) SA (formerly known as P&C Global Wealth Managers SA) (the "Vendors"), a further 234,184 ordinary shares of 0.5p each in the Company were issued to the Vendors in equal amounts at a price of 104.9p.

(continued)

30. Share premium account

	Group and Company £'000
Balance at 31 December 2013	**2,899**
Premium arising on issue of equity shares	7,105
Transaction costs associated with the issue of shares	(153)
Balance at 31 December 2014	**9,851**
Premium arising on issue of equity shares	2,893
Transaction costs associated with the issue of shares	(90)
Balance at 31 December 2015	**12,654**

31. Capital reserve

	Group and Company £'000
Balance at 31 December 2013	**34**
Equity portion of Convertible loan note	203
Capital element of deferred consideration due	1,374
Share based payments liability taken to equity	2
Deferred share capital	106
Balance at 31 December 2014	**1,719**
Reversal of deferred consideration paid in period	(1,374)
Transaction costs associated with the issue of shares	-
Share based payments liability taken to equity	6
Balance at 31 December 2015	**351**

(continued)

32. Retained earnings

	Group £'000	Company £'000
Balance at 31 December 2013	**4,441**	**4,441**
Net (loss)/profit for the year	(348)	127
Balance at 31 December 2014	**4,093**	**4,568**
Net (loss)/profit for the year	(991)	451
Balance at 31 December 2015	**3,102**	**5,019**

In the year to 31 December 2015 the Company made a profit after tax of £451,000 (2014: £127,000).

(continued)

33. Notes to the cash flow statement

Cash and cash equivalents comprise cash and cash equivalents with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents are detailed in note 24.

	Group		Company	
	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
(Loss)/profit for the year	**(991)**	**(348)**	**451**	**127**
Adjustments for:				
Finance costs	509	232	448	269
Interest income		(101)	-	(292)
Forex	(15)	-	-	-
Tax charge	(11)	11	-	-
Expenses charged to capital	-	-	-	-
Depreciation and amortisation	424	224	-	-
Share-based payment expense	6	2	6	2
Profit on disposal of subsidiary	-	(830)	-	(830)
Movements in deferred consideration	(719)	-	(1,128)	-
Operating cash flows before movements in working capital	**(797)**	**(810)**	**(223)**	**(724)**
Decrease/(Increase) in receivables	(82)	(608)	1	(2)
Decrease/(Increase) in payables	(193)	982	(323)	356
Net cash In/(out) flow from operating activities	**(1,072)**	**(436)**	**(545)**	**(370)**

(continued)

34. Operating lease arrangements

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

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Minimum lease payments under operating leases recognised as an expense in the year	39	23	-	-

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Within one year	39	39	-	-
In the second to fifth years inclusive	71	110	-	-
	110	**149**	**-**	**-**

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

35. Share based payments

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

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

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

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

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

(continued)

35. Share based payments (continued)

	Number of share options
Outstanding at 1 January 2015	274,500
Issued during the year	-
Outstanding at the end of the year	274,500
Exercisable at 31 December 2015	274,500

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

The options outstanding at 31 December 2015 had a weighted average exercise price of approximately £1 (2014: £1) and a weighted average remaining contractual life of approximately 9 years (2014: 10 years).

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

	31 December 2015	31 December 2014
Weighted average exercise price	£1	£1
Range of exercise price	£1	£1
Expected volatility	2%	2%
Expected life	9 Years	10 Years
Risk-free rate	0.56%	0.56%
Expected dividend yields	0%	0%

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

The charge to the Statement of Comprehensive Income in the period was £5,759 (2014: £2,351).

(continued)

36. Financial instruments

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

	Loans and receivables £'000	Held for trading £'000	Amortised cost £'000	Non-financial instruments £'000	Total £'000
As at 31 December 2015					
Fixtures and equipment	-	-	-	170	**170**
Intangible assets and goodwill*	-	-	24,744	-	**24,744**
Deferred tax asset	-	-	-	428	**428**
Trade and other receivables	787	-	-	10	**797**
Investments	-	13	-	-	**13**
Cash and bank balances	179	-	-	-	**179**
Trade and other payables	-	-	(3,301)	(319)	**(3,620)**
Short term borrowing	-	-	(662)	-	**(662)**
Long term borrowing	-	-	(3,963)	-	**(3,963)**
Other non-current liabilities	-	-	(808)	-	**(808)**
	966	13	16,010	289	**17,278**

*Non-financial instrument

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

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

(continued)

36. Financial instruments (continued)

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Credit risk is monitored on a regular basis by the finance team along with support from the back office functions of the respective business divisions.

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

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

Trade and other receivables

	Group		Company	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Cash	**179**	237	**1**	176
Trade and other receivables	**787**	700	**2**	296
	966	937	**3**	472

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

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

	Delivery versus payment £'000	Other trade receivables £'000	Other receivables £'000	Total £'000
As at 31 December 2015				
Neither impaired nor past due on reporting date	-	550	237	**787**
Past due less than 30 days	-	-	-	**-**
Between 30 and 60 days	-	-	-	**-**
Over 60 days	-	-	-	**-**
	-	550	237	**787**
As at 31 December 2014				
Neither impaired nor past due on reporting date	-	513	187	**700**
Past due less than 30 days	-	-	-	**-**
Between 30 and 60 days	-	-	-	**-**
Over 60 days	-	-	-	**-**
	-	513	187	**700**

(continued)

36. Financial instruments (continued)

Liquidity Risk

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

The below table illustrates the maturity profile of all financial liabilities outstanding as at 31 December 2015.

	Repayable on Demand £'000	Repayable between 0 and 6 months £'000	Repayable between 6 and 12 months £'000	Repayable after more than 12 months £'000	Total £'000
As at 31 December 2015					
Borrowings	-	106	556	4,601	5,263
Other liabilities including deferred consideration	1,141	557	1,922	170	3,790
Outflows from financial liabilities	**1,141**	**663**	**2,478**	**4,771**	**9,053**
As at 31 December 2014					
Borrowings	-	-	500	4,225	4,725
Other liabilities including deferred consideration	1,140	913	69	535	2,657
Outflows from financial liabilities	**1,140**	**913**	**569**	**4,760**	**7,382**

Of the amount due to be repaid between 6-12 months, £0.9 million (2014: £nil) is due in share capital of the Company.

Market Risk

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

Interest Rate Risk

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

(continued)

36. Financial instruments (continued)

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

Market Risk	Non-interest bearing £'000	Fixed interest £'000	Non financial assets/liabilities £'000	Total £'000
As at 31 December 2015				
Cash and bank balances	179	-	-	179
Short term borrowing	-	(662)	-	(662)
Trade and other receivables	787	-	10	797
Trade and other payables	(3,301)	-	(319)	(3,620)
	(2,335)	**(662)**	**(309)**	**(3,306)**
As at 31 December 2014				
Cash and bank balances	237	-	-	**237**
Short term borrowing	-	(500)	-	**(500)**
Trade and other receivables	700	-	15	**715**
Trade and other payables	(1,847)	-	(275)	**(2,122)**
	(910)	**(500)**	**(260)**	**(1,670)**

37. Related party transactions

Remuneration of key management personnel

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

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Short-term employee benefits	464,500	473,639
Post-employment benefits	44,954	43,694
	509,454	517,333

During the year ended 31 December 2015, European Investment Management charged fees totalling £7,267 (2014: £5,833) to related parties who have assets managed by European Investment Management. In addition, European Wealth Trading Limited charged commission on trades for related parties of £11,723 (2014: nil). This cash was managed at the standard rate for staff and related parties.

On 24 October 2014 John Morton and Rod Gentry loaned EWMG £100,000 each. The loans were made at an interest rate of 0% and are repayable at the Company's discretion. As at the year-end £40,000 and £50,000 remains outstanding to John Morton and Rod Gentry respectively (2014: £100,000 each).

(continued)

38. Capital Management

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

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

39. Ultimate Controlling Party

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

40. Post Balance Sheet Events

Post year end European Financial Planning Limited acquired the client list of Phoenix Invest Limited, a financial planning business that generates over £93,000 of recurring revenue. The total consideration payable is £268,000 spread over a 4 year period.

NOTICE OF ANNUAL GENERAL MEETING

EUROPEAN WEALTH GROUP LIMITED

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

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company (the "**AGM**") will be held at 11.00 a.m. on 28 July 2016 at One New Change, London EC4M 9AF for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed ordinary resolutions as set out below:

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass Resolutions 1 to 7 (inclusive) as ordinary resolutions

1. To receive and consider the Annual Report and financial statements of the Company for the year ended 31 December 2015 in accordance with article 36.1 of the Articles of incorporation of the Company (the "**Articles**") and section 252 of the Law, together with the reports thereon of the auditors and the directors of the Company.
2. To re-elect Marianne Hay who retires as a Director of the Company in accordance with article 23 of the Articles and, being eligible, offers herself for re-election as a Director of the Company.
3. To re-elect Kishore Kumar Gopaul who retires as a Director of the Company in accordance with article 23 of the Articles and, being eligible, offers himself for re-election as a Director of the Company.
4. To re-appoint Deloitte LLP of 2 New Street Square, London EC4A 3BT as auditors of the Company from the end of this AGM until the end of the next financial year of the Company ended 31 December 2016.
5. To authorise the Directors to fix the remuneration of the auditors in accordance with section 259(a)(ii) of the Law.
6. That the Directors be, and hereby are, authorised to exercise their discretion under and in accordance with the Articles and The Companies (Guernsey) Law, 2008, as amended to make market acquisitions (within the meaning of The Companies (Guernsey) Law, 2008, as amended) of the ordinary shares issued or to be issued by the Company ("**Ordinary Shares**"), PROVIDED THAT:
   - (i) the maximum number of Ordinary Shares authorised to be acquired is 40 per cent. of the Ordinary Shares in issue on the date of this resolution (excluding treasury shares) (such maximum number of Ordinary Shares being authorised by this resolution to be acquired being 8,916,628);
   - (ii) the minimum price (exclusive of expenses) which may be paid for any Ordinary Share is 0.01p;
   - (iii) the maximum price (exclusive of expenses) which may be paid for any Ordinary Share is the amount equal to the higher of (i) 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Share is acquired (ii) the price of the last independent trade and (iii) the highest current independent bid at the time of acquisition;
   - (iv) the authority hereby conferred shall (unless previously renewed or revoked) expire on the date falling 18 months after the passing of this resolution or annual general meeting of the Company in 2017, whichever is the earlier; and
   - (v) the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract.

(continued)

7. That the Directors be and they are hereby generally and unconditionally authorised, pursuant to Article 2.2 of the Articles, to allot and issue wholly for cash up to, in aggregate that number of Ordinary Shares as equates to 40 per cent. of the issued share capital of the Company as at the date of passing of this resolution (such number of Ordinary Shares for which authority is grated pursuant to this part of this resolution therefore being up to 8,916,628) and, in addition, any and all Ordinary Shares or other shares to be issued pursuant to the convertible loan note instrument entered into by the Company on 16 April 2014 and each of these authorities shall expire on the earliest to occur of the date being 15 months from the date of this resolution or the conclusion of the annual general meeting of the Company in 2017, save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted and issued after such expiry and the Directors may allot Ordinary Shares in pursuance of any such offer or agreement as if the power conferred by this resolution has not expired.

SPECIAL RESOLUTION

To consider and if thought fit pass Resolution 8 as a special resolution

8. That the Directors be, and hereby are, empowered to allot and issue (or sell Ordinary Shares held as treasury shares) (i) for cash, up to that number of Ordinary Shares in the capital of the Company as equates to 40 per cent. of the issued share capital of the Company as at the date of the passing of this resolution (such number of Ordinary Shares for which authority is grated pursuant to this part of this resolution therefore being up to 8,916,628); and (ii) any Ordinary Shares or other shares to be issued pursuant to the convertible loan note instrument entered into by the Company on 16 April 2014, in each case as if Article 2.2 of the Articles did not apply to the allotment, issue or sale for the period expiring on the date falling 15 months after the date of passing of this resolution or the conclusion of the annual general meeting of the Company in 2017, whichever is the earlier PROVIDED THAT the Company may before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted, issued or sold after such expiry and Ordinary Shares may be allotted, issued or sold in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

By order of the board of directors of the Company
Lumiere Fund Services Limited

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

Date: 21 June 2016.

(continued)

Notes to the Notice of AGM

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

1. Any member entitled to attend, speak and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at a meeting of the Company. A proxy need not be a member of the Company.
2. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise rights attached to a different share or shares held by him.
3. To be valid, the enclosed Form of Proxy for the AGM together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 11.00 a.m. on 26 July 2016 at the offices of the Company's registrars, Capita Asset Services, at PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF.
4. Completion of the Form of Proxy or submission of a valid electronic proxy appointment will not prevent you from attending and voting in person.
5. Pursuant to regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009, only shareholders registered in the register of members of the Company as at close of business on 26 July 2016 shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at such time. If the AGM is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is close of business on the day two days before the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita Asset Services (ID RA10), by 11.00 a.m. on 26 July 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34(1) of the Uncertificated Securities (Guernsey) Regulations 2009.
9. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

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