

# PRIDE IN OUR PERFORMANCE

LIONTRUST ASSET MANAGEMENT PLC  
ANNUAL REPORT & FINANCIAL STATEMENTS 2015



# About Liontrust

**Liontrust Asset Management PLC** (the "Company" or "Liontrust", or together with its subsidiary entities, the "Group", as the context requires) is a specialist fund management business founded in 1994 and listed on the London Stock Exchange in 1999. We manage UK, European, Asian and Global equities, Global credit and Multi-Asset. We take pride in having a distinct culture and approach to fund management through the following factors:

- We are an independent business with no corporate parent.
- We are transparent and consistent in everything we do and operate with integrity.
- We specialise in those asset classes where we have particular expertise.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.
- We have distinct and rigorous investment processes that ensure the way we manage money is predictable and repeatable.
- All fund managers have the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management business.
- We aim to treat clients, investors, members, employees, suppliers and other stakeholders fairly and with respect. We are committed to the principles of Treating Customers Fairly (TCF) and they are central to how we conduct business across all our functions.



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# Highlights

Sustained growth of our assets under management from £3,613 million to £4,494 million demonstrates the substantial progress made in this year. To have recorded five consecutive years of net inflows shows the progress the business has made over the last five years.

	2015	2014	
Assets under management	£4,494 million	£3,613 million	24% increase 
Net flows	£667 million	£381 million	75% increase 
Gross profit	£36.8 million	£28.4 million	30% increase 
Profit before tax*	£7.3 million	£3.2 million	125% increase 
Adjusted profit before tax <sup>1</sup>	£12.1 million	£8.4 million	45% increase 
Adjusted diluted earnings per share <sup>2</sup>	20.9 pence	13.9 pence	51% increase 
Net cash <sup>3</sup>	£17.4 million	£11.2 million	55% increase 
Total Dividend per share <sup>4</sup>	8.0 pence	3.0 pence	167% increase 

\* Restated see note 25.

1. After adding back expenses for share incentivisation, severance compensation, acquisitions related costs, restructuring (acquisition related and other), depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

2. Calculated using adjusted profit before tax and a tax rate of 21% (2014:23%).

3. Cash and Cash equivalents plus other current assets less current liabilities.

4. Total dividend shown for the relevant financial year.



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## Other Information

### Forward Looking statements

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses and plans of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that have not yet occurred. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this report should be construed as a profit forecast.

# Chairman's Statement

## Introduction

I am delighted to report that our company has enjoyed a very successful year. We have delivered significant increases in revenues, profits, earnings and assets under management ("AuM"). This has enabled us to declare a Second Interim dividend per share of 6.0 pence, which brings the total dividend per share for the financial year ending 31 March 2015 to 8.0 pence. This represents 42% of adjusted earnings per share on a diluted basis (excluding performance fees).

We have met our strategic objectives this year, including outperformance, effective distribution and being a profitable business in pursuit of realising our vision of becoming one of the leading fund management companies in the UK and internationally, renowned for consistently adding value to clients' investment portfolios.

This success has been achieved through the hard work of everyone at Liontrust, the continued excellence of our fund management performance, further diversifying our client base in the UK and internationally and our burgeoning brand.

This is not to deny that we have faced a number of challenges. Investors were nervous about the UK stock market in the run-up to the General Election in May as politicians ratcheted up their populist rhetoric. We are now confronted with the prospect of up to two years of campaigning before the referendum to decide whether the UK stays in the EU. Of course, such uncertainty produces winners as well as losers and we aim to help our investors navigate such periods.

As ever, there are investors who are anxious about the future direction of investment markets, especially in regards to the liquidity of bond markets. This is an example of why we are continuing to diversify our fund management capability, particularly into alternative investments as we have done with the recent recruitment of a new Global Equities team. This enables us to meet the different demands across our client base through the market cycle.

There is also an increasing focus on short-term investment views, with the average length of time that investors hold on to an investment having decreased significantly over the years. We believe that investors should look beyond the short-term "noise" surrounding stock markets to make investment decisions based on companies' fundamentals and with a long-term view. All our fund management teams have rigorous investment processes that ensure the way we manage money is predictable and repeatable and the track records of our funds show the benefit of this approach.

This is a very exciting time for fund management as we believe the industry is set to benefit from long-term demographic support as the mid-40s to mid-60s age group is set to expand significantly in the coming years. This group has both the greatest capacity and greatest incentive of any age group to save and invest. The removal of the compulsion for retirees to purchase an annuity by the age of 75, for example, is creating a significant pool of assets that require investment solutions and advice. We are well placed to meet these needs given our equity income and multi-asset propositions.

Thank you for your investment in and support of Liontrust Asset Management Plc.

## Results

Adjusted profit before tax was £12.102 million (2014: £8.352 million). Adjusted profit before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash (depreciation, intangible asset amortisation and share incentivisation related) expenses and non-recurring (professional fees relating to acquisition, cost reduction, restructuring, share incentivisation and severance compensation related) expenses ("Adjustments"), see note 7 for a reconciliation of adjusted profit (or loss) before tax.

Profit before tax of £7.265 million (2014: £3.225 million) includes a loss of £4.837 million (2014: £5.127 million) of Adjustments.

## Dividend

The success in fund performance and distribution has resulted in an increase in revenues of 30% and a 45% increase in our adjusted profit before tax to £12.1 million. This has enabled the Board to declare a Second Interim dividend of 6.0 pence per share (2014: 2.0 pence) which will be payable on 23 July 2015 to shareholders who are on the register as at 26 June 2015, the shares going ex-dividend on 25 June 2015. The total dividend for the financial year ending 31 March 2015 is 8.0 pence per share (2014: 3.0 pence per share).

### Adrian Collins

Chairman

17 June 2015



# Strategic report

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# Strategic Report

## Chief Executive's Report

### Introduction

It has been another good year for Liontrust. Our Adjusted Profit before Tax has risen by 45% to £12.1 million, our AuM has increased by 24%, our Retail AuM now exceeds £3 billion and our Institutional AuM is more than £1.1 billion.

Our fund management teams have continued to deliver long-term outperformance for our investors. Seven out of our eight actively managed unit trusts are in the first quartile of their respective sectors since launch or the current fund managers were appointed.

We are mindful of the ongoing debate about the level of charges levied by the fund management industry and the view that there will be continued downward pressure on margins over the next few years. We focus on offering high-quality active management that delivers what investors expect. We do this through each team having rigorous investment processes so that investors know how their investments will be managed and how these approaches will be impacted by different market environments. This has led to a high degree of loyalty from investors even during challenging periods that all processes and fund managers endure. There will always be a place for active management that is able to add value to investors' portfolios over the long term.

We have further diversified our fund management capability through the recruitment of Kristof Bulkai, Patrick Cadell and Hugo Rogers. We are launching the Dublin-based Global Strategic Equity fund and then a global water and agriculture fund later this year. The enhancement of our alternative investments offering is important to meet clients' changing asset allocation and diversification requirements. We are building a range of funds and solutions that meet investors' needs throughout the market cycle.

One of our key objectives is to build a brand with strong awareness, which investors trust and which is associated with excellent performance. Achieving this will go a long way to enabling us to capture a significant proportion of the growing savings market.

### Assets under Management

On 31 March 2015, our assets under management ("AuM") stood at £4,494 million and were broken down by type and process as follows:-

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	DPMS* (£m)	Offshore Funds (£m)
Cashflow Solution	859	564	284	—	11
Economic Advantage	2,226	95	2,100	—	31
Macro Thematic	1,037	403	621	—	13
Global Credit	30	—	—	—	30
Asia	31	—	31	—	—
Multi-Asset	255	99	—	156	—
Indexed	56	—	56	—	—
<b>Total</b>	<b>4,494</b>	<b>1,161</b>	<b>3,092</b>	<b>156</b>	<b>85</b>

\* Discretionary Portfolio Management Service ("DPMS")

### Fund Flows

Liontrust has recorded net inflows of £667 million in the year (2014: £381 million). A reconciliation of fund flows and AuM over the year is as follows:-

		Total £m	Institutional £m	UK Retail £m	DPMs £m	Offshore Funds £m
<b>Opening AuM - 1 April 2014</b>	<b>3,613</b>					
Net flows	667	402	236	32	(3)	
Market and Investment performance	214	102	104	10	(2)	
<b>Closing AuM - 31 March 2015</b>	<b>4,494</b>	<b>1,161</b>	<b>3,092</b>	<b>156</b>	<b>85</b>	

### People

A key strength of our business are our people. We strive to achieve a culture of excellence and best practice at Liontrust, appreciating that creating a positive, open and dynamic working environment enables us to attract and retain the best people. I would like to thank everyone at Liontrust for their hard work and contribution to the success of the business.

### Outlook

I am excited about the future outlook for Liontrust given the development of the business and the long-term savings market. The reforms to the post-retirement market are potentially very beneficial for the wealth and fund management industry beyond the opportunities produced by the changing demographics.

My optimism also comes from the fact we now have seven talented fund management teams, we have been diversifying our fund management capability into alternatives, we have excellent long-term fund performance, we have built a strong distribution capability in the UK and internationally and have been broadening further our client base.

### John Ions

Chief Executive  
17 June 2015

## Vision and Strategic Objectives

### Our Vision

Our vision is to become one of the leading fund management companies in the UK and internationally, renowned for consistently adding value to clients' investment portfolios.

### Our Strategic Objectives

#### Outperformance

One of our key objectives is for all Liontrust funds and portfolios to outperform relevant benchmarks and the average returns of their respective peer groups over the medium to long term. We achieve this by retaining and recruiting fund managers who have excellent track records, expertise in their respective asset classes and who use rigorous investment processes that are clearly documented. There is an acceptance that no process will work 100% of the time but there is also an understanding that processes which are robust and scalable have the potential to deliver excellent long-term returns. We provide an environment that enables fund managers to focus on managing funds according to their own investment processes and market views and not be distracted by taking on responsibilities associated with running the business.

#### Effective distribution

We distribute our funds to as broad a client base in the UK and internationally as possible, striving continually to raise awareness and knowledge of Liontrust and our funds, widen the number of clients who invest with us, deepen our relationships with existing investors and increase our assets under management.

#### Excellent customer service and support

We pride ourselves on providing our investors with exceptional service and support and place treating customers fairly as one of our principles for business and at the cornerstone of our efforts to ensure customers get a fair deal. Treating customers fairly is central to how we conduct business across all our departments and functions.

#### Clear and regular communication

We communicate clearly and frequently with our investors and shareholders, regularly updating them on the performance of each of our funds and portfolios, the effectiveness of the investment processes as applied to each of our funds and portfolios and the progress of the business as a whole. This is a key part of our objective of being as transparent as possible with all investors and stakeholders.

#### Appropriate risk

Effective management of risk is essential for the Group's success; Liontrust has developed risk frameworks to ensure appropriate levels of risk across all areas of the Group including our funds and portfolios.

#### A profitable business

All stakeholders, including investors, members, employees and shareholders, benefit from a successful and stable business. We aim to increase profitability by growing our revenues faster than our costs through continued growth in assets under management and by increasing margins through the focused management and control of costs.

### Business model

Our business model operates in the manner to best serve our strategic objectives, comprising three interdependent divisions: Fund Management, Distribution and Operations.

### Fund Management

We have a single fund management division of seven fund management teams who manage a range of funds, portfolios and segregated accounts using distinct investment processes and a centralised dealing team.

### Distribution

Our sales and marketing teams distribute our funds and portfolios in the UK and internationally. In the UK, we market to institutional investors, wealth managers, financial advisers and private investors. Outside the UK, we are focused on family offices, private banks, wealth managers and multi-managers in a number of countries including France, Luxembourg, Malta, Germany, Italy and the Nordic region.

We maintain a consistent brand across all our marketing activities which reflects the values, culture and ethos of Liontrust. We are an independent business with no corporate parent, we are transparent and consistent in everything we do and operate with integrity, our fund managers are independent thinkers and have the courage of their convictions in making investment decisions, we have distinct and rigorous investment processes and we specialise in those asset classes where we have particular expertise. We have distinctive branding across all our marketing and sales material that features images of lions. This ties in with our sponsorship of ZSL's Lions500 campaign to protect the last remaining Asiatic lions in the wild as well as building a new conservation breeding centre. The sponsorship has created strong awareness and attribution among wealth managers and advisers.

### Operations

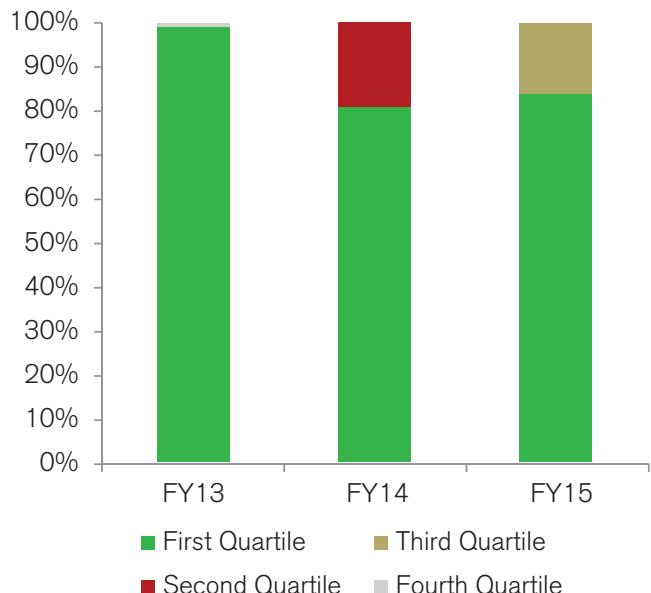
We have a single Operations division, designed to support a fast growing business. Having a single Operations function ensures the fund management and distribution divisions have the appropriate tools to be effective, provides executive management with the performance and risk monitoring information required to manage the business and supports the requirements of external stakeholders such as customers, shareholders and regulators.

## Key performance measures

### Fund management ability and investment performance

The strength of Liontrust's fund managers is shown by the fact that over the period from launch or fund manager appointment to the end of each of the last three financial years, on an AuM weighted basis, we have consistently had over 80% of our AuM in first quartile funds (see Figure 1).

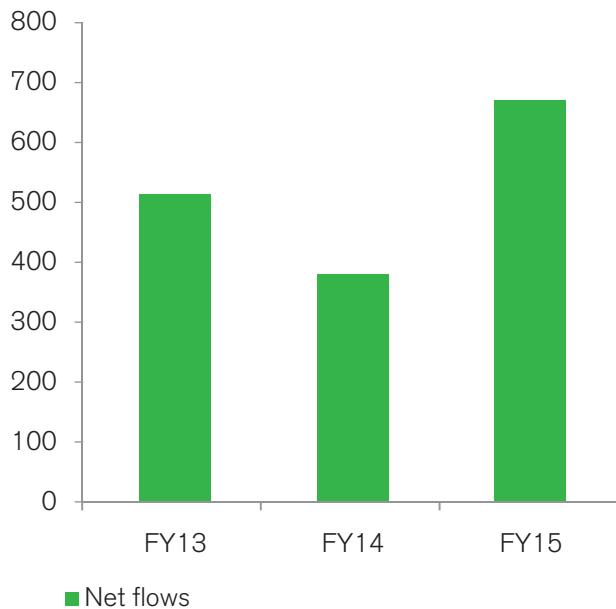
Figure 1 – AuM weighted quartile ranking since launch or manager inception



## Distribution

The effectiveness of Liontrust's distribution capability is shown by the fact that over the last year we have seen net flows increase by 75% (see Figure 2).

Figure 2 – Net flows £'million

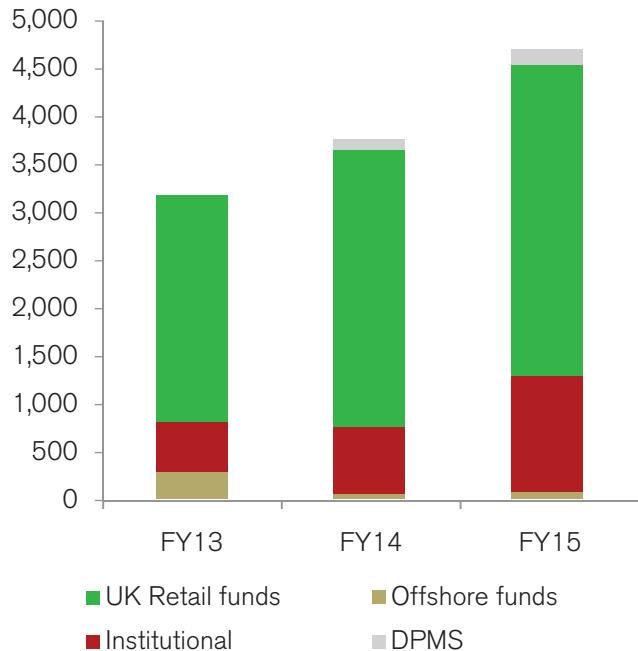


■ Net flows

## A Profitable and Growing business

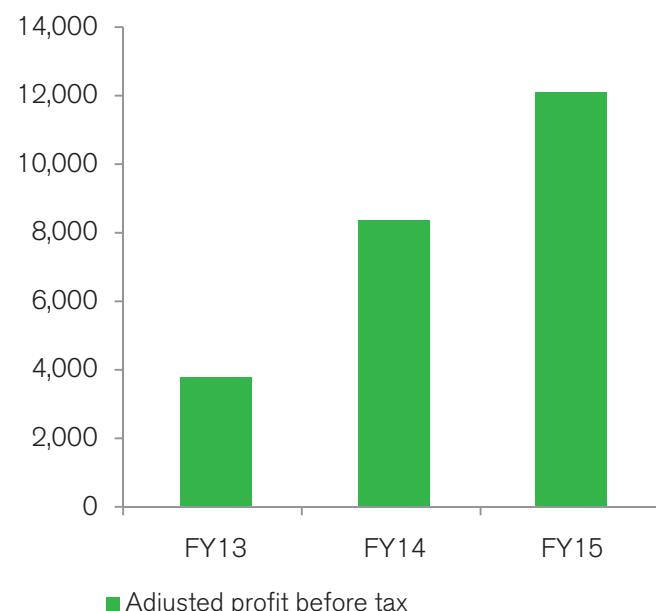
Our AuM has increased by nearly 50% from 31 March 2013 to 31 March 2015 and by nearly 25% from 31 March 2014 to 31 March 2015, reflecting market performance and net flows (see figure 3).

Figure 3 – AuM by investor type £'million



Our adjusted profit before tax increased by 221% from 31 March 2013 to 31 March 2015 and by 45% from 31 March 2014 to 31 March 2015 (see figure 4).

Figure 4 – Adjusted profit before tax £'000



■ Adjusted profit before tax

## Company Awards

We are proud to announce the following awards for Liontrust in the financial year ended 31 March 2015:

- Liontrust was named runner up in the award for the Progressive Group of the Year by Rayner Spencer Mills in November 2014; and
- Liontrust was named by the London Stock Exchange Group as one of the 1,000 companies to inspire Britain in 2015. These are the "UK's most exciting and dynamic small and medium-sized businesses".

## Fund Management review

Currently, Liontrust has seven fund management teams each with distinct investment processes.

### Anthony Cross and Julian Fosh

Anthony Cross and Julian Fosh, who manage the Liontrust UK Growth, Liontrust Special Situations, Liontrust UK Smaller Companies funds and a segregated account using the Economic Advantage investment process, have more than 50 years of combined investment experience. Anthony, who was previously at Schroders, has managed the Liontrust Special Situations and UK Smaller Companies funds since launch with the two managers starting to work together in 2008. Julian has previously managed money at Scottish Amicable Investment Managers, Britannic Investment Managers, Scottish Friendly Assurance Society and Saracen Fund Managers. Anthony and Julian and the funds they manage have won numerous awards in recent years.

These include Best UK Equity Managers in March 2015 (FE Trustnet), UK Smaller Companies Fund of the Year in 2014 (FT's Investment Adviser), Best 2013 UK Small/Mid Cap Fund in 2013 (Money Observer), Best UK Equity Fund– Special Situations – in 2013 (Portfolio Adviser) and Best UK All Companies Fund – Special Situations – in 2012 (Moneywise).

Anthony and Julian believe the secret to successful investing is to identify companies with a durable competitive advantage (Economic Advantage) that allows them to defy industry competition and sustain a higher than average level of profitability for longer than expected. This can surprise the market and can lead to strong share price appreciation. The Liontrust Economic Advantage process identifies companies which possess intangible assets that produce barriers to competition and are capable, in the opinion of the fund managers, of reaping a financial advantage in the form of cash flow returns in excess of the cost of capital. In the fund managers' experience, the hardest characteristics for competitors to replicate are three classes of intangible asset: intellectual property, strong distribution channels and significant recurring business. All smaller companies in the funds must have a minimum 3% directors' equity ownership. Equity ownership motivates key employees, helps to secure a company's competitive edge and leads to better corporate performance.

Liontrust Special Situations Fund, for example, is in the first quartile of its sector over five years to 31 March 2015 and since launch on 11 November 2005.

#### **Stephen Bailey and Jan Luthman**

Stephen Bailey and Jan Luthman, who manage the Liontrust Macro UK Growth, Liontrust Macro Equity Income funds and a number of segregated accounts using the Macro-Thematic investment process, have more than 50 years of combined investment experience and started working together in 2000 when Jan joined Walker Crips. They are two of only 30 fund managers who have been named FE Alpha managers every year since it was created in 2009, including 2015, and have also been named in FE's "Hall of Fame". FE's head of research said on Fundweb on 30 January 2015: "The managers who are entering our Hall of Fame are a real testament to the power of conviction. These are managers who have tried and tested strategies and don't get swayed by short-term events."

At the core of the investment philosophy of the Macro-Thematic process lies the belief that macro-thematic analysis – the identification and interpretation of major economic, political and social developments affecting the UK and the rest of the world – offers scope to add long-term investment value. The fund managers actively seek sources of asymmetric information, views and opinions to support the identification and evaluation of potential investment themes. Identifying such themes, and assessing their implications for investment markets and individual industries, provides the framework for the construction of the portfolios. As a result, sector exposures may differ significantly from those of the market and many of the sectors' peers.

Liontrust Macro Equity Income Fund, for example, was in the first quartile of its sector since launch on 31 October 2003.

#### **James Inglis-Jones and Samantha Gleave**

James Inglis-Jones and Samantha Gleave, who manage the Liontrust Global Income, Liontrust European Growth and Liontrust European Strategic Equity funds and a number of segregated accounts using the Cashflow Solution investment process, have 37 years of combined investment experience and first worked together in 1998. James has previously managed money at Fleming Investment Management, JP Morgan Fleming and Polar Capital while Samantha formerly worked at Sutherlands Limited, Fleming Investment Management, Credit Suisse First Boston and Bank of America Merrill Lynch. Samantha was in a No 1 ranked equity research sector team (Extel & Institutional Investor Surveys) at Credit Suisse and won awards for Top Stock Pick and Earnings Estimates at Bank of America Merrill Lynch.

The Cashflow Solution investment process is based on the belief that the most important determinant of shareholder return is company cash flows. Cash flows determine the ability of a business to grow in a self-sustaining way and to return money to shareholders through dividend yield and share

buybacks. The aim of the fund managers is to find companies that generate significant free cash flows from their asset base and are lowly valued on their cash flows whilst being run by company managers who allocate their cash flows in an intelligent way.

Liontrust European Growth Fund, for example, was in the first quartile since launch on 10 November 2006.

#### **Mark Williams and Carolyn Chan**

Mark Williams and Carolyn Chan manage the Liontrust Asia Income and Liontrust GF Asia Income funds. Mark and Carolyn have more than 40 years of combined experience in analysing Asian companies, with Mark having managed funds at F&C and Occam and Carolyn having previously been at Hampton Investment Management. While Mark was at F&C, he was awarded first place in the Equity Asia Pacific (ex-Japan) sector over five years (out of 52 funds) by the S&P European awards in 2007.

The Asia investment process is based on the premise that any single investment style is unlikely to deliver consistent outperformance when investing in Asian equities. This is because the region is subject to business and economic cycles despite attempts to dampen them by both governments and central banks. The fund managers believe the secret to successful investing in Asia, therefore, is to choose the style of investment to suit the particular point in the cycle. There are four main stages to the investment process: (1) identifying the key drivers for Asian equities, (2) incorporating these into a framework to determine the likely beneficiaries and losers of these drivers and to identify appropriate valuation methods, (3) fundamental stock analysis to identify individual companies that will benefit the most from the drivers, and (4) portfolio construction.

Liontrust Asia Income Fund, for example, was in the first quartile since launch on 5 March 2014.

#### **Patrick Cadell, Hugo Rogers and Kristof Bulkai**

Patrick Cadell was previously at BMO Global Asset Management (previously F&C Asset Management and Thames River Capital LLP), having joined them in 2011. Prior to joining Thames River, Patrick was an investment analyst at Nevsky Capital where he focused on Asian equities covering a diverse range of industries. Hugo Rogers was also previously at BMO Global Asset Management, having joined them in 2008. Prior to joining Thames River, Hugo was an analyst at Copenhagen Capital and Odey asset Management. Kristof Bulkai moves to Liontrust later in 2015 having joined Thames River in September 2008. Prior to Thames River, Kristof was a European and emerging market portfolio manager at Griffin Capital and an analyst within the data research group at Goldman Sachs. In 2000, he played a significant part in planning and scripting the millennium infrastructure spending program by the Ministry of Economics in Hungary.

Patrick Cadell, Hugo Rogers and Kristof Bulkai will manage the Liontrust GF Global Strategic Equity Fund using the Structural Opportunities investment process. The fund managers seek to identify stocks, sectors and countries that are experiencing unpriced structural or fundamental change. Such change creates winners and losers and can lead to significant price movements. The investment process can potentially exploit opportunities from structural and fundamental change through taking long and short positions because investors are slow and reluctant to recognise fundamental turning points, markets struggle to price the returns that structural change drives and change leads to uncertainty which is mispriced due to risk aversion. Fundamental change is often driven by the same factors that can easily be monitored: politics, industry consolidation, disruptive technology, change in business models and earnings revisions.

## Strategic Report continued

### Michael Mabbutt and Felix Martin

Michael Mabbutt and Felix Martin, who manage the Liontrust GF Global Strategic Bond fund using the Global Credit investment process, have 34 years of combined investment experience and first started working together at Thames River Capital in 2005. Michael has previously been Head of Emerging Market Debt at Baring Asset Management and was a founding member of Thames River in 1998. Felix has also had a distinguished career as an economist including at the World Bank in Washington DC and was a key member of the joint European Commission, International Monetary Fund and World Bank team which led the final preparations for the independence of Kosovo. Felix has also written *Money: The Unauthorised Biography*, which has been published in 15 countries and 12 languages.

The Global Credit investment process adopts a fundamental approach to investing in the bond, credit and currency markets. The fund managers use top-down analysis for making strategic decisions, bottom-up analysis to assess issuers' creditworthiness and a security selection process. Top-down analysis is used to assess the attraction of different areas of the global bond and credit markets as well as regions, countries and currencies. Bottom-up analysis is used to determine the creditworthiness of the issuers of debt securities of any credit quality with respect to both ability and willingness to pay commitments in a timely manner. The security selection stage involves the consideration of a number of factors such as: the expected total return relative to the assessed risk; the contribution from income and capital to the expected return; issue size and liquidity; currency of denomination; outstanding term to maturity; and duration.

### John Husselbee and Paul Kim

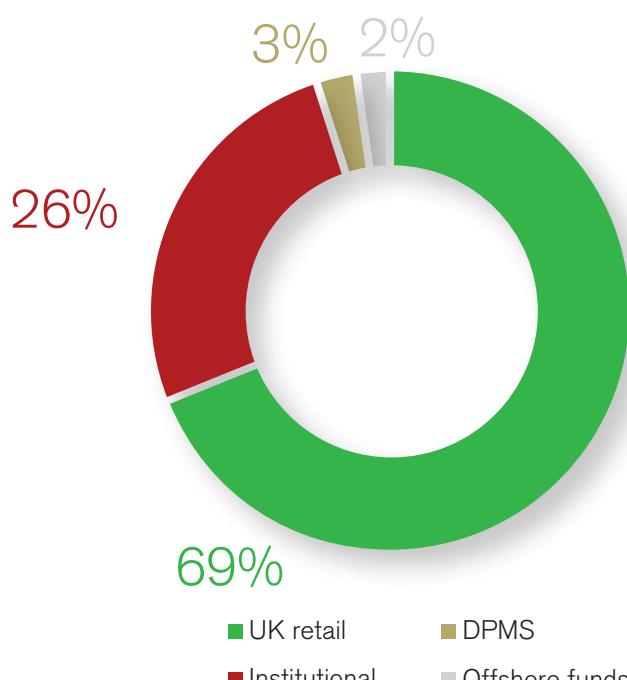
John Husselbee and Paul Kim, who manage the Liontrust Wealth Solutions Service (WSS) and Liontrust Managed Portfolio Service (MPS) using the Liontrust Multi-Asset investment process, have 53 years of combined

experience in managing multi-manager and multi-asset portfolios. John, launched the portfolio management service at Rothschild Asset Management, was Director of Multi-Manager Investment at Henderson Global Investors and founded North Investment Partners. Paul was instrumental in setting up Investment Manager Selection Ltd (IMS), was Head of Fund Selection and Multi-Manager at Liverpool Victoria Asset Management (LVAM) and has also managed portfolios at Capel Cure Myers, Sun Life Portfolio Counselling Services (AXA Sun Life), Christie Group Investment Management and Spencer Thornton Investment Management Services.

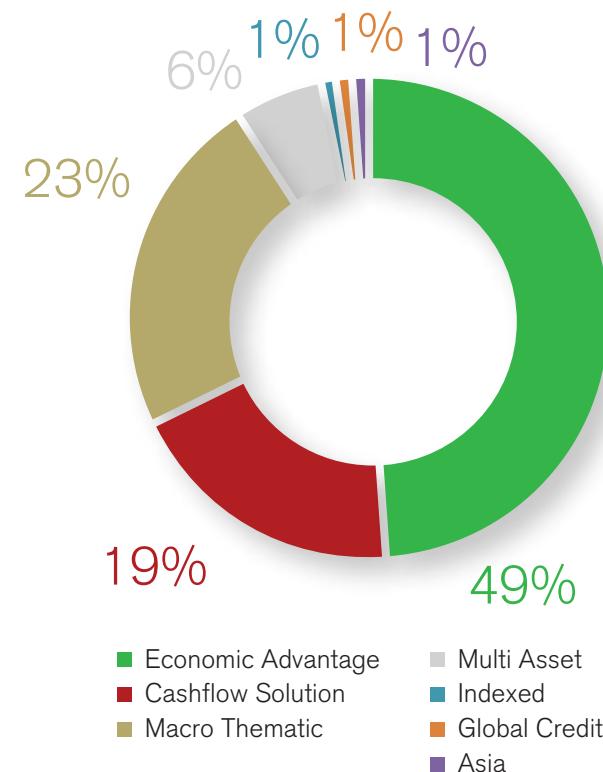
The Liontrust Multi-Asset investment process is designed to achieve two main objectives. The first is to target the outcome expected by investors in terms of the level of risk, as measured by volatility, of each portfolio. Volatility is a statistical measure of variation of returns over time, which is defined as the annualised "standard deviation" of monthly investment returns. This can enable investors to match the appropriate portfolio to their desired risk profile. The second objective is to maximise returns while still targeting the risk profile of each portfolio. These two objectives are pursued through a quantitative and qualitative approach. They use a scientific approach to target the risk outcome expected but consider the maximisation of returns to require an additional element of experience, knowledge and qualitative interpretation. There are four key stages to the investment process, starting with the strategic asset allocation, followed by tactical asset allocation, fund selection and portfolio construction. Risk management is central to each of these stages and the portfolios are designed to provide diversification across asset classes, geographical regions and investment styles to enhance the returns for the level of risk taken. Each portfolio targets the appropriate volatility by combining fund selection with the strategic asset allocation, adjusted for the short-term tactical weightings. They then examine each portfolio from a top-down perspective to ensure that its characteristics are in line with our risk controls.

### Split of AuM

By product type:



By investment process:

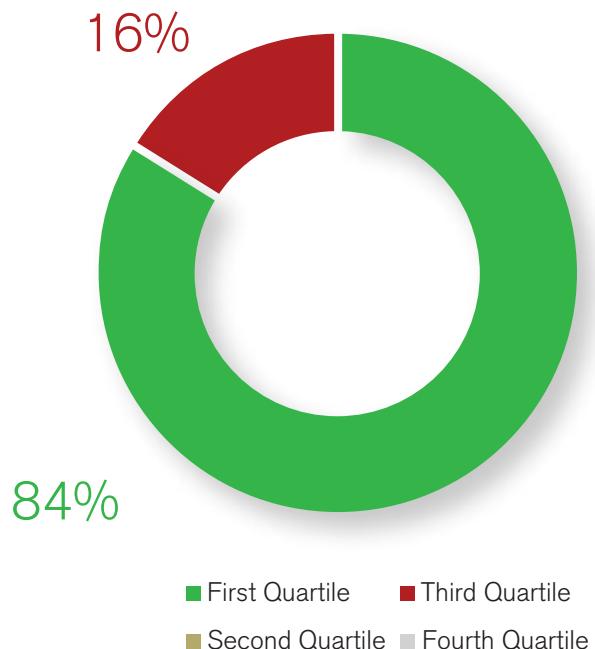


## Fund performance and Awards

### UK Retail fund performance

The strength of Liontrust's fund management capability is shown by the fact that all bar one of its eight actively managed unit trust funds are in the first quartile of their respective sectors since launch or since the fund managers were appointed to 31 March 2015. Since launch or since the fund managers were appointed 84% were in the first quartile (see Figure 2 below).

Figure 1 – AuM weighted quartile ranking since launch or launch/manager inception



Detailed quartile rankings by fund over one, three and five years and since launch or the fund manager was appointed are shown in the table below:

	Quartile ranking - 1 year	Quartile ranking - 3 year	Quartile ranking - 5 year	Quartile ranking – Since Manager tenure	Launch / Manager appointed
Liontrust Macro Equity Income Fund	2	3	2	1	31/10/2003
Liontrust Macro UK Growth Fund	1	2	2	1	01/08/2002
Liontrust UK Growth Fund	1	3	1	1	25/03/2009
Liontrust Special Situations Fund	2	2	1	1	10/11/2005
Liontrust UK Smaller Companies Fund	3	2	2	1	08/01/1998
Liontrust European Growth Fund	4	4	2	1	15/11/2006
Liontrust Asia Income Fund	3	2	–	1	05/03/2012
Liontrust Global Income Fund	4	–	–	3	03/07/2013

Source: Financial Express, total return, bid to bid, to 31 March 2015 unless otherwise stated. The above funds are all UK authorised unit trusts (retail share class). Liontrust FTSE 100 Tracker Fund (index fund) not included. Liontrust Global Income Fund's investment objective changed to Global Income on 3 July 2013. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

## Strategic Report continued

### Offshore fund performance

	Fund vs Benchmark - 1 year	Fund vs Benchmark - Since Manager tenure	Launch
Liontrust GF Macro Equity Income Fund	–	5.4% vs 5.1%	04/04/2014
Liontrust GF European Strategic Equity Fund	–	12.4%	25/04/2014
Liontrust GF Special Situations Fund	6.1% vs 6.6%	25.9% vs 31.5%	08/11/2012
Liontrust GF Global Strategic Bond Fund	(3.6%)	(12.3%)	06/02/2013
Liontrust GF UK Growth Fund	–	5.3% vs 1.5%	03/09/2014
Liontrust GF Global Income Fund	–	1.2% vs 6.8%	03/09/2014

Source: Financial Express, total return for the base currency class, to 31 March 2015 unless otherwise stated. The above funds sub-funds of Liontrust Global Funds Plc, an open ended umbrella type investment company with variable capital incorporated with limited liability under the laws of Ireland. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

### Fund Awards

We are proud to announce the following awards for Liontrust's fund management teams in the financial year ended 31 March 2015:

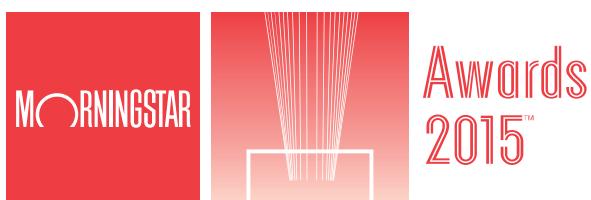
- ✓ The Liontrust UK Smaller Companies Fund was named the UK Smaller Companies Fund of the Year by Investment Adviser magazine in October 2014.



- ✓ The Liontrust UK Smaller Companies Fund was named as the Fund with the Best Risk Adjusted Return (Equity) by Rayner Spencer Mills in November 2014.



- ✓ The Liontrust UK Smaller Companies Fund was named as the Best UK Small Cap Equity Fund by Morningstar in February 2015.



- ✓ Jan Luthman and Stephen Bailey are two of only 30 managers to be named in Financial Express's Hall of Fame in March 2015.
- ✓ Anthony Cross and Julian Fosh were named Best UK Equity Managers by Financial Express in March 2015.



## Distribution review

We have made significant progress during the financial year. We recorded net inflows of £667 million, which was our fifth successive year of net positive flows, and our AuM increased to £4,494 million from £3,613 million. We have continued to develop our strong distribution channel in the UK and internationally and this will help drive the future expansion of the business.

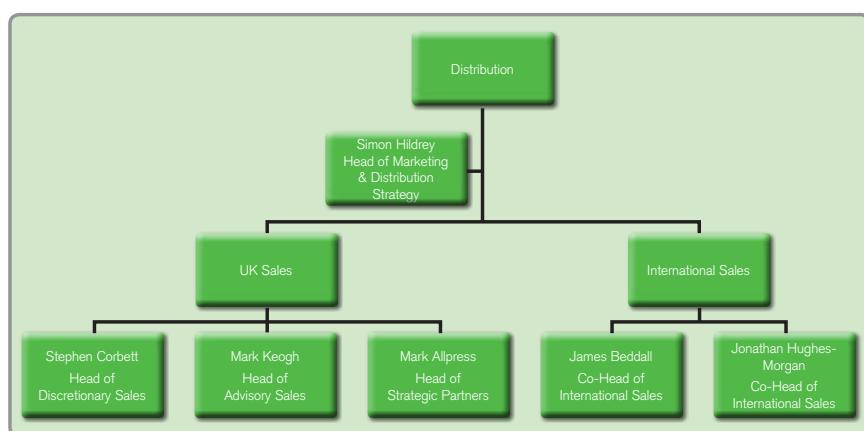
We reorganised our distribution capability in the UK last year. Simon Hildrey took on responsibility for the sales and marketing strategy to ensure we have complete alignment across distribution. We also restructured the UK sales team to increase the focus of individual salesmen on the discretionary or advisory distribution channels, led by Stephen Corbett and Mark Keogh respectively, to enhance relationships, knowledge and service levels. This new structure is also enabling us to extend our distribution to the broader adviser market.

To aid this process, we have invested in a new CRM system and digital marketing technology, along with building a new website. This is enabling us to improve still further the high standards of customer service we have set ourselves including through more personalised communications to clients. The

new systems and technology will also enhance our ability to track and evaluate the success of our sales and marketing campaigns.

An example of the strength of our engagement with intermediaries is the fact that we attracted more than 200 professional advisers and fund buyers to attend our 6th Annual Investment Conference in January 2015 and 300 intermediaries to our Equity Income Roadshow around the UK in September 2014. The strength of the Liontrust brand is reflected in the fact that between September 2014 and April 2015, we achieved an average 85% correct attribution for our advertisements among intermediaries, according to Marketing Pulse, compared to an average score among peers of 62.5%.

We have recruited James Beddall to work alongside Jonathan Hughes-Morgan as Co-Head of International Sales and opened a Branch Office in Luxembourg. James and Jonathan are broadening our distribution capability internationally and have begun attracting greater inflows from continental Europe. We are seeing significant demand for alternative investments from international markets, which is partly being driven by the current valuations of equity and bond markets.



## Operations review

We are focused on maintaining an operations team that is efficient, scalable and that gives us the ability to continue our growth whilst delivering returns to shareholders. With the growth in our business, we performed a strategic review of our Front Office IT infrastructure, and as a result strengthened our IT governance arrangements and also restructured and expanded our IT support team.

Our three key operations team are:

- IT/Office team, which focuses on the development and implementation of a cloud-based server infrastructure, delivery of IT hardware upgrades and the maintenance of a higher quality office environment;
- Investment Operations team to continue to improve systems and processes and monitor our outsourced providers (for accounting and fund valuation services);
- Transfer Agency team to monitor our transfer agency orientated outsourced providers.

In the financial year to 31 March 2015, the Operations teams, amongst other things, achieved the following:

- Successfully integrated Institutional account management from sales to investment operations team;
- Migration of our Guernsey feeder funds to our Dublin OEIC;
- Launched "My Liontrust", our direct client online portal;
- Live dealing in our UK Retails funds via SWIFT;
- Live with settlement for our UK Retail funds via Clearstream and Calastone Phase II Net Settlement; and
- Migrated to Microsoft Office 365 (email and applications).

## Financial review

### Financial performance

Adjusted profit before tax increased to £12.102 million from £8.352 million last year, reflecting increased AuM and increased performance fee revenues.

**Table (a) Analysis of financial performance**

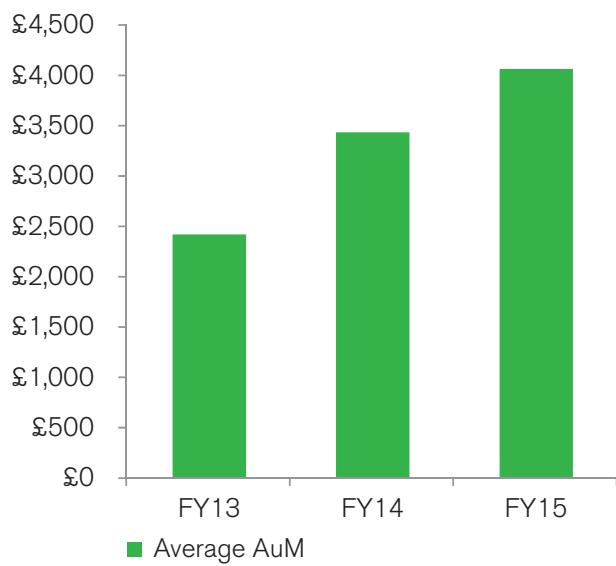
	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000	Year on Change
Gross profit	36,764	28,372	30%
Realised gain on sale of financial assets	2	–	–
Directors, employee and members compensation <sup>(1)</sup>	(17,788)	(13,809)	29%
Other Administration expenses	(6,897)	(6,153)	12%
Adjusted operating profit	12,081	8,410	44%
Interest receivable	21	23	133%
Interest payable	–	(81)	–
Adjusted profit before tax <sup>(1)</sup>	12,102	8,352	45%

<sup>(1)</sup> See note 7 on page 61 for reconciliation of adjusted profit before tax to profit for the year.

## AuM

Average AuM increased by 18% compared to last year and by 68% over two years (see Figure 1 below), reflecting strong net flows and market performance.

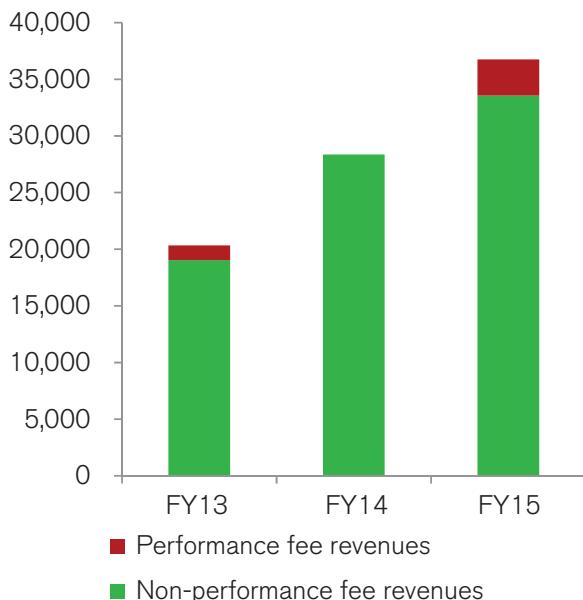
Figure 1 – Change in average AuM £'million



## Revenues

Revenues excluding performance fees increased by 18% compared to last year and by 76% compared to two years ago, equivalent to an annualised growth rate of 33% over the three years (see Figure 2 below).

Figure 2 – Change in Gross profit £'000



Revenue margin (Gross profit (excluding performance fees) divided by average AuM) remains unchanged at 0.83% compared to last year and 0.79% two years ago, reflecting the increased impact of higher average AuM and improving revenue margin.

## Profit and operating margin

Adjusted operating profit increased to £12,081 million from £8,410 million last year and from £3,985 million two years ago reflecting the increase in average AuM, this in turn is reflected in strong growth in basic and diluted earnings per share (see Figures 3 and 4).

Figure 3 – Change in Adjusted operating profit £'000

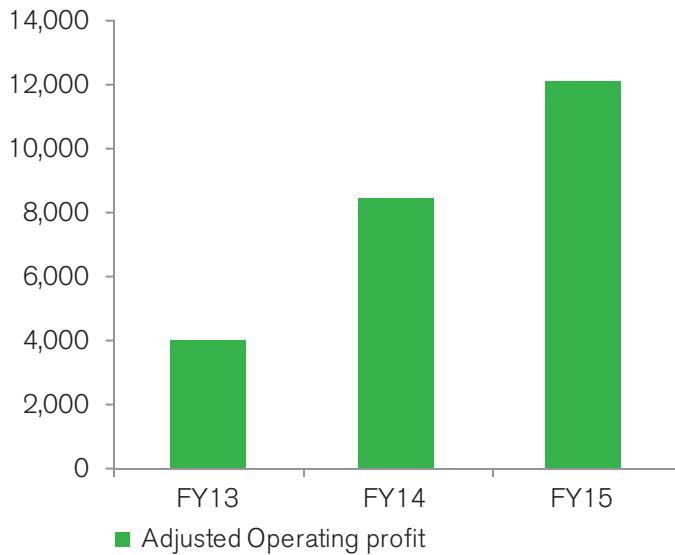
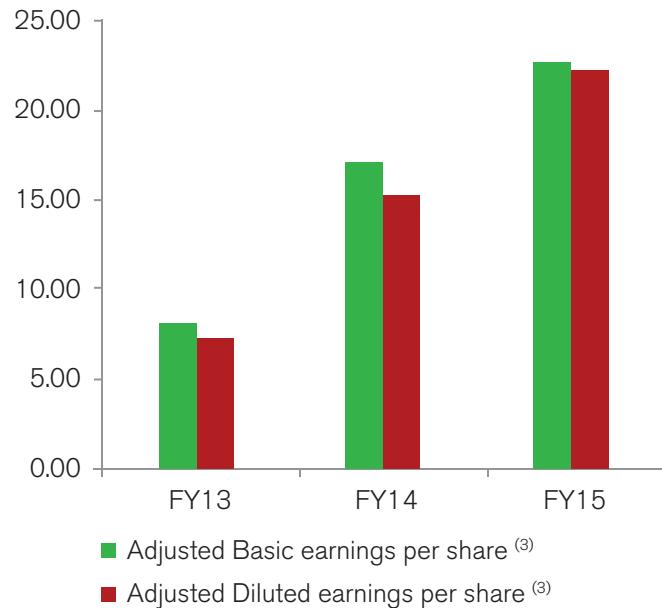
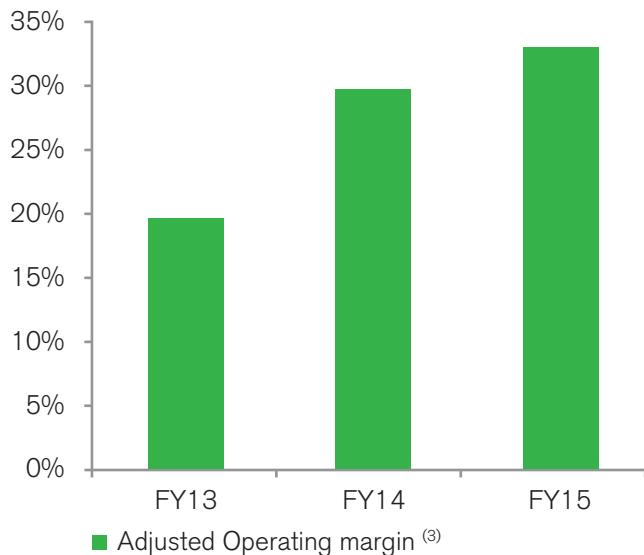


Figure 4 – Change in basic and diluted earnings per share pence



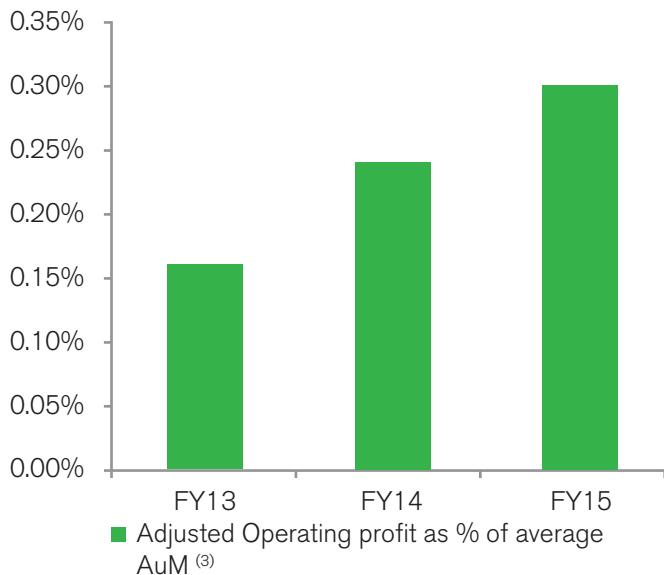
Adjusted operating margin (calculated as Adjusted operating profit divided by Gross profit) has been increasing year on year reflecting the increase in revenues compared to costs and the strong operating gearing in the business (see Figure 5 below).

Figure 5 – Change in adjusted operating margin



Adjusted operating profit as a percentage of average AuM has increased to 0.30% compared to last year when it was 0.24% and two years ago when it was 0.16%, reflecting the strong operating gearing in the business (see Figure 6 below).

Figure 6 – Change in Adjusted operating profit as a % of average AuM



(3) Adjusted for expenses for share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

#### Administration expenses

The largest component of our costs, in common with other service companies, is Director, member and employee related expenses. Director, member/employee compensation increased by 29% reflecting higher fund manager compensation. However, as a percentage of Gross profit our Director, employer and member related expenses has decreased to 48% from 49% last year and from 56% two years ago (see Figure 7 below).

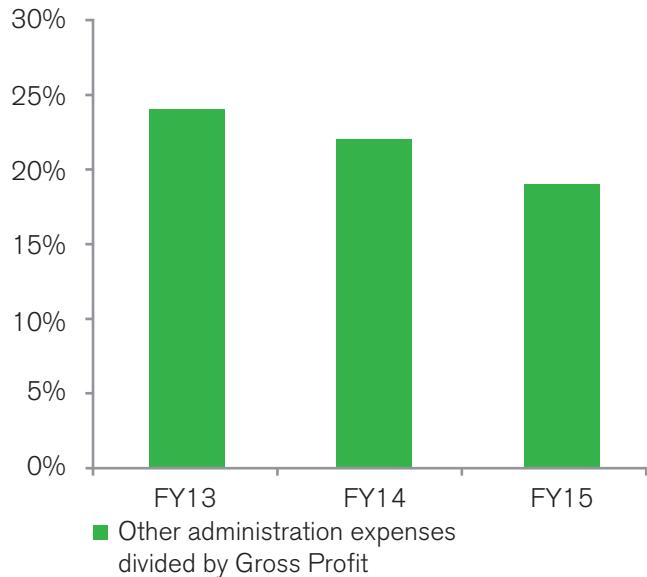
Figure 7 – Director, employee and member related expenses as a percentage of Gross profit



(4) Member and employee related costs are the sum of Director and employee costs, pensions, members drawings charged as an expense, and members' advance drawings (where applicable).

Other administration expenses as a percentage of Gross Profit decreased to 19%, as a result of strong cost control within the business (see Figure 8 below).

Figure 8 – Other administration expenses as a percentage of Gross Profit



## Dividend

The Board has considered current market environment, the financial performance for the Group in the current year and its cash generation abilities in future years, and is declaring a second interim dividend of 6.0 pence per share (2014: 2.0 pence) which will result in total dividends for the financial year ending 31 March 2015 of 8.0 pence per share (2014: 3.0 pence) (See Figure 9 below). This reflects a dividend margin (dividend per share divided by Adjusted diluted earnings per share) of 36%, an increase of 83% on last year (See Figures 9 and 10 below).

Figure 9 – Dividend per share

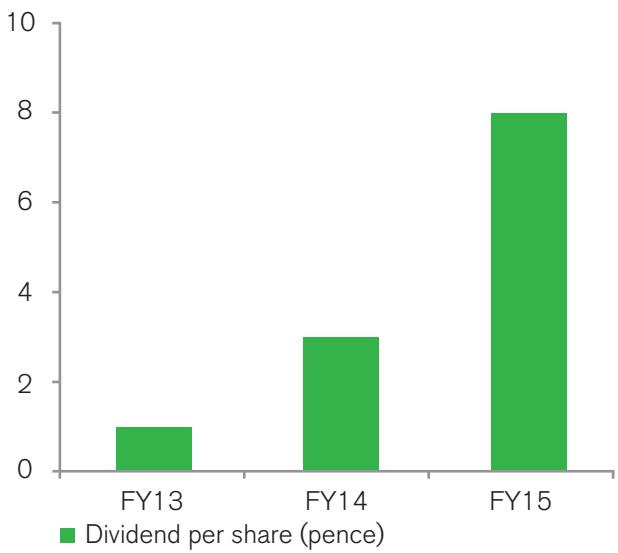
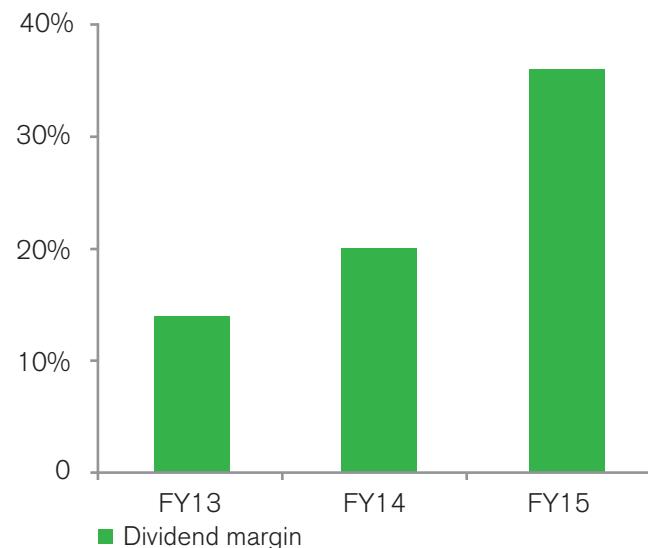


Figure 10 – Dividend margin



## Dividend policy

Our policy is to grow our dividend progressively in line with our view of the underlying adjusted earnings per share on a diluted basis (excluding performance fees) and cash flow of Liontrust;

When setting the dividend, the Board looks at a range of factors, including:

- the macro environment;
- the current balance sheet; and
- future plans.

It is our intention that dividends will be declared and paid half yearly.

## Principal Risks and mitigations

The Group takes a cautious and pro-active approach to risk management. Management recognises the importance of understanding the risks to the business and the systems and controls required to mitigate them. A Risk Register is maintained that captures the core risks inherent in our business and assesses how those risks are managed and mitigated, the key indicators that would suggest if the risk is likely to materialise together with an assessment that each risk may have on our regulatory capital.

Our Professional Indemnity Insurance covers us for losses, errors, and fraud. Our current assessment of our key operational risks and our risk management framework suggest that we are not at material risk of breaching our insurance limits.

In order to help identify, manage and control risk, Liontrust breaks it down into four categories. On the basis of disciplined risk assessment, the key risks to the Group's business are considered. A high level summary is shown below with details of any mitigating factors and the risks are also discussed in the Risk Management and Internal Controls section of the Directors' Report on page 28.

## Credit risk

Credit risk covers the risk of loss due to a debtor's inability to pay. The Liontrust Group maintains a liquidity policy document which identifies the credit risks that may affect any area of the business and details how these risks are monitored and controlled. These risks include: failure of banks / credit institution / significant counterparties; failure of a client to pay fees; failure of a client to pay funds for an investment; failure a fund to pay redemption monies.

Major counterparties are reviewed at least monthly and this covers, for each institution, agency ratings, interest rates currently offered and credit default swap spreads (where these measures are applicable or available). These are all indicators of any potential problems. If any such issues are identified the Group will take action to either move any functions or cash away from the institution or closely monitor the institution as per our counterparty selection and monitoring policy.

## Market risk

Market risk is the risk that the value of assets will decrease due to the change in value of the market risk factors. Common market risk factors include asset prices, interest rates, foreign exchange rates, and commodity prices. Liontrust as an investment management company is exposed to market risk in several forms, these include: seed investments; box management; funds under management; and management fee income.

Liontrust has only minor direct exposure to market risk through manager box positions and small holdings in the sub-funds of Liontrust Global Funds Plc which have been undertaken to aid incorporation and are redeemed when funds grow in size. The Group has a regular review process for any assets subject to market risk which identifies specific criteria to ensure that these remain within agreed limits.

## Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The management of operational risk is formalised in a number of ways including risk assessments and scorecards, documented procedures and compliance manuals, a comprehensive compliance monitoring programme (both internal and external), issue tracking and a regular assessment of third party providers.

Liontrust manages its operational risk with a framework based upon the Basel Committee on Banking Supervision's paper "Sound Practices for the Management and Supervision of Operational Risk" using seven operational risk event types that may result in substantial losses including:

Operational Risk Event Type	Description
Internal Fraud	Misappropriation of assets, tax evasion, intentional mismarking of positions, bribery
External Fraud	Theft of information, hacking damage, third-party theft and forgery
Employment Practices and Workplace Safety	Discrimination, workers' compensation, employee health and safety
Clients, Products, & Business Practice	Market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning
Damage to Physical Assets	Natural disasters, terrorism, vandalism
Business Disruption & Systems Failures	Utility disruptions, software failures, hardware failures
Execution, Delivery, & Process Management	Data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets

These risk event types are further broken down into 36 sub-categories. Each operational department undergoes a risk assessment for each of these risks to identify the likelihood of a risk materialising as well as the impact of the risk. The impact is the likely effect of a risk crystallising; these are two measures, the cost of a typical event as well as the cost of an extreme case. These departmental risk assessments discuss risk at a process and controls level so that each member of the team is able to participate in the management of risk on a day to day basis. The output from the departmental risk assessments or risk registers are co-ordinated with the Group's Risk Register to ensure that we are capturing evolving risks for the Group as they emerge. The risk assessment and risk scorecard can then be used to create risk maps which visually model and communicate risks and their trends.

As we outsource many of our labour intensive operational functions, we commit high levels of resource to the management of these third party providers. We work hard to ensure that the relationship is a collaborative one and that both parties are working together towards the same goals, via a dedicated relationship management team and through a comprehensive monitoring programme.

The key operational risks that have been identified as potentially having a significant impact on our business or capital are as follows:

- Trading errors
- Failure of key systems
- Failure of key supplier or outsource provider
- Corporate action errors
- Regulatory breaches
- Breach of mandate restrictions
- Business continuity failure

Liontrust also commissions an external audit firm to report on internal controls in accordance with AAF 01/06.

## Other risks

The firm also faces other risks such as regulatory risk, key employee risk, market changes, mis-selling and the underperformance of one, or more, of the investment processes.

### Regulatory risk

The regulatory environment that the Group operates in continues to grow more complex. There have been significant new legislative changes around the globe which has impacted both the Group and the investment vehicles operated by the Group. These changes bring additional, or increased, risks of errors or omissions which can result in financial or other penalties and could result in a loss of confidence by our clients. Regulatory changes may also affect the products and services the Group offers, to whom or where it may offer them and the fees and charges it is able to charge. Liontrust's Compliance department operates a comprehensive compliance monitoring programme to confirm regulatory obligations are met and works with industry bodies, lawyers and consultants to ensure all regulatory change is appropriately managed.

### Competitive Environment

Liontrust operates within a highly competitive environment with both local and global businesses, many of which have greater scale and resources. The changes to the regulatory and business landscape have resulted in a greater focus on fees & charges, a growing importance of brand & marketing and distributor relationships. Failure to compete effectively in this environment may result in loss of existing clients and a reduced opportunity to capture new business which may have a material adverse impact on the Group's financial wellbeing and growth.

# Strategic Report continued

## Key employee risk

People are a key part of our business and the stability of our investment and operational expertise is critical to the success of the business and the Group takes appropriate steps to manage expectations and minimise the loss of good quality staff. Any departure of significant personnel may result in a loss of funds under management, especially the loss of one of our fund management teams. Liontrust believes building and maintaining our distinct culture is key to the future success of our business and the engagement and retention of its staff, therefore, we invest significantly in our people, including through training and qualifications.

The development of our business and increasing the diversification of our fund management talent is a core objective of the Group and as recently demonstrated, the business is willing to finance acquisitions, etc. to achieve this diversification where it is prudent to do so while leaving sufficient capital to operate the business.

## The risk of investment performance leading to customer loss

Liontrust provides specialist, actively managed portfolios to its clients aiming to produce good relative investment returns over the medium to long term. There may be periods where the portfolios have a weaker performance record and clients may redeem their investments during these periods potentially impacting the Group's earnings. It is also harder to attract new clients during periods of under-performance in a fund, or across the Group's portfolios which may impact the ability for the Group to grow.

## Suitability and Conduct risk

It is a key aim of the Group to ensure our clients and customers understand the products and services we offer and for us to ensure that the products deliver what a client expects. All our investment processes are fully documented, which enables clients to understand clearly how we manage assets. For private investors investing through intermediaries, the process documents are supplemented by simplified monthly fund factsheets, the key investor information document and other reports and marketing literature available via the website or direct from us, which are clear and concise. For our institutional clients, we produce quarterly investment commentaries and regular detailed reports. Ensuring that our clients understand the product is a core element in treating them fairly. We believe our documented processes, detailed reports and literature reduce the likelihood of a product either being misunderstood or not delivering the appropriate customer outcomes, this may also reduce the risk of client losses in the event of portfolio underperformance.

## Client Concentration and the risk of redemptions at short notice

Liontrust has several large, key clients and relationships. Should a large client leave (or conversely a new large client be acquired) there is a risk that earnings may be impacted. The largest client represents approximately 7.5% of the Group's assets under management and the concentration is lower than this by revenue. Clients are also able to withdraw their assets at short notice. The retail funds have daily liquidity and most institutional mandates have no lock in periods or liquidity constraints. This may mean that in times of crisis assets under management may fall quickly increasing the potential volatility of earnings.

## Corporate Social Responsibility

Liontrust is committed to the principle of Corporate Social Responsibility ("CSR") and intends that it should become embedded, where appropriate, into its policies and practices, to the benefit of stakeholders as well as the wider community. Liontrust aims to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates.

Liontrust is committed to the following core values in all aspects of its work, including the fulfilment of its social responsibility:

- Clear direction and strong leadership;
- Customer focus and treating customers fairly;
- Working to deliver good customer outcomes;
- Open communication and transparency;
- Commitment to the highest ethical standards;
- Respect for people and the development of positive working relationships with others; and
- Valuing and harnessing the equality and the diversity of Liontrust members and employees.

## CSR Strategies

Liontrust seeks to achieve its corporate and social objectives by focusing on the following areas:

### Equal Opportunities, Diversity, Inclusion and Human Rights

Liontrust has committed to the promotion of equal opportunities and the preservation of human rights. Liontrust is vehemently opposed to the use of slavery in all forms; cruel, inhuman or degrading punishments; and any attempt to control or reduce freedom of thought, conscience and religion.

Liontrust will not knowingly enter into any business arrangement with any person, company or organisation which fails to uphold the human rights of its workers or who breach the human rights of those affected by the organisation's activities.

Liontrust has put in place a series of policies, including a recruitment policy, parental leave policy, and a discipline and grievance policy which aims to ensure that all partners/directors, employees and associated persons have equal opportunities.

The Board recognises the importance of diversity, including gender and recognises the benefits it brings to the Board and Group. The Board is committed to ensuring its composition is appropriate for the business and that members and candidates should possess the broad range of skills, expertise, industry knowledge, and other experience necessary for the effective oversight and management of the Group.

Liontrust believes that its people should be appointed to their roles based on skills, merit and performance and makes all appointments within the guidelines of its equal opportunities policy. Fundamental to increasing diversity is the development of a pipeline of talented and diverse employees within the business. We do not support quotas or to set prescriptive, quantitative diversity targets however, we endeavour to have a proactive and coordinated approach to attracting, retaining and developing a diverse workforce. As at 31 March 2015 the gender diversity within the group was as follows:

2015	Male	Female
Executive Directors	3	–
Members of LLP's	28	1
Employees	21	18

## Purchasing, Procurement and Bribery

Liontrust is committed to adhering to the highest standards of business conduct; compliance with the law and regulatory requirements; and best practice. The firm has established an anti-bribery policy to aid Liontrust's partners/directors, employees and associated persons in ensuring that they comply at all times with relevant anti-bribery laws. In implementing this policy the firm demonstrates its commitment to preventing bribery, and establishing a zero-tolerance approach to bribery in all parts of the firm's operations.

Liontrust is committed to procuring its works, goods and services in an ethically and environmentally sensitive way, yet with proper regard to its commercial obligations, ensuring that suppliers deliver to agreed timescales, quality and cost. Purchasing is undertaken in a manner that encourages competition, and offers fair and objective evaluation of offers from all potential suppliers. Any significant transaction or agreement is reviewed by the Board.

#### **Environment and Sustainability**

Liontrust believes that businesses are responsible for achieving good environmental practice and operating in a sustainable manner. We are therefore committed to minimising our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods. Liontrust has put in place an environmental policy that details the key points of our strategy on the environment.

As part of our selection and review process, we encourage our suppliers, service providers and all business associates to do the same and where appropriate we have obtained the environmental policies of these counterparties. Not only is this sound commercial sense for all; it is also a matter of delivering on our duty of care towards future generations.

Liontrust aims, firstly to minimise its commercial waste, and secondly to recycle as much of its commercial waste as possible, with any non-recyclable items being incinerated to produce energy. In the year to 31 December 2014 Liontrust achieved a 98% recycling rate (year to 31 December 2013: 100%).

Using the most recent data available from our landlords, we have identified an emissions intensity per member of staff (employees and members) of 2.2 tCO2 per annum (2014: 2.3 tCO2 per annum).

#### **Charitable Giving and Social Responsibility**

As the business has grown over the past few years, we have considered our social responsibilities both locally and globally. In addition to making some small donations in response to staff requests, Liontrust will enter into partnerships with charities and charitable endeavours that we believe make a difference at both global and local levels.

Sponsorship of ZSL's Lions500 campaign:

The mission of ZSL London Zoo as part of the Zoological Society of London is to promote and achieve the worldwide conservation of animals and their habitats. As the wild lion population is so vulnerable, those in zoos are crucial to the future conservation of the species. We are proud to be sponsoring ZSL's Lions500 campaign to protect the last remaining Asiatic lions in the wild as well as building a new conservation breeding centre at ZSL London Zoo for this courageous and incredible animal. Our sponsorship and the education and engagement provided by ZSL London Zoo is inspiring our stakeholders to take a lifelong interest in wild animals.

#### **Sponsorship of Walking the Courses:**

Liontrust is proud to be supporting Richard Farquhar's Walking the Courses to raise money for Pancreatic Cancer and Racing Welfare. Over the course of 13 months from March 2015 to April 2016, Richard will walk between all 60 racecourses across mainland Britain. Each leg of Walking the Courses will end with Richard's arrival at a racecourse on the day that there is a race meeting. The combined distance that Richard will cover during the 13 months will be around 2,750 miles.

#### **Sponsorship of Old Colfeians rugby club**

Liontrust is proud to sponsor the 1st XV of the Old Colfeians rugby club in Lee, south-east London. This support helps to fund the club as a whole, including the colts and junior teams.

#### **Approval**

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The Strategic Report was approved by the Board on 17 June 2015 and Signed on its behalf by:

**John Ions**  
Chief Executive  
17 June 2015

MTA 05

PROUD TO SUPPORT THE WORK OF ZSL

"We are proud to be sponsoring ZSL's Asiatic lion campaign to protect the last remaining 500 Asiatic lions in the wild as well as building a new conservation breeding centre at ZSL London Zoo for this courageous and incredible animal. We have huge admiration and respect for ZSL's devotion to the worldwide conservation of animals and their habitats."

David Wilson, Head of Marketing and Business Strategy at Liontrust

ZSL

LET'S WORK  
FOR WILDLIFE

Find out more about Liontrust at [www.liontrust.co.uk](http://www.liontrust.co.uk)

LIONTRUST  
PRIDE IN OUR PROCESSES

# Governance

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## Board of Directors

**Adrian Collins, 61, (Chairman).** Joined the Board in June 2009. Adrian has worked in the fund management business for over 30 years, a large part of which was at Gartmore Investment Management Limited where, latterly, he was the Managing Director. He was a consultant to Strand Partners Limited, a corporate finance business based in the West End of London. He is also a Director of Bahamas Petroleum Company Plc, City Natural Resources High Yield Trust Plc, Tristar Resources Plc, and New City High Yield Trust Plc.

**John Ions, 49, (Chief Executive).** Joined the Board in May 2010. Prior to joining Liontrust in February 2010, John was Chief Executive of Tactica Fund Management since it was established in 2005. Previously, John was Joint Managing Director of SG Asset Management and Chief Executive of Société Generale Unit Trusts Limited, having been a co-founder of the business in 1998. John was also formerly Head of Distribution at Aberdeen Asset Management.

**Vinay Abrol, 50, (Chief Operating Officer & Chief Financial Officer).** Joined the Board in September 2004. Vinay is responsible for overseeing all finance, information technology, operations, risk and compliance of the Group. After obtaining a first class degree in computing science from Imperial College London, Vinay worked for W.I. Carr (UK) Limited specialising in the development of equity trading systems for their Far East subsidiaries, and then at HSBC Asset Management (Europe) Limited where he was responsible for global mutual funds systems. Following a short period at S.G. Warburg and Co., he joined Liontrust in 1995.

**Alastair Barbour, 62, (Non-executive Director).** Joined the Board in April 2011. Alastair is a chartered accountant with 25 years' experience spent auditing and advising boards and management of public companies in the UK and internationally, principally in the financial services industry. He trained with Peat, Marwick, Mitchell & Co in London before being admitted as a partner with KPMG in Bermuda in 1985. Alastair returned to the UK as a partner of KPMG in 1991 and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a Director of RSA Insurance Group Plc, Phoenix Group Holdings, The Bank of N.T. Butterfield & Son Limited, Standard Life European Private Equity Trust Plc and CATCo Reinsurance Opportunities Fund Ltd.

**Mike Bishop, 64, (Senior Independent Director).** Joined the Board in May 2011. Mike has more than forty years' experience as a fund manager and is currently a Non-executive Director of RWC Focus Asset Management and an adviser to its UK equity activist funds. Before joining Hermes in 2005, Mr Bishop was Head of Pan-European Equities at Morley Fund Management Limited and a Director and fund manager at Gartmore Investment Management.

**George Yeandle, 57, (Non-executive Director).** Joined the Board in January 2015. George is a chartered accountant with over 30 years' experience having specialised throughout most of his career in advising clients on executive pay and remuneration issues. He has also held a number of internal leadership roles. He trained with Coopers & Lybrand (now PricewaterhouseCoopers LLP) before being admitted as a partner in 1989. More recently, George was Operational Leader of the London Region Human Resource Services Business and a Senior Partner of PricewaterhouseCoopers LLP, retiring in December 2013.

# Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management PLC for the year ended 31 March 2015.

## Principal activities

Liontrust Asset Management Plc is a holding company whose shares are quoted on the Official List of the London Stock Exchange and is domiciled and incorporated in the UK. It has three operating subsidiaries as follows:

Subsidiary name	% owned by the Company	Subsidiary principal activities
Liontrust Fund Partners LLP	100%	A financial services organisation managing unit trusts, authorised and regulated by the Financial Conduct Authority.
Liontrust Investment Partners LLP <sup>(1)</sup>	100%	A financial services organisation offering investment management services to professional investors directly, through investment consultants and through other professional advisers, which is authorised and regulated by the Financial Conduct Authority. Liontrust Investment Partners LLP is also approved as an Investment Manager by the Central Bank of Ireland.
Liontrust Investment Solutions Limited	100%	A financial services organisation offering discretionary fund management services to the advisory intermediary market in the UK (formerly North Investment Partners Limited), authorised and regulated by the Financial Conduct Authority.

<sup>(1)</sup> Liontrust Investment Partners LLP has a branch based in Luxembourg.

In addition to the operating subsidiaries listed above, Liontrust Asset Management Plc has five other 100% owned subsidiaries. Liontrust Investment Funds Limited and Liontrust Investment Services Limited which act as a corporate member in Liontrust Fund Partners LLP and Liontrust Investment Partners LLP respectively. Liontrust Management Services Limited, which employed all employees of the Company until 31 October 2010, Liontrust European Investment Services Limited, which acted investment manager for certain portfolios, Liontrust Asset Managers Limited (previously Walker Crips Asset Managers Limited), and Liontrust International (Guernsey) Limited, which managed offshore investments funds, and all will be liquidated in due course.

## Results and dividends

Profit before tax was £7.265 million (2014: £3.225 million).

Adjusted profit before tax was £12.102 million after adding back expenses such as, share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy (2014: £8.352 million).

The Directors declare a second interim dividend of 6.0 pence per share (2014: 2.0 pence). This results in total dividends of 8.0 pence per share for the financial year ending 31 March 2015 (2014: 4.0 pence per share).

## Review of the business and future developments

A review of the business and future developments is set out in the Chairman's statement, Chief Executive's statement and Strategic Report on page 6 and 7 to 19 respectively.

## Directors

The Directors of the Company during the year and up to the date of the signing of the financial statements were as follows. Their interests in the share capital of the Company at 31 March 2015 are set out in the Remuneration report on page 41.

Adrian Collins  
John Ions  
Vinay Abrol  
Jonathan Hughes-Morgan (resigned 15 December 2014)  
Alastair Barbour  
Mike Bishop  
Glyn Hirsch (retired 9 September 2014)  
George Yeandle (joined 2 January 2015)

## Disclosure required under the Listing Rules

### LR 4.1.5.(R) and DTR 4.1.8 R

Information which is the required content of the management report can be found in the Strategic report and in this Directors' report.

### LR 9.8.4R

The following table is disclosed pursuant to Listing Rule 9.8.4R. The information required to be disclosed, where applicable to the Company, can be located in these Annual Report and Financial Statements at the references set out below:

Information required	Location
Interest capitalised	Not applicable
Shareholder waiver of dividends	Note 20 page 66
Shareholder waiver of future dividends	Note 20 page 66
Agreements with controlling shareholders	Not applicable
Provision of services by a controlling shareholder	Not applicable
Key contracts	Risk Management and Internal Controls Report
Details of long-term incentive schemes	Remuneration report
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
Non-pre-emptive issues of equity for cash	Not applicable
Non-pre-emptive issues of equity for cash in relation to major subsidiary	Not applicable
Participation by parent of a placing by a listed subsidiary	Not applicable
Publication of unaudited financial information	Historical Summary

All the information cross referenced above is incorporated by reference into this Directors' report.

### DTR 7.2 Structure of capital and voting rights

As at 31 March 2015 and 17 June 2015, there were 45,471,555 fully paid ordinary shares of 1p amounting to £454,715. Each share in issue is listed on the Official List maintained by the FCA in its capacity as the UK Listing Authority. There was a change to the issued share capital during the year, the Company issued 3,000,000 shares on 1 July 2014.

The Company has one class of ordinary shares which carry the right to attend, speak and vote at general meetings of the Company. The holders of ordinary shares have the right to participate in dividends and other distributions according to their respective rights and interests in the profits of the Company and a return of capital on a winding-up of the Company. Full details regarding the exercise of voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 8 September 2015 are set out in the Notice of Annual General Meeting.

To be valid, the appointment of a proxy to vote at a general meeting must be received not less than 48 hours before the time appointed for holding the meeting. None of the ordinary shares carries any special rights with regard to control of the Company.

Under Resolution 14 of the Annual General Meeting held on 9 September 2014, the shareholders authorised the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006. This authority is limited to the maximum number of 6,816,186 Ordinary shares of 1 pence each (equivalent to approximately fifteen per cent of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company or 9 December 2016 (whichever is the earlier). The maximum price that may be paid for an Ordinary share will be the amount that is equal to 5 per cent above the average of the middle market prices shown in quotations for an Ordinary share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased. The minimum price which may be paid for an Ordinary share is 1 pence.

### Corporate governance

A report on corporate governance appears on pages 26 to 27.

### Risks and uncertainties

A report on principal risks appears in the Strategic Review on pages 16 to 18 and a report on the risk management and internal controls appear on pages 28 to 30.

### Corporate social responsibility

Liontrust aims to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates. The Board recognises the Group's impact, responsibilities and obligations on and towards society and aims to promote equal opportunities and human rights, reduce environmental risk and operate in a sustainable manner.

The Group is committed to the highest standards of business conduct. Policies and procedures are in place to facilitate the reporting of suspect and fraudulent activities, including money laundering and anti-bribery policies.

The Group's health and safety policy aims, insofar as it is reasonably practical, to ensure the health and safety of all employees and other persons who may be affected by the Group's operations and provide a safe and healthy working environment. The Group has a good record of safety.

### Financial instruments

The Group's financial instruments at 31 March 2015 comprise cash and cash equivalents, financial assets and receivable and payable balances that arise directly from its daily operations.

Receivables arise principally in respect of fees receivable on funds under management, cancellations of units in unit trusts and sales of units in unit trusts, title to which are not transferred until settlement is received. The Group's credit risk is assessed as low.

Financial assets comprise assets held at fair value through profit or loss and assets held as available-for-sale.

Assets held at fair value through profit or loss are unit trust units held in the 'manager's box' to ease the calculation of daily creations and cancellations.

Assets held as available-for-sale are shares in the sub-funds of the Liontrust Global Funds Plc.

Cash flow is managed on a daily basis, both to ensure that sufficient cash is available to meet liabilities and to maximise the return on surplus cash through use of overnight and monthly deposits. The Group is not reliant on income generated from cash deposits.

Deposit banks are selected on the basis of providing a reasonable level of interest on cash deposits together with a strong independent credit rating from a recognised agency. Any banks selected for holding cash deposits are selected using a detailed counterparty selection and monitoring policy which is approved by the Board.

Based on holding the financial instruments as noted above the Group does not feel subject to any significant liquidity risks.

Full details of the Group's financial risk management can be found in note 2 on page 56.

### Annual General Meeting

The eighteenth Annual General Meeting of the Company will be held in the Pinafore Room at The Savoy, London WC2R 0EU on 8 September 2015 at 2 p.m. A notice convening this meeting will be sent to shareholders in August 2015.

### Section 992, Companies Act 2006

The following information is disclosed in accordance with section 992 of the Companies Act 2006:

The Company's capital structure and voting rights are summarised on page 24.

Details of the most substantial shareholders in the Company are listed on page 27.

The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 26.

There are: no restrictions concerning the transfer of the securities in the Company; no special rights with the regard to control attached to securities; no agreement between holders of the securities regards their transfer known to the Company; and no agreement which the Company is party to that might affect its control following a takeover bid.

There are no agreements between the Company and its Directors concerning compensation for loss of office as at 31 March 2015.

# Directors' Responsibility Statement

## Basis of financial statements

Having given consideration to the uncertainties and contingencies disclosed in the financial statements, the Directors have satisfied themselves that the Group has adequate resources to continue in operation for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Statement of disclosure of information to Auditors

As so far as the Directors are aware, there is no relevant information of which the Company's independent auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's independent auditors are aware of that information.

## Independent Auditors

PricewaterhouseCoopers LLP were the independent auditors to the Company during the year and have confirmed their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the 2015 Annual General Meeting.

## Political donations

The Group made no political donations or contributions during the year. (2014: £nil).

## By order of the Board

Mark Jackson  
Company Secretary  
17 June 2015

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements and the Remuneration Report 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 and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the company and Group for that period. In preparing these financial statements, the directors are required to:

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

The Directors are responsible for keeping 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 the Group and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the group 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 22 confirm that, to the best of their knowledge and belief:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the Group; and
- the Strategic Report contained on pages 7 to 19 includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that it faces.

## By order of the Board

Vinay Abrol  
Chief Operating Officer & Chief Financial Officer  
17 June 2015

## Compliance with the provisions of the Code

The Company is committed to the principles of the UK Corporate Governance Code (September 2012) (the "Code"). During the year the Company has complied with the main principles of the Code, with the following exceptions:

The Board appointed Mike Bishop as Senior Independent Director on 18 June 2014. Prior to this period the Board did not identify a Senior Independent Director (As noted in the Code A.3.3). Based on the experience of the Non-executive Directors during the year the Board does not believe that this instance of non-compliance was significant but has chosen to rectify it.

## The Board

The Board is responsible for organising and directing the affairs of the Company and the Group in a manner that is in the best interests of the shareholders, meets legal and regulatory requirements and is also consistent with good corporate governance practices. There is a formal document setting out the way in which the Board operates, which is available upon request from the Company Secretary.

The division of responsibilities between Adrian Collins, Chairman, and John Ions, Chief Executive, has been clearly established by way of written role statements, which have been approved by the Board. The Chairman's main responsibilities are to lead the Board, ensure that shareholders are adequately informed with respect to the Company's affairs and that there are efficient relations and communication channels between management, the Board and shareholders, liaising as necessary with the Chief Executive on developments, and to ensure that the Chief Executive and his executive management team have appropriate objectives and that their performance against those objectives reviewed.

The Chief Executive's main responsibilities are the executive management of the Group, liaison with the Board and shareholders (as required by the Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Chief Executive discharges his responsibilities in relation to the executive management of the Group via three executive management committees as detailed in the Risk management and internal controls report on page 28 to 30.

The Chairman and Chief Executive are responsible, to the Board for the executive management of the Group and for liaising with the Board and keeping it informed on all material matters.

The Non-executive Director's role has the following key elements:

- constructively challenging, and contributing to, the development of the strategy of the Company and the Group;
- scrutinising the executive management team's performance in meeting agreed goals and objectives, and monitoring the reporting of performance to the Board;
- satisfying themselves that financial information is accurate and that financial controls and risk management systems are robust and defensible; and
- being responsible for determining appropriate levels of remuneration for executive directors and a prime role in appointing (and where necessary removing) senior management and in succession planning.

Under the Company's articles of association, one third of the Directors must retire from office by rotation at each Annual General Meeting and may offer themselves for re-election (this does not include Directors appointed to the Board since the last Annual General Meeting). Under the Company's Corporate Governance Guidelines, which reflect the provisions of the Code on Corporate Governance, Non-executive Directors must retire and may offer themselves for re-election annually once they have served nine or more years on the Board. The UK Corporate Governance Code recommends that all Directors of FTSE 350 companies retire and are put up for re-election at the Annual General Meeting. Although the Company is not a FTSE 350 company; the Board considers this to be best practice and, accordingly, has decided to go beyond the requirements of the Company's Corporate Governance Guidelines and articles of association and require that all Directors of the Company retire and offer themselves for re-election.

The Board met eight times during the year. In addition, there were occasions when the Directors met as a committee of the Board in order to authorise transactions already agreed in principle at Board meetings. On those occasions, a quorum of either two or three Directors was required.

## Directors

Biographical details of all current Directors can be found on page 22.

There were three changes to the Board during the financial year and up to the date of the signing of the financial statements. Glyn Hirsch retired on 9 September 2014, Jonathan Hughes-Morgan resigned on 15 December 2014 and George Yeandle was appointed on 2 January 2015. Attendance at meetings of the Board and the Audit & Risk, Nomination and Remuneration Committees is shown in the table on page 31.

At all times during the year there have been at least two Non-executive Directors. The Board believes that the balance achieved between Executive and Non-executive Directors is appropriate and effective for the control and direction of the business.

The Chairman has met during the year with the Non-executive Directors both individually and collectively without the other Executive Directors.

Having duly evaluated each of the Non-executive Directors, the Board considers that, notwithstanding the provisions of the Code, all such Directors are independent, in that they neither represent a major shareholder group nor have any involvement in the day to day management of the Company or its subsidiaries. As such they continue to bring objectivity and independent judgement to the Board and complement the Executive Directors' skills, experience and detailed knowledge of the business.

None of the Executive Directors nor the Chairman are on the board of a FTSE 100 company.

Non-executive Directors are aware that they have to report any change in their circumstances or those of the members of their families that might lead to the Board reconsidering whether they are independent. Directors are also aware that they have to inform the Board of any conflict of interest they might have in respect of any item of business and absent themselves from consideration of any such matter.

The Non-executive Directors have disclosed to the Company Secretary their significant commitments other than their directorship of the Company and have confirmed that they are able to meet their respective obligations to the Company.

Directors have the right to have any concerns about the running of the Company minuted and documented in a written statement on resignation.

The Company has arranged insurance cover in respect of legal action against its Directors and Officers.

## Performance

The Board conducts a formal review and rigorous evaluation of individual Directors, its own performance and that of its committees. The evaluation process is constructively used to improve Board effectiveness, maximise strengths and address any weaknesses.

The Executive Directors have been subject to a formal performance appraisal. These appraisals were carried out in May 2015 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2015 has been reviewed by the Executive Directors. The review has confirmed that the performance of the Non-executive Directors is effective and appropriate.

In addition to the individual appraisals, the Board considers its overall performance as a body and of its committees. This review has confirmed that the performance of the Board and its committees is effective and appropriate.

## Professional development and training

Every Director is entitled to receive appropriate training and guidance on their duties and responsibilities. Continuing professional development is offered to all Directors and the Board is given guidance and training on new developments, such as new regulatory requirements.

In order to promote awareness and understanding of the Group's operations, the Chairman ensures there are additional opportunities for the Non-executive Directors to meet with senior management outside of the Board and its committees.

## Communication with shareholders

The Chairman regularly meets with major shareholders and the Chief Executive and Chief Operating Officer & Chief Financial Officer also have regular meetings with existing and potential new shareholders. The views of the shareholder are conveyed to Non-executive Directors by the presentation at Board meetings of surveys of shareholder opinion carried out by the Group's brokers and of analysts' reports and also by feedback from the Executive Directors who regularly meet with shareholders.

## Substantial shareholders

The Company has received notifications in accordance with the Financial Conduct Authority's ("FCA") Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital as follows:

### As at 31 March 2015

Name	Number of voting rights	Percentage of voting rights
Schroders Plc	9,005,319	19.8
Polygon Global Partners LLP	2,906,000	6.8
Legal & General Group Plc	2,999,157	6.6
BlackRock Inc.	2,466,271	5.4
Jonathan Hughes-Morgan	2,167,709	4.8
Artemis Investment Management LLP	2,100,000	4.6
Liontrust Asset Management Employee Trust	1,627,946	3.6

### As at 17 June 2015

Name	Number of voting rights	Percentage of voting rights
Schroders Plc	9,005,319	19.8
Polygon Global Partners LLP	4,568,799	10.0
Legal & General Group Plc	2,999,157	6.6
BlackRock Inc.	2,466,271	5.4
Jonathan Hughes-Morgan	2,167,709	4.8
Artemis Investment Management LLP	2,100,000	4.6
Liontrust Asset Management Employee Trust	1,627,946	3.6

## Resources

Directors have access to the services and advice of the Company Secretary, and may take additional independent professional advice at the Group's expense in furtherance of their duties. The terms of reference of the Audit & Risk, Nomination and Remuneration Committees have been considered by their members with a view to ensuring they have available adequate resources to discharge their duties.

## Committees

Details of the chairmen and membership of the Audit & Risk, Nomination and Remuneration Committees are set out in the table on page 31 together with details of attendance at meetings.

## Share buy backs

At the 2014 Annual General Meeting shareholders gave approval for the Company to buy back up to 6,816,186 Ordinary shares. Shareholders have also renewed the Directors' authority to issue ordinary shares up to an aggregate nominal value of £151,571.

## Annual General Meeting

Notices convening Annual General Meetings are despatched to shareholders at least twenty working days before the relevant meeting and contain separate resolutions on each issue, including a resolution to adopt the annual report and financial statements. At every Annual General Meeting, the Chairman of the Group and the chairmen of the Audit & Risk, Nomination and Remuneration Committees make themselves available to take questions from shareholders.

The Company has put arrangements in place with its registrars to ensure that all proxy votes are received and accurately accounted for. The level of proxies lodged on each resolution, including votes for, against and abstained, will be available on the Company's website or upon request from the Company Secretary after the Annual General Meeting.

# Risk Management and Internal Controls Report

The Board is ultimately responsible for determining the risk appetite, risk strategy and risk management framework of the Group. The FCA have noted that it is for each individual firm to determine, based on its nature, scale and complexity, as well as its attitude to exposure to risk, whether or not to establish a Risk Committee of the governing body. The Group has determined not to establish a separate Risk Committee but to combine it with the Audit Committee, although this is reviewed on an annual basis.

The Audit & Risk Committee, on behalf of the Board, is accountable for, and responsible for, overseeing the Group's financial reporting, risk management and system of internal controls, including suitable monitoring procedures, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit & Risk Committee, on behalf of the Board, is also responsible for keeping under review the scope, results, and cost effectiveness of the audit and the independence of the external auditors.

The Head of Risk is responsible for overseeing all risk management and legal functions of the Group and monitors the Group's risks in a pro-active manner, with all departments fully aware of and managing the key risks appropriate to their responsibilities. All material risks to the business are monitored, appropriate mitigations for each risk are recorded and identified to the Board with markers for those with increased risk levels. Management recognise the importance of risk management and view risk management as an integral part of the management process which is tied into the business model and is described further in the Principal risks and mitigations section of the Strategic Report on pages 16 to 18.

## Committee structure and delegation of powers

The Corporate Governance report on page 26 details the Board's and the Chief Executive's responsibilities for organising and directing the affairs of the Company. The Board has delegated a number of its powers to three sub-committees; the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee.



Fig 1: Board and Sub-Committees

The Board has delegated the authority for the executive management of the Group to the Chief Executive except where any decision or action requires approval as a Reserved Matter in accordance with the Schedule of Matters Reserved for the Board. The Group have set up several management committees to assist the Chief Executive, namely:

a) **Executive Advisory Group Committee** ("EAG") chaired by the Chief Executive and consisting of the executive members of the Board and other key personnel as the EAG sees fit. The EAG is responsible for the management of the general business and affairs of the company including, strategy development, financial planning and performance, employment and termination decisions.

b) **Liontrust Fund Partners LLP Partnership Management Committee** ("LFPPM") for retail and institutional sales and marketing, advertising, promotion of Liontrust Funds, Transfer Agency, Information Technology (including business continuity), Treating Customers Fairly, Compliance & Financial Crime, Human Resources, Finance, product development and other asset gathering related powers; and the

c) **Liontrust Investment Partners LLP Partnership Management Committee** ("LIPPM") for dealing, trading systems, research tools (including fund management data services and research tools), for investment operations, risk management (including portfolio risk), and investment processes (including performance of the process, outlook, amendments or enhancements to the investment processes and new instruments within funds).

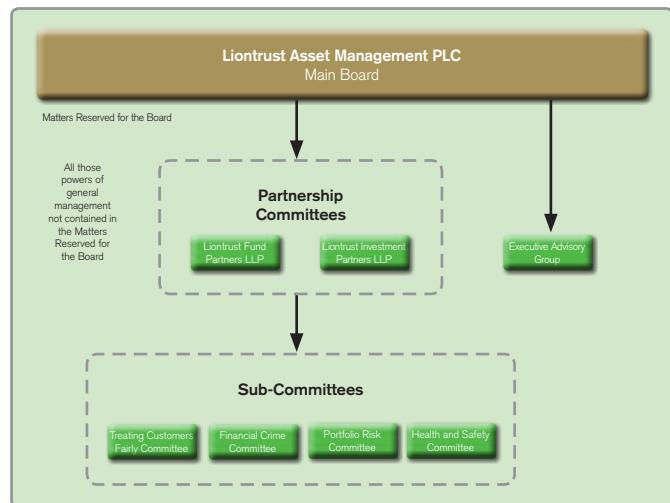


Fig 2: Board and Management committees and sub-committees

The EAG meets at least monthly, and the Partnership Management Committee Meetings are quarterly.

There are several sub-committees of the Partnership meetings that have been set up including the Treating Customers Fairly Committee, the Financial Crime Prevention Committee, the Portfolio Risk Committee and the Health and Safety Committee.

### Treating Customers Fairly Committee

The Treating Customers Fairly Committee ("TCFC") oversees the management of the Group's Treating Customers Fairly initiatives throughout the business. The TCFC agrees the Group's approach to TCF and how our responsibilities are discharged. It keeps track of any regulatory developments and also manages the TCF training programmes. The core to the TCFC's work is the management of our TCF programme in relation to the six outcomes that the FCA has set out for the industry. This work includes an ongoing assessment of our business against those outcomes with any actions tracked accordingly.

### Financial Crime Prevention Committee

The Financial Crime Prevention Committee ("FCPC") oversees the effectiveness, scope and performance of the procedures throughout the business to prevent money laundering (including the review of any sanctions breaches, review of politically exposed persons and suspicious activity reports), fraud including excessive or inappropriate gifts and entertainment given and received, and anti-bribery and corruption policies and procedures within Liontrust including the due diligence of third parties.

### Portfolio Risk Committee

The Portfolio Risk Committee ("PRC") oversees the management of portfolio risk throughout the business. This oversight encompasses portfolio risk management systems and operations together with the monitoring of portfolio risk investment restrictions. The PRC has documented the approach to risk management in the Risk Management Process document ("RMP"). The PRC also monitors portfolio performance, establishing parameters for exception reporting and ensuring that appropriate client communications are prepared as

necessary. The Portfolio Risk Committee meets on an at least monthly basis to ensure that all the monitored risk controls are in place and the risk limits are appropriate for funds managed and reports on the various aspects and activities discussed within the RMP.

#### Health and Safety Committee

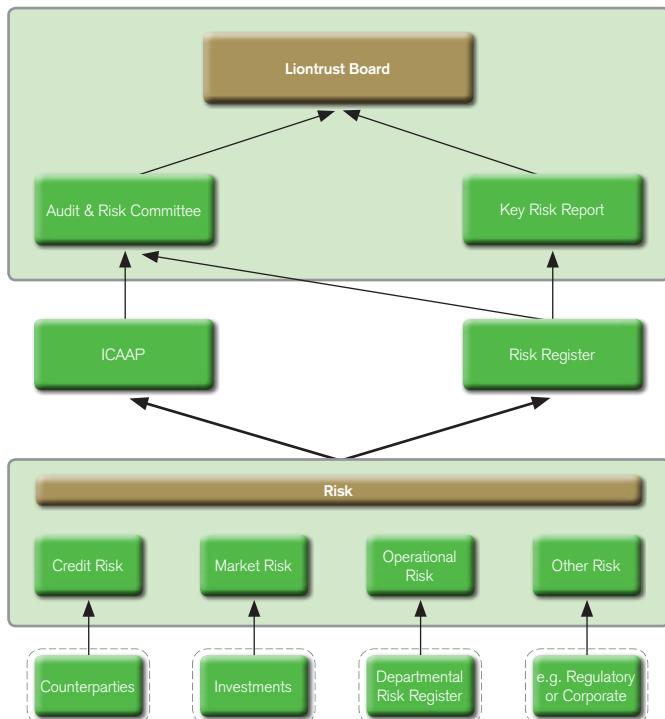
The Health and Safety Committee ("HSC") is responsible for all health and safety matters for the Group including the health and safety policy statement, any required health and safety related risk assessments for the Group, the first aid requirements, all fire safety and emergency procedures, the environmental policy and any other matters relating to the general health and safety requirements of the Group's staff.

There are Terms of Reference for all committees, setting out the way in which the meetings operate. The Terms of Reference are formally adopted by the Liontrust Board and are reviewed annually. Minutes are taken of each meeting and are circulated to the main board for review and challenge where appropriate.

### Risk Management framework

In order to ensure that the Group regularly reviews and monitors all the potential areas of risk to the business, Liontrust has implemented a risk management framework which allows management, the Audit & Risk Committee and the Board to be kept fully informed of potential risks to the business and also how these risks would impact the group's capital adequacy.

The diagram below summarises the Group's Risk Framework.



There are two main elements to capturing and reviewing risk within the Group; the Risk Register and the Internal Capital Adequacy Assessment Process ("ICAAP"). The Risk Register records potential risks, their materiality and their likelihood of occurrence and is updated regularly with input from executives and function heads. The most material and likely risks from the complete Risk Register are reported to the main Board at each Board Meeting in a Key Risk Report. The ICAAP sets out the Group's risk appetite for the different business areas and brings the Risk Register together with scenario analysis and stress testing to determine how the realisation of risks might impact on the Group's financial position.

The Group breaks risk down into four main categories that feed into the Risk Register and the ICAAP: Credit Risk, Market Risk, Operational Risk and Other Risk. Further details of the risks are listed in the principal risks and mitigations section of the Strategic Report on pages 16 to 18. Each element of risk is formally reviewed by the Audit & Risk committee on a minimum of an annual basis, and the Group ensures appropriate controls are in place to manage these risks.

The risk and uncertainties that affect the Group's business can also be broken down into risks that are within the management's influence and risks that are outside it. Risks that are within management's influence include areas such as the expansion of the business, prolonged periods of under-performance, loss of key personnel, human error, poor communication and service leading to reputation damage and fraud. Risks outside the management's influence include falling markets, terrorism, a deteriorating UK economy, investment industry price competition and hostile takeovers.

#### Internal controls

The internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The Group's internal control system is based on a "three lines of defence" model summarised in the diagram below:



Liontrust's Business Departments, supervised by the Partnership Committees, are responsible for identifying and managing risk and control activities within their business lines. This is the first line of defence. The Control Departments supervised by the Audit & Risk Committee develop and implement risk frameworks to support the front line and objectively challenge the identification of risk and the design of the controls within the business as a whole. The third line is a review of the risk and control activities in the Company by parties independent from the design, implementation and execution to highlight weaknesses, and provide assurance on the effectiveness and suitability of the internal controls.

The main elements of the Internal Controls which have operated throughout the year are as follows:

- a clear division of responsibilities and lines of accountability, allowing adequate supervision of staff;
- detailed procedures and controls for each department;
- the development and implementation of specific accounting policies;
- preparation of annual plans and performance targets in light of the overall Group objectives;
- reports from the Executive Directors to the Board on the actual performance against plans;

# Risk Management and Internal Controls Report continued

- Senior Management Arrangements, Systems and Controls review from the Chief Operating Officer & Chief Financial Officer to the Board;
- reports from the Head of Risk highlighting the key risks faced by the Group detailing the exposures, controls and mitigations in place;
- reports from the Head of Compliance detailing the robustness of procedures and controls for each department;
- reports from the Money Laundering Reporting Officer (MLRO) detailing the arrangements in place for anti-money laundering and financial crime prevention;
- reports to the Board in respect of the management of, and results of visits to, third parties to whom functions have been outsourced;
- compliance by all members of staff with the Group's policies and statement of business conduct, which seeks to ensure business is conducted in accordance with the highest standards; and
- capture and evaluation of failings and weaknesses and confirmation that necessary action is taken to remedy the failings, particularly those categorised as 'significant'.

The Board has reviewed the effectiveness of the Group's system of internal control for the financial year and up to the date of this annual report and financial statements. The Board has carried out an evaluation of the major risks affecting the business and has a process in place within the business to control and monitor risks on an ongoing basis, in accordance with the guidance from the Financial Reporting Council's report on Internal Controls (formally the Turnbull Guidance). The Board is of the view that all necessary actions have been, or are being, taken to remedy any significant failings identified as part of the ongoing risk management process and that no significant weaknesses were identified during the year.

## Stakeholders and Key Contracts

Additionally the Group has a significant number of stakeholders whose future risks and uncertainties are linked to the Group. These significant stakeholders are: shareholders; clients; members; employees; service providers that provide the Group with outsourced functions; and industry bodies.

Each of these groups presents different risks and uncertainties and the Group ensures that there is regular contact and monitoring of the various bodies.

Outsourcing is an integral part of the Liontrust operating model. Recent changes in legislation and renewed interest by the FCA in the topic have prompted the documenting of how the model operates and determining if any changes are required within the new regulatory environment. Liontrust outsources in two key areas, Transfer Agency and Fund Accounting & Fund Valuation Services across three main jurisdictions.

### Transfer Agency

Liontrust appoints a trust company, bank or similar institution to maintain records of investors and account balances and transactions, to cancel and issue certificates, to process investor mailings and to deal with any associated problems.

### Fund Accounting & Fund Valuation

Liontrust appoints a trust company, bank or similar institution to perform Net Asset Value ("NAV") calculations for each of the funds. The following services are also typically included in this service: processing of corporate actions and dividends, expense accrual management, cash management and reconciliation, calculation and timely payment of all management and performance fees, and preparation of interim and annual financial statements.

The table below details the companies that provide these outsourced functions:

Jurisdiction	Transfer Agent	Fund Accounting & Fund Valuation
UK	International Financial Data Services Limited	State Street Bank & Trust Company
Ireland	Northern Trust International Fund Administration Services (Ireland) Limited	Northern Trust International Fund Administration Services (Ireland) Limited

Liontrust has detailed service level agreements in place with these key outsource providers and they are closely monitored to ensure these standards are met. The Board have agreed a counterparty selection and management policy which details monitoring, contingency and resilience plans for all counterparties.

### Internal audit

The Board considered whether to establish a separate internal audit function. It was decided that, under the direction of the Chief Operating Officer & Chief Financial Officer, the compliance department meets most of the objectives of an internal audit function. Consequently a separate internal audit function is not currently required. This will continue to be reviewed on an annual basis.

### Assurance process

The senior management arrangements, systems and controls environment in place across the Group is reviewed during the course of a year by the Chief Operating Officer & Chief Financial Officer and his report is provided to senior management, the Board and Audit & Risk Committee.

On an annual basis, Liontrust commissions Deloitte LLP, an external audit firm, to perform testing of integrity of aspects of the Group-wide control environment. Liontrust has adopted the principles established in the "Assurance Reports on internal controls of service organisations made available to third parties" as recommended by the Institute of Chartered Accountants of England and Wales in the March 2011 technical release of AAF 01/06. The results of this testing, including any exceptions identified, are made available to senior management, the Board, Audit & Risk Committee and our institutional customers as appropriate.

# Directors' Board Attendance Report

## Board and board committee membership and attendance

The number of Board and Board committee meetings attended by Directors in the year ended 31 March 2015 was as follows:

Total number of meetings during the year	Board <sup>1</sup>	Audit & Risk Committee	Remuneration Committee	Nomination Committee
	8	5	6	3
Adrian Collins	8*	–	–	3
John Ions	7	–	–	1
Vinay Abrol	8	–	–	–
Jonathan Hughes-Morgan <sup>(2)</sup>	6	–	–	–
Alastair Barbour	6	5*	6	2
Mike Bishop	7	5	6	3*
Glyn Hirsch <sup>(3)</sup>	1	1	1	1
George Yeandle <sup>(4)</sup>	2	1	2*	1

\* Chairman of the Board or Committee

<sup>(1)</sup> Of the 8 board meetings that took place during the year, 6 were scheduled meetings.

<sup>(2)</sup> Resigned 15 December 2014.

<sup>(3)</sup> Retired 9 September 2014.

<sup>(4)</sup> Joined 2 January 2015.

# Audit & Risk Committee Report

## Introduction by the Chairman of the Audit & Risk Committee

### Dear shareholder,

On behalf of the Audit & Risk Committee (the "Committee"), I am pleased to present the Audit & Risk Committee report for year ended 31 March 2015.

The Committee's principal duties are as follows:

- assist the Board in its presentation of the Company's financial results and position through its review of the interim and full year financial statements before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgement;
- keep under review the effectiveness of the risk framework that is used to monitor Group's system of internal controls and risk management systems, including suitable monitoring procedures for the identification, assessment, mitigation, monitoring and management of all risks including liquidity, market, regulatory, credit, legal, operational and strategic risks, with particular emphasis on the key risks faced by the Company, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss;
- review and recommend to the Board for approval, the Company's Internal Capital Adequacy Assessment Process ("ICAAP") to fulfil its regulatory obligations under the Capital Requirements Directive and assess whether the Pillar 2 assessments and Pillar 3 disclosures remain appropriate;
- review periodically and monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements, including whistle blowing arrangements, its relationship with the relevant regulatory authorities, arrangements for the deterrence, detection, prevention and investigation of fraud, and to receive and consider special investigation reports relating to fraud or major breakdowns in internal controls or major errors and omissions including remedial action by management; and
- keep under review the scope, results and cost effectiveness of the audit and the independence of the external auditors.

The terms of reference of the Committee, which explain its role and the authority delegated to it by the Board of Directors, are published on the Company's website or are available upon request from the Company Secretary.

This introduction is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach.

During the year, a significant proportion of the Committee's time was spent reviewing the Group's system of risk management and internal control; the integrity of financial reporting; and the effectiveness of the Group's Finance, Risk and Compliance functions, and external audit. The Committee's focus was on the continuing appropriateness of the Group's financial reporting. In particular this included the significant financial judgements taken in the financial year ended 31 March 2015, and the ongoing assessment of risks faced by the business and management's response to these risks.

### Composition and attendance

During the year, the Committee comprised of independent Non-executive Directors:

- Alastair Barbour (Chairman)
- Mike Bishop
- Glyn Hirsch (Retired 9 September 2014)
- George Yeandle (Joined 2 January 2015)

The attendance record of members of the Committee during the year is shown in the table on page 31.

The Chief Operating Officer & Chief Financial Officer, Head of Compliance and Financial Crime, Head of Finance and Head of Risk were regular attendees at the Committee meetings and reported on their respective areas. The external auditor, PricewaterhouseCoopers LLP, attended the meetings following the half and full year ends and met privately with the Committee.

### Alastair Barbour

Chairman of the Audit & Risk Committee  
17 June 2015

## Activities during the year

The Committee has a formal programme of issues which it covers during the year. This programme is formulated by the Committee Chairman and the Chief Operating Officer & Chief Financial Officer and is designed to ensure that all matters that fall within the Committee's remit are reviewed during the year. The Committee has access to external independent advice at the Company's expense.

In the financial year to 31 March 2015, the Committee met five times and discussed, amongst other things, the subjects described below:

- Reviewing the annual financial statements for the year ended 31 March 2014 and half year financial statements for the six months to 30 September 2014 with particular emphasis on their fair presentation, the reasonableness of judgements made and the valuation of assets and liabilities;
- The appropriateness of the accounting policies used in drawing up the Group's financial statements;
- Review of the Group's governance, risk framework, risk management, risk management processes and related policies;
- Consideration of the external auditors' report on the full year ending 31 March 2014 audit and discussion of their findings with them;
- Consideration of the external auditors' report on the half year ending 30 September 2014 audit and discussion of their findings with them
- Consideration and approval of the external audit plan for 2015;
- Review and approval of the Group's ICAAP;
- Review of the Group's compliance monitoring programme, compliance manual (including whistle blowing arrangements), annual anti-money laundering report;
- Review and discussion of regular reports on financial reporting, key risks, compliance and financial crime from the Head of Finance, Head of Risk and Head of Compliance & Financial Crime;
- Review of reports relating to the following:
  - LLP Salaried Members Rules impact analysis;
  - Anti-Money Laundering and Anti-Bribery and Corruption Systems and Controls Gap Analysis;
  - Review of the Compliance Culture with the Group;
  - Review of the IMA's Inducement Guidelines;
  - Review of threesixty's Assessment Report on Liontrust Investment Solutions Limited;
  - Client Money and Annual Client Money Audit review; and
  - Money Laundering Reporting Officer's Annual Report which includes a Financial Crime & Money Laundering Assessment;
- Review of the Type 2 AAF 01/06 report on the Group's control environment;
- Review of the 2014 Senior Management Arrangements, Systems and Controls Review Report for the Group;
- Assessment of the performance, independence and objectivity of the external auditors; and
- A review of fees for non-audit services carried out by the external auditors.

The Chief Operating Officer & Chief Financial Officer is a regular attendee, as are the Head of Finance, Head of Risk and the Head of Compliance & Financial Crime.

## Significant accounting matters

During the year the Committee considered key accounting issues, matters and judgement in relation to the Group's financial statements and disclosures relating to:

i) Revenue recognition

The risk of recognising revenue in incorrect periods via management manipulation is significant in that revenue levels may affect management's levels of remuneration and incentivisation. Risks of such manipulation are heightened where there is judgement applied in calculation or recognition of revenue. Any such calculations are subject to internal approvals and sign offs and is subject to independent verification. Revenue is recognised in accordance with the accounting policy on Note 1m) on page 54.

The Committee discussed recognition of revenue with management and questioned them on the application of the group's accounting policy with particular emphasis on fee income, performance fees and profits from dealing in unit trusts. Revenue recognition was also a key focus for the auditors and they reported to the Committee on their work and findings.

ii) Risk of management override of controls

International Standards on Auditing ('ISA's') require that this is identified as a significant risk by our auditors and, as such, it is treated as a significant risk by the Committee. Management have the potential to manipulate accounting records and financial reports by overriding controls. Reported financial information is regularly reviewed and discussed by the Committee and the Board with any significant deviations from expectations being queried. Findings from the audit are discussed with the external auditor.

iii) Share based payments

Share based payments are a focus for the Committee in view of the complexity of accounting, interpretation of the reporting standard and valuation of awards. The Committee receives information and explanations from management which is discussed with them and the auditors, taking into account the results of their audit work.

The Committee re-considered the accounting for the share options issued under the Liontrust Senior Incentive Plan as described in note 25 to the financial statements on page 69. After reviewing the accounting treatment of the potential liability to pay employer National Insurance Contributions and discussing the treatment with management and the external auditors, the committee concluded, and recommended to the Board, that it would more appropriately be accounted for in accordance with IFRS2 'Share based payments' with a liability being accrued from the grant date by reference to the fair value of the underlying options together with related corporation tax adjustment. The adjustments arising from this are set out in note 25.

## External auditors

PricewaterhouseCoopers LLP ("PwC") were appointed as the Group's auditors in 1999, since that date, there have been regular rotations of the partner responsible for the audit, with the most recent rotation occurring in 2014. However, since PwC's appointment in 1999, no audit related tender has been conducted, (although in line with good governance) it is intended to put the Group's audit work out to tender in the financial year ending 31 March 2016. The Committee are aware of the new EU audit regulation requirements will require 10-year audit firm tendering and 20-year audit firm rotation which means that the Liontrust will be required to replace PwC as external auditors by 2023. This regulation will then require Liontrust to undertake a formal tender process at least every ten years.

## Audit & Risk Committee Report continued

The Committee meets regularly with the external auditors without management present. The audit engagement partner attends the committee meetings at which the half yearly and annual reports are reviewed. Each year, the Committee considers the performance of the external auditors prior to proposition of a resolution on their reappointment and remuneration at the Annual General Meeting.

In conjunction with the Committee, the Board has adopted a policy and guidelines on use of non-audit services from the external auditors to safeguard the objectivity and independence of the external auditors. This policy is reviewed regularly and sets out standards for approval of the external auditors in relation to non-audit services, details of services that are not permitted to be purchased from the external auditors, procedures for the approval of non-audit services provided by the auditors and restrictions on the employment of senior members of the audit engagement team or a partner of the external auditors. The Committee receives a regular report setting out the non-audit services provided by the external auditors during the year and the fees charged; an analysis of fees paid in respect of audit and non-audit-services provided by the external auditors is provided within the administrative services note of the financial statements.

During the year, the external auditors were, on a number of occasions, engaged as advisers. The range of non-audit services provided included tax compliance advice, and employee and member incentivisation advice to management. In order to maintain their independence, such appointments are only made when the Committee is satisfied that there are no matters that would compromise the independence of the auditors or affect the performance of their statutory duties. The Committee is satisfied that the external auditors were best placed to provide these services because of their familiarity with the relevant areas of Group's business and that there are no matters that would compromise the independence of the external auditors or affect the performance of their statutory duties. Details of fees paid to the auditors can be found in Note 6 of the financial statements on page 61.

PwC have also considered their position and have confirmed their independence to the Company in writing. The Group's external auditors are also required to provide an annual report to the Committee detailing all non-audit services, including the level of fees charged, and to have their own internal processes to ensure that the firm, its partners and its staff are independent of the Group. Annually the Committee reviews a formal letter provided by the external auditors confirming its independence and objectivity within the context of applicable regulatory requirements and professional standards.

Based on the satisfactory conclusions of the work described above carried out by the Committee to assess the performance of the external auditors and safeguard their independence, the Committee considers that it is in the best interests of the Group that PricewaterhouseCoopers LLP continue to act as the Group's external auditors and has recommended this to the Board. The Board has accepted the Committee's recommendation a resolution will be proposed at the 2015 Annual General Meeting for the reappointment of PwC as external auditors.

**Alastair Barbour**  
Chairman of the Audit & Risk Committee  
17 June 2015

# Nomination Committee Report

## Introduction by the Chairman of the Nomination Committee

### Dear shareholder,

On behalf of the Nomination Committee (the "Committee"), I am pleased to present the Nomination Committee report for year ended 31 March 2015, which is my first as Chairman of this Committee.

The Committee's principal duties are as follows:

- review the structure, size and composition of the Board;
- to evaluate the Directors' skills, knowledge and experience;
- considers the leadership needs and succession planning of the Board when making decisions on new appointments;
- review annually the schedule of employees and members who carry our significance influence functions ("SIF") under the FCA's approved persons regime, and to ensure the individuals continue to be fit and proper, competent and capable; and
- consider and approve recommendations from the management committees of Liontrust Investment Partners LLP ("LIP") and Liontrust Fund Partners LLP ("LFP") for new SIF employees or members, including details of the controlled functions that they will perform and consider and approve recommendations from the management committees of LIP and LFP for amendments to the controlled functions carried out by existing SIF employees or members.

The terms of reference of the Committee, which explains its role and the authority delegated to it by the Directors, are available on the Company's website or upon request from the Company Secretary. The terms and conditions of appointment of the Directors will be available for inspection at the 2015 Annual General Meeting.

This introduction is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach. During the year, the Board's composition and succession planning remained a major focus with a number of Non-executive and Executive Director changes. In June 2014, we announced that Glyn Hirsch would be stepping down as a Non-executive Director at the 2014 Annual General Meeting (9 September 2014), Mike Bishop was appointed as our Senior Independent Director in June 2014, Jonathan Hughes-Morgan stepped down as an Executive Director in December 2014 and George Yeandle joined the Board as a Non-executive Director in January 2015.

## Composition and attendance

During the year, the Committee comprised of independent Non-executive Directors and Executive Directors:

- Mike Bishop (Chairman)
- Alastair Barbour
- Adrian Collins
- Glyn Hirsch (Retired 9 September 2014)
- John Ions
- George Yeandle (Joined 2 January 2015)

The attendance record of members of the Committee during the year is shown in the table on page 31.

### Mike Bishop

Chairman of the Nomination Committee  
17 June 2015

## Activities during the year

In the financial year to 31 March 2015, the Committee met three times and discussed, amongst other things, the subjects described below:

- Reviewed the size and composition of the Board including reviewing and approving the Board Composition and Key Personnel Succession Plan;
- Following Glyn Hirsch's decision to step down from the Board at the 2014 Annual General Meeting, the Committee initiated a search assignment;
- The search for an additional Non-executive Director to become the Chairman of the Remuneration Committee was commenced immediately after the announcement of Glyn Hirsch's decision to step down from the Board and Adrian Collins was appointed to lead the search assignment. The Committee identified the skills, knowledge and experience that would be required and the search has resulted in the appointment of George Yeandle who joined the Board in January 2015. George Yeandle is a Chartered Accountant and was a partner in PricewaterhouseCoopers LLP's Human Resources practice for a number of years. With over 30 years' experience and having specialised throughout most of his career in advising clients on executive pay and remuneration issues he will bring new insights to the role;
- Considered whether there was any need to appoint a Senior Independent Director and concluded that it was and approved the appointment of Mike Bishop to this position;
- Considered and approved a number of recommendations from the management committees of LIP and LFP for new SIF employees and members, including details of the controlled functions that they will perform;
- Reviewed and approved the Compliance department's Annual Compliance Monitoring Review of Controlled Functions and approved the recommendations contained therein; and
- Reviewed and approved the adoption of a formal policy on diversity, in particular when looking to appoint new Directors.

The Committee received information and support from the Chief Operating Officer & Chief Financial Officer during the year. In order to enable the Committee to carry out its duties and responsibilities effectively the Committee has the right to appoint external recruitment consultants or external advisers to fill vacancies where it believes that to be appropriate.

## Diversity

The Committee considers diversity when looking to appoint additional Directors. It is a prerequisite that each Director or proposed Director must have the skills, experience and character to contribute both individually and as part of the Board, to the effectiveness of the Board and the success of the Company and Group. Subject to this overriding principle, the Board believes that diversity, amongst its members, including gender diversity, is of great value and it is the Board's policy to give careful consideration to issues of overall Board balance and diversity, in making new appointments to the Board. The Company currently has no female Directors and the Committee aims to recommend the appointment and to increase the number of female Directors if appropriate candidates are available when Board vacancies arise.

The Company operates a policy of equal opportunity, details of which can be found in the Corporate Social Responsibility section of the Strategic Report.

### Mike Bishop

Chairman of the Nominations Committee  
17 June 2015

# Remuneration Report

## Introduction by the Chairman of the Remuneration Committee

### Dear shareholder,

On behalf of the Remuneration Committee (the "Committee"), I am pleased to present the Remuneration report for year ended 31 March 2015, my first as Chairman of this Committee.

At our 2014 Annual General Meeting, shareholders approved our Directors' remuneration policy. We are not proposing any changes to this policy and so have only included the policy's Elements of reward table in this year's report. Our full remuneration policy is available on the Company's website and in our 2014 Annual Report.

The Annual report on remuneration outlines how our policy has been implemented in financial year ended 31 March 2015 and how it is intended to apply in financial year ending 31 March 2016. The Annual report on remuneration will be subject to an advisory vote at our 2015 Annual General Meeting, to be held on 8 September 2015.

The Committee is charged with determining remuneration policy for, and setting pay and other benefits of, the Executive Directors of the Company, its members and employees. All its recommendations are referred to the Board. Any Director, who has an interest in the matter which is the subject of a recommendation to the Board, abstains from the Board's vote in relation to that matter and takes no part in its deliberations. The Committee may use external advisors if required. The terms of reference of the Committee, which explains its role and the authority delegated to it by the Board, are available on the Company's website or upon request from the Company Secretary.

This introduction is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach.

The Committee considered the Group's overall performance in the financial year ended 31 March 2015 when assessing Executive Directors' annual base remuneration for the financial year ending 31 March 2016 and bonus/variable allocation for the financial year ending 31 March 2015. Over the past year the Group has continued the progress made in previous years in executing its business strategy, has increased profitability (on an adjusted basis) by 45%, increased assets under management by nearly 25%, increased net inflows year on year by 75% and increased dividends to shareholders by 167% (in pence per share terms). These achievements have been reflected in the Executive Directors' bonus/variable allocation for the financial year ending 31 March 2015 as set out in further detail in the Annual report on remuneration, and can be summarised as follows:

- Salary/Fixed allocation for the Executive Directors to remain unchanged for the financial year ending 31 March 2016;
- An equivalent amount to the annual bonus/variable allocation is deferred into the Company's shares for a three year period thereby ensuring that the interests of the Executive Directors and shareholders are closely aligned; and
- Aggregate annual bonus and variable allocation pool for all employees and members including Executive Directors is to be normally capped at no more than 20% of pre-annual bonus/variable allocation Adjusted Operating Profit.

Base fees for the Non-executive Directors of the Company are to remain unchanged for the financial year ending 31 March 2016. However, with effect from 1 April 2015, the Board has introduced additional Non-executive Director fee elements (Senior Independent Director fee, Committee Chairman fee and Committee member fee) ranging from £7,500 to £2,500 per element. The Committee has frozen the base remuneration of the Executive Directors and has also approved annual bonuses and variable allocations to the Executive Directors of between 49% and 181% of annual base remuneration, with an equivalent amount deferred into Ordinary shares of the Company, which vest after three years. The Committee believes that the level of annual bonus/variable allocation and deferral is commensurate with the exceptional corporate and personal performance of the Executive Directors over the financial year ended 31 March 2015 and that the annual bonus and variable allocation for all employees and members including the Executive Directors for the financial year ended 31 March 2015 is 18% of pre-annual bonus and variable allocation Adjusted Operating Profit.

## Composition and attendance

During the year, the Committee comprised entirely independent Non-executive Directors:

- George Yeandle (Chairman from 2 January 2015)
- Glyn Hirsch (retired 9 September 2014)
- Alastair Barbour
- Mike Bishop

The attendance record of members of the Committee during the year is shown in the table on page 31.

### George Yeandle

Chairman of the Remuneration Committee  
17 June 2015

## Directors' remuneration policy

This section of the Remuneration report provides an overview of the key remuneration elements in place for Executive Directors. After the strong support received from shareholders last year, we have not made any changes to our remuneration policy and as such remain bound by the policy. We have not reproduced the full policy report in this report. The below presents our approved Elements of reward table for Executive Directors' and Non-executive Directors' for reference. A copy of our full Directors' Remuneration Policy as approved by shareholders can be found in our 2014 Remuneration report, on pages 33 to 40 of our Annual Report and Accounts 2014 (available on our website: [www.liontrust.co.uk](http://www.liontrust.co.uk)).

## Elements of reward

The following table summarises each of the elements of Liontrust's total compensation package and the ongoing remuneration policy for the Executive Directors:

	<b>Objective and Link to strategy</b>	<b>Operation</b>	<b>Maximum opportunity</b>	<b>Performance measures and assessment</b>
Salary or Fixed allocations	To provide a satisfactory salary/fixed allocation within a total package comprising salary/fixed allocation and bonus/variable allocation. The level of salary/fixed allocation broadly reflects the value of the individual, their role, skills and experience. It is also designed to attract and retain talent in the market in which the individual is employed and/or a member.	Salaries and Fixed allocations are reviewed annually effective in April taking account of market levels, corporate performance, individual performance and levels of increase for the broader employee/member population. Reference is made to median – upper quartile levels within the asset management sector.	There is no guaranteed or maximum annual increase. The Committee considers it important that base salary and fixed allocation increases are kept under tight control given the potential multiplier effect of such increases on future costs. The Committee will aim to keep salaries and fixed allocations in line with inflation.	Not applicable.
Annual bonus or variable allocation	The annual bonus or variable allocation rewards good performance of the Group and individual Executive Director and is based on the Group's profits, which is considered one of the most prominent KPIs.	The annual bonus pool or variable allocation pool is based on a percentage of the Group's pre-bonus/variable allocation Adjusted Operating Profit unless exceptional circumstances justify a higher level. The Committee believes that this ensures that annual bonuses or variable allocations are affordable. Annual bonus/variable allocation payments to Executive Directors are made from this aggregate annual bonus/variable allocation pool in which all employees and members, excluding the fund managers, participate and which is approved by the Committee each year. The actual level of annual bonus/variable allocation payment to the individual Executive Director take account of a number of factors relating to the individual's role and performance from both a personal and corporate perspective. In addition, the Committee will also apply further measures such as assets under management, gross/net flows, cost control, corporate governance and risk management. Details of the performance metrics used to measure performance in each financial year will be disclosed where appropriate in the Annual report on remuneration. The structure of the annual bonus or variable allocation is reviewed annually at the start of the financial year to ensure that it is appropriate and continues to support the Group's strategy. The Committee will determine how much of the bonus/variable allocation is deferred into shares.	Liontrust does not explicitly link incentive awards to a multiple of salary and/or fixed allocation or cap awards to individuals but it should be noted that the aggregate annual bonus and variable allocation pool for all employees and members including Executive Directors but excluding the fund managers is normally capped at no more than 20% of pre-bonus/variable allocation Adjusted Operating Profit. This is to ensure that high performers can be rewarded in line with the market on a total cash (salary/fixed allocation plus bonus/variable allocation) basis. This also reduces the need to increase salaries/fixed allocations and thereby increase fixed costs. Due to the nature of the factors used by the Committee to determine level of annual bonus/variable allocation it is not possible to set out the minimum level of performance and any further levels of performance. The risk controls incorporated in the Group's investment process and financial controls ensures that the uncapped annual bonus and variable allocations encourages both excellent performance and prudent risk management.	Individual risk and compliance behaviour is also considered in detail for relevant roles and factored into the assessment of performance and the determination of the bonus/variable allocation amount payable. The Chief Operating Officer & Chief Financial Officer, who is responsible for risk and compliance at Board level, attends at least two Committee meetings each year to provide input on risk and compliance. A claw back principle applies to the annual bonus and/or variable allocations. This enables the Committee to recoup annual bonus or variable allocations in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct of an individual.

## Remuneration Report continued

	<b>Objective and Link to strategy</b>	<b>Operation</b>	<b>Maximum opportunity</b>	<b>Performance measures and assessment</b>
Deferred Bonus and Variable Allocation Plan ("DBVAP")	The DBVAP provides a deferral element to annual bonuses and variable allocations above a certain level, to ensure a link to longer term performance and to align the interests of Executive Directors with shareholders.	<p>The DBVAP offers deferrals into awards over shares in the Company, to ensure alignment of future risk exposure between the Executive Directors and shareholders: Awards vest up to three years after the date of grant subject to a continuing employment and/or membership requirement.</p> <p>DBVAP awards are satisfied by market purchased Ordinary shares.</p>	<p>Awards under the DBVAP are compulsory and are calculated by the Committee on a formulaic basis such that a proportion of annual bonus or variable allocation (deferred amount is a minimum 50% and a maximum of 100% of the cash bonus/variable allocation).</p> <p>The maximum period of deferral is 3 years.</p>	<p>No further performance conditions apply to DBVAP awards as, in determining the original annual cash bonus or variable allocation amount, the Committee has been satisfied that performance objectives have been met.</p> <p>Claw back provisions apply during the deferral period in the event the recipient is a bad leaver.</p>
Share Incentive Plan ("SIP")	The SIP allows the Executive Directors to purchase shares (partnership shares) with a matching element (matching shares), to build up an interest in shares and increase alignment of interests with shareholders.	<p>An all-employee HMRC approved share plan that allows the Executive Directors to purchase shares, in a tax efficient manner and subject to limits, which are matched by the Company.</p> <p>In line with the normal operation of a SIP envisaged by HMRC, there are no performance conditions on matching shares.</p> <p>Matching shares are satisfied by market purchased Ordinary shares.</p>	<p>Up to a maximum of £1,800 per annum (or such amount as permitted by HMRC rules) to purchase shares which are matched by the Company on a 2 for 1 basis.</p> <p>Matching shares vest after three years.</p>	<p>No performance conditions apply.</p> <p>Claw back provisions apply on matching shares during the vesting period in the event the recipient is a bad leaver.</p>
Benefits	To provide benefits which are appropriately competitive.	<p>Executive Directors are entitled to a range of benefits including:</p> <ul style="list-style-type: none"> <li>• Private Medical Insurance</li> <li>• Life Assurance;</li> <li>• Disability Assurance; and</li> <li>• access to an Employee / Member Assistance Programme</li> </ul> <p>Where relocation payments or allowances are paid it will be limited to 50% of salary/fixed allocation.</p>	<p>The maximum opportunity for other benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such insurance benefits varies according to premium rates and the cost of other benefits is dependent on market rates and other factors, there is no formal maximum monetary value.</p>	Not applicable.
Pension	To provide competitive levels of retirement benefit	<p>Executive Directors' pension contributions are made at percentage of salary/fixed allocation into the Liontrust Group Pension Plan.</p> <p>Executive Directors have the choice of taking an equivalent cash payment/fixed allocation in lieu of pension contributions.</p>	<p>The Executive Directors pension contribution or cash equivalent is capped at 15% of base salary/fixed allocation.</p>	Not applicable.

Note, the Committee does not operate formal shareholding guidelines given the size of current shareholdings and/or vested option awards amongst the Executive Directors.

### Non-Executive Directors

The following table summarises each of the elements of Liontrust's total compensation package and the ongoing remuneration policy for the Non-executive Directors:

	<b>Objective and link to strategy</b>	<b>Operation</b>	<b>Maximum opportunity</b>	<b>Performance measures and assessment</b>
Non-executive Director fees	To provide a satisfactory level of Non-executive Director fees which is sufficient to attract individuals with appropriate knowledge and experience to review and support the implementation of the Group's strategy.	<p>Non-executive Director fees are reviewed annually effective April. This is reflected in the policy of positioning Non-executive Director fees at, generally, around what the Executive Directors believe is median in the market for a company of similar size and complexity from the asset management sector. The Executive Directors are responsible for setting the remuneration of the Non-executive Directors.</p> <p>Non-executive Directors do not participate in any variable remuneration element, other than there being the flexibility to introduce additional Non-executive Director fee elements (e.g. Senior Independent Director fee, Committee Chairman fee, Committee member fee).</p>	<p>Non-executive Director fees capped at £150,000.</p> <p>Fee increases are determined by reference to individual responsibilities, inflation and an appropriate comparator group.</p>	Not applicable.

### **Annual report on remuneration**

#### **Implementation**

In the financial year to 31 March 2015, the Committee met six times and discussed, amongst other things, the subjects described below:

- Approval of the 2014 Remuneration Report;
- Review and approval of the variable allocations and bonus for the Executive Directors (including the Executive Chairman) for the financial year ending 31 March 2014;
- Review of long term and short term incentivisation for fund managers;
- Review and approval of the internal Compliance Report on the adherence with the Liontrust's FCA Remuneration Policy and the FCA Remuneration Code;
- Approval of Director, employee and member appraisal process for the financial year ended 31 March 2015;
- Review and approval of changes to the pension contribution arrangements for members and employees (including the Executive Directors);
- Review and approval of the fixed allocations and salaries for the Executive Directors (including the Chairman) for the financial year ending 31 March 2015; and
- Purchase of incentive capital interests from members.

The Board itself determines the fees of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to his own position. After having increased base fees by 28% last year, the Board has frozen base fees for the Non-executive Directors for the financial year ending 31 March 2016. However, the Board has introduced additional Non-executive Director fee elements. These fee elements were introduced from 1 April 2015 to reflect the increasing size, complexity and time commitment required of these roles, in particular due to the ongoing changes to the regulatory environment. The annual fee rates applicable for Non-executive Directors for financial year ending 31 March 2016 are as follows:

- Base fee: £35,000 (2014: £35,000);
- Senior Independent Director fee: £5,000 (2014: £nil);
- Audit & Risk Committee Chairman fee: £7,500 (2014: £nil);
- Remuneration Committee Chairman fee: £7,500 (2014: £nil);
- Nomination Committee Chairman fee: £2,500 (2014: £nil); and
- Committee member fee: £2,500 (2014: nil).

Non-executive Directors are reimbursed for reasonable business expenses.

## Remuneration Report continued

The Committee has frozen the base remuneration of the Executive Directors for the financial year ending 31 March 2016 and has approved annual bonuses and variable allocations to the Executive Directors of between 49% and 181% of annual base remuneration, with an equivalent amount deferred into Ordinary shares of the Company, and based on an assessment of the following key performance indicators:

- Strategic goals - increase in assets under management of nearly 25% over the year and net inflows by 75% when compared to last year;
- Financial goals- Adjusted profit before tax grew by 45%, Gross Profit by 30% and the dividend by 167% (in pence per share terms);
- Share price performance - share price up 13% over the financial year;
- Personal goals; and
- Overall corporate performance.

The Committee has sought to clarify the operation of claw back and malus in respect of annual bonus and variable allocation, and are deferred into ordinary shares in respect of the financial year ended 31 March 2015 and onwards.

For the annual bonus and variable allocation, and deferral into Ordinary Shares in respect of the financial year ended 31 March 2015 and onwards, claw back and malus provisions will apply whereby the payment of such annual bonus and variable allocation, and the unvested amount deferred into Ordinary Shares can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.

Annual bonus and variable allocations, and deferrals for the financial year ending 31 March 2016 will be based on similar criteria and would be determined by the Committee taking into account overall financial performance.

### Single total figure for remuneration

#### Executive Directors (audited information)

	Adrian Collins		John Ions		Vinay Abrol		Jonathan Hughes-Morgan <sup>(1)</sup>	
	Year to 31 March		Year to 31 March		Year to 31 March		Year to 31 March	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Base salary/Fixed allocation	153	150	332	325	312	306	134	175
Benefits in kind <sup>(2)</sup>	4	3	3	3	3	3	2	3
Pension/allowance in lieu	5	5	5	5	5	5	4	5
Annual bonus/Variable allocation	75	58	600	345	375	230	–	50
DBVAP <sup>(3)</sup>	75	58	600	345	375	230	–	50
LSIP awards vesting <sup>(4)</sup>	–	692	–	1,245	–	138	–	–
SIP matching shares <sup>(5)</sup>	4	3	4	3	4	3	4	3
<b>Total</b>	<b>316</b>	<b>969</b>	<b>1,544</b>	<b>2,271</b>	<b>1,074</b>	<b>915</b>	<b>144</b>	<b>286</b>

<sup>(1)</sup> Resigned 15 December 2014. Although Jonathan Hughes-Morgan continues working for the Group as Co-Head of International Sales.

<sup>(2)</sup> Benefits in kind comprise private medical insurance.

<sup>(3)</sup> Deferred Bonus (for employees) or Variable Allocations (for members) to be linked to the performance of Ordinary shares of the Company and deferred over the period 1 April 2015 to 31 March 2018 for awards in the financial year ended 31 March 2015 (2014: 1 April 2014 to 31 March 2017). For the year ended 31 March 2015, 100% of the annual bonus/variable allocation has been deferred (2014: 100%).

<sup>(4)</sup> 2014 amounts represent option awards vesting under the Liontrust Senior Incentive Plan (Adrian Collins, John Ions and Vinay Abrol on 1 February 2014). Awards under the Liontrust Senior Incentive Plan were granted on a one-off basis on 1 February 2011 and were front loaded as part of the Company's turnaround plan. The amounts shown above represent annualised amounts for comparability with standard long-term incentive awards which are usually granted annually. The value of vested options for 2014 was calculated based on the closing share price on 31 January 2014, the business day prior to the vesting day, which was 1 February 2014.

<sup>(5)</sup> Matching shares granted under the Liontrust Share Incentive Plan (Adrian Collins, John Ions, Vinay Abrol and Jonathan Hughes-Morgan on 25 April 2014). For matching shares, the value has been calculated based on the closing bid share price on the business day prior to the allocation of the matching shares plus one quarter of the difference between closing bid and closing offer on the same day, which was 25 April 2014.

#### Non-executive Directors (audited information)

	Alastair Barbour		Mike Bishop		George Yeandle <sup>(1)</sup>		Glyn Hirsch <sup>(2)</sup>	
	Year to 31 March		Year to 31 March		Year to 31 March		Year to 31 March	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Basic fee	35	27	35	27	9	—	—	—
Other consultancy fees	—	—	—	—	—	—	15	28
<b>Total</b>	<b>35</b>	<b>27</b>	<b>35</b>	<b>27</b>	<b>9</b>	<b>—</b>	<b>15</b>	<b>28</b>

<sup>(1)</sup> Joined 2 January 2015.

<sup>(2)</sup> Retired 9 September 2014.

#### **External directorships**

Adrian Collins is a non-executive director of the following companies (and retains fees as detailed) Bahamas Petroleum Company Plc (\$US 85,000), City Natural Resources High Yield Trust Plc (£18,000), Tristar Resources Plc (£30,000), and New City High Yield Trust Plc (£20,000).

#### **Directors' shareholdings (audited information)**

The interests of the Directors and their families in the share capital of the Company at 31 March 2015 were as follows:

	Ordinary shares	Unvested Ordinary shares	Total Ordinary shares	Vested but unexercised options	Unvested options subject to performance conditions	Unvested options not subject to performance conditions	Total options over Ordinary shares
<b>Executive Directors</b>							
Adrian Collins <sup>(1)</sup>	401,322	2,705	404,027	—	—	35,611	35,611
John Ions <sup>(1)</sup>	736,701	168,508	905,209	—	—	—	—
Vinay Abrol <sup>(1)</sup>	777,078	113,411	890,489	—	—	—	—
<b>Non-executive Directors</b>							
Alastair Barbour <sup>(1)</sup>	32,000	—	32,000	—	—	—	—
Mike Bishop	25,106	—	25,106	—	—	—	—
George Yeandle	—	—	—	—	—	—	—

<sup>(1)</sup> Includes connected persons' holding

There were the following changes to the Directors' interests between 1 April 2015 and 17 June 2015:

- Adrian Collins, John Ions and Vinay Abrol each purchased 625 additional Ordinary shares and were each allocated 1,250 unvested Ordinary shares.

#### Payments to former Directors (audited information)

Jonathan Hughes-Morgan stepped down from the Board on 15 December 2014. He continues to work, as a member of Liontrust Fund Partners LLP ("LFP"), for the Group as Co-Head of International Sales on a fixed allocation of £147,900 per annum. He received no payment for loss of office. As Jonathan Hughes-Morgan remains a member of LFP, he retains his unvested DBVAP awards. His DBVAP awards relate to the deferral of bonus/variable allocation in prior years.

#### **Share awards (audited information)**

##### Liontrust Senior Incentive Plan options

Director	Options held start of year	Options exercised during the year	Options held at the end of the year
	Number of option as at 01-Apr-14	Number of options exercised	Number of options as at 31-Mar-15
Adrian Collins	1,000,000	1,000,000 <sup>(1)</sup>	—
John Ions	1,800,000	1,800,000 <sup>(2)</sup>	—
Vinay Abrol	200,000	200,000 <sup>(3)</sup>	—

<sup>(1)</sup> The share price on the date of exercise, 1 July 2014, was 240p. This resulted in a gain on exercise of £2,390,000.

<sup>(2)</sup> The share price on the date of exercise, 1 July 2014, was 240p. This resulted in a gain on exercise of £4,302,000.

<sup>(3)</sup> The share price on the date of exercise, 1 July 2014, was 240p. This resulted in a gain on exercise of £478,000.

## Remuneration Report continued

### Liontrust Incentive Plan options

Director	Options held start of year	Options exercised during the year	Options held at the end of the year
	Number of option as at 01-Apr-14	Number of options exercised	Number of options as at 31-Mar-15
John Ions	200,000	200,000 <sup>(1)</sup>	—

<sup>(1)</sup> The share price on the date of exercise, 1 August 2014, was 243.375p. This resulted in a gain on exercise of £483,750.

### DBVAP share options and shares

Director	Financial year ended 31-Mar	Face value <sup>(1)</sup>	Share price used to determine the grant or award	Options granted	Shares awarded	Number of shares/ options held at 31 March 2015	Exercise price	Issue date
Adrian Collins	2014 (in respect of 2013)	£25,000	183.5p	13,623	—	13,623	Nil	21-Jun-13
	2015 (in respect of 2014)	£57,500	261.5p	21,988	—	21,988	Nil	19-Jun-14
John Ions	2014 (in respect of 2013)	£150,000	192.5p	—	59,146	59,146	n/a	19-Jun-13
	2015 (in respect of 2014)	£345,000	253.0p	—	106,657	106,657	n/a	30-Jun-14
Vinay Abrol	2014 (in respect of 2013)	£100,000	192.5p	—	39,602	39,602	n/a	19-Jun-13
	2015 (in respect of 2014)	£230,000	253.0p	—	71,104	71,104	n/a	30-Jun-14

<sup>(1)</sup> Face value of the share or option award is equivalent to one third of the total bonus/variable allocation for the financial year ended 31 March 2013 and one half for subsequent financial years. The options granted or shares awarded are calculated as the face value divided by the share price used to determine the grant or award;

<sup>(2)</sup> Share options issued under the DBVAP in June 2013 are exercisable 21 June 2016 and 20 June 2023, share options issued under the DBVAP in June 2014 are exercisable 19 June 2017 and 20 June 2024;

<sup>(3)</sup> Shares issued in June 2013 vest 19 June 2016, shares issued in June 2014 vest 21 June 2017;

<sup>(4)</sup> No performance measures are attached to options granted or shares awarded under the DBVAP, although claw back provisions apply, see Directors' remuneration policy table for further details; and

<sup>(5)</sup> Exercise price for options granted is 1p.

## SIP shares

Director	Awards held start of year		Awards held at the end of the year				Earliest vesting date
	Number of shares as at 01-Apr-14	Face value	Grant date	Face value	Number of shares	Number of shares as at 31-Mar-15	
Adrian Collins	1,276	£3,000				1,276	25 March 2017
John Ions	1,276	£3,000	25 April 2014	£3,600	1,368	1,368	25 April 2017
Vinay Abrol	1,276	£3,000	25 April 2014	£3,600	1,368	1,368	25 April 2017
			25 April 2014	£3,600	1,368	1,276	25 March 2017
						1,368	25 April 2017

<sup>(1)</sup> Price used to determine the number of shares awarded has been calculated as 263p being a quarter up from the previous business day's share price (i.e. closing bid price plus one quarter of the difference between the closing bid price and the closing offer price); and

<sup>(2)</sup> The vesting of shares awarded are not subject to any performance condition, but are subject to claw back provisions, see *Directors' remuneration policy table for further details*.

## Pensions

Up to 31 March 2015, all employees and members (including Executive Directors) were eligible to receive employer pension contributions of 10% of base salary (for employees), subject to a cap of £416.67 per month or to receive additional fixed allocation of £416.67 per month in lieu of pension contributions (for members).

From 1 April 2015, all employees and members (including Executive Directors) are eligible to receive employer pension contributions of 10% of base salary (for employees) or to receive additional fixed allocation of 10% in lieu of pension contributions (for members).

## Dilution and employee benefit trust

Our policy regarding dilution from employee share awards and member incentivisation has been, and will continue to be, to ensure that dilution will be no more than 10% in any rolling ten year period.

## Pay versus performance

### Share price performance

The graph below illustrates the performance of the Group, based on total shareholder returns, compared to three indices over the last 5 years:



The Committee intends to utilise the Company's existing discretionary employee benefit trust (the "Employee Trust") to reduce and manage dilution. The Employee Trust will have full discretion with regard to the application of the trust fund (subject to recommendations from the Committee). The Company will be able to fund the Employee Trust to acquire shares in the market and/or to subscribe for shares at nominal value in order to satisfy option awards granted under the Liontrust Option Plan and DBVAP. Any shares issued to the Employee Trust in order to satisfy awards will be treated as counting towards the dilution mentioned earlier. For the avoidance of doubt, any shares acquired by the Employee Trust in the market will not count towards these limits. Share awards under the SIP and the DBVAP are satisfied by market purchased shares, so have no dilutive effect.

## Remuneration Report continued

The indices were chosen as follows:

- The FTSE All-Share Index, so as to put the Group's performance into the context of the UK stock market's best known index;
- The FTSE Small Cap. Index, so as to put the Group's performance into the context of similar sized companies.

### Table of historic levels of Chief Executive remuneration

The table below shows the percentage change in the Chief Executive's remuneration package over the past 6 years:

Year ended 31 March	Name	Single figure of total remuneration (£'000)	Long term incentive vesting rates (as % maximum opportunity)
2015	John Ions	1,544	Not applicable
2014	John Ions	2,271	100%
2013	John Ions	2,186	Not applicable
2012	John Ions	1,891	Not applicable
2011	John Ions/ Nigel Legge <sup>(1)</sup>	659	Not applicable
2010	Nigel Legge	445	Not applicable

<sup>(1)</sup> John Ions appointed Chief Executive on 6 May 2010 and Nigel Legge resigned as Chief Executive on 6 May 2010. The Single figure of total remuneration for the year ended 31 March 2011 is the summation of the remuneration for John Ions and Nigel Legge when holding the position of Chief Executive, but excludes Nigel Legge's severance compensation.

### Percentage change in Chief Executive's remuneration

The percentage change in the Chief Executive's pay (defined for these purposes as salary, fixed allocation, taxable benefits, annual bonus/variable allocation and DBVAP awards in respect of the relevant year) between the year ended 31 March 2015 and the prior year and the same information, on an averaged basis, for all employees and members (excluding the Executive Directors) is shown in the table below:

	Chief Executive percentage change year ended 31 March 2014 to 2015	Employees and Members year ended 31 March 2014 to 2015
Base salary/Fixed allocation	2%	2%
Benefits <sup>(1)</sup>	(3)%	(2)%
Bonus/Variable allocation <sup>(2)</sup>	74%	31%

<sup>(1)</sup> Benefits comprise private medical insurance and pension contributions.

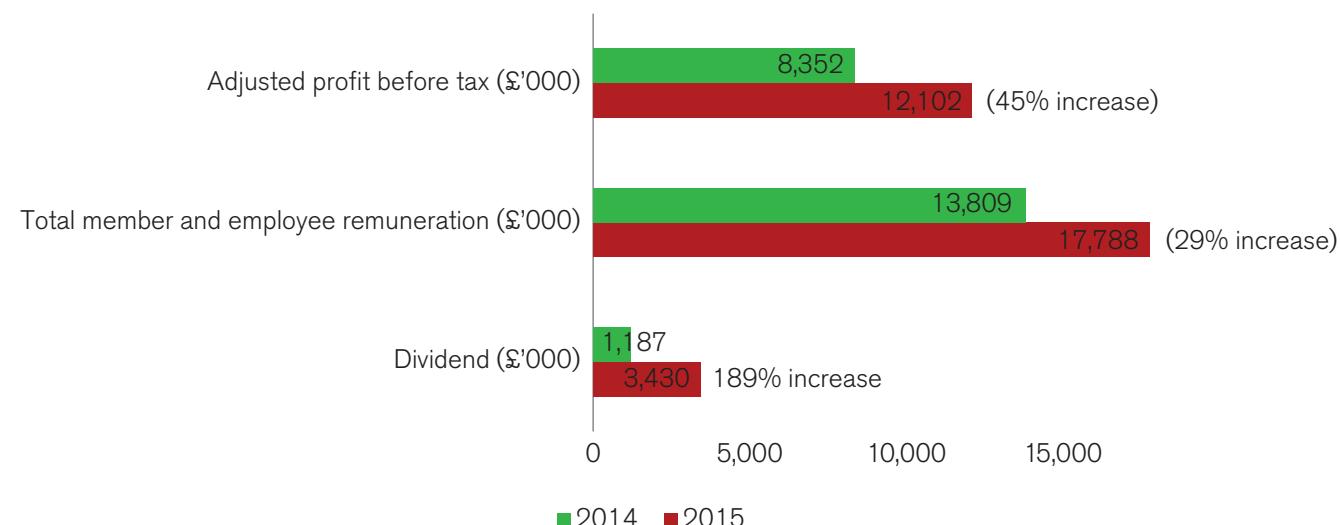
<sup>(2)</sup> Includes the DBVAP, but excludes any revenue share arrangements for fund managers.

The table below shows the advisory vote on the 2014 Directors' Remuneration Report at the Annual General Meeting held on 9 September 2014.

	Votes for	%	Votes Against	%	Votes withheld
2014 Annual report on remuneration	26,521,710	99.4	146,507	0.6	676,055
Directors' remuneration policy	26,068,992	95.3	1,275,680	4.7	–

### Relative importance of spend on pay

The following chart shows the Group's adjusted profit after tax, total member and employee remuneration and dividends declared on Ordinary shares for the financial year ended 31 March 2015 and 31 March 2014.



### Advisers

The Committee invites individuals to attend meetings as it deems beneficial to assist it in reviewing matters for consideration. During the year, these individuals included the Chairman of the Company, the Chief Executive Officer, the Chief Financial Officer & Chief Operating Officer and the Company Secretary.

In the performance of its duties, the Committee is able to seek assistance from external advisers. However, during the year ended 31 March 2015 no external advisers were appointed by the Committee.

### **Compliance with the FCA Remuneration Code and the UK Corporate Governance Code**

Liontrust is a level three company for the purposes of the FCA Remuneration Code. The Committee fulfils all of its requirements under the FCA Remuneration Code and ensures that the principles of the FCA Remuneration Code are adhered to in the remuneration policy. The Company has followed the requirements of the UK Corporate Governance Code.

### **Best practice**

The Committee believes that the Group has complied with the new directors' remuneration report regulations issued by the United Kingdom Department for Business, Innovation and Skills, Schedule B of the Code and has given full consideration to Schedule A of the Code in formulating the remuneration packages of the Executive Directors and other senior members of the Group.

The Chairman of the Committee will attend the 2015 Annual General Meeting and will be available to answer Shareholders' questions regarding remuneration.

### **George Yeandle**

Chairman of the Remuneration Committee

17 June 2015



# Financial Statements

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# Consolidated Statement of Comprehensive Income

for the year ended 31 March 2015

	Notes	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
Revenue	4	36,821	28,459
Cost of sales	4	(57)	(87)
<b>Gross profit</b>		<b>36,764</b>	<b>28,372</b>
Realised Profit on sale of financial assets		2	–
Administration expenses	5	(29,522)	(25,089)
<b>Operating profit</b>	6	<b>7,244</b>	<b>3,283</b>
Interest receivable	8	21	23
Interest payable	8	–	(81)
<b>Profit before tax</b>		<b>7,265</b>	<b>3,225</b>
Taxation	10	(1,058)	(1,104)
<b>Profit for the year</b>		<b>6,207</b>	<b>2,121</b>
Other comprehensive income		–	–
<b>Total comprehensive income</b>		<b>6,207</b>	<b>2,121</b>
		Pence	Pence
<b>Earnings per share</b>			
Basic earnings per share	11	14.61	5.64
Diluted earnings per share	11	13.58	4.58

There has been a restatement of the 2014 financial statements as detailed in note 25 on page 69.

The notes on pages 52 to 69 form an integral part of these consolidated financial statements.

# Consolidated Balance Sheet

as at 31 March 2015

	Notes	31-Mar-15 £'000	31-Mar-14 (restated) £'000	31-Mar-13 (restated) £'000
<b>Assets</b>				
<b>Non current assets</b>				
Intangible assets	12	4,998	7,446	10,098
Property, plant and equipment	13	277	265	184
Deferred tax assets	14	1,088	1,228	1,757
<b>Total non current assets</b>		<b>6,363</b>	<b>8,939</b>	<b>12,039</b>
<b>Current assets</b>				
Trade and other receivables	15	32,405	31,328	31,123
Financial assets	16	242	703	131
Cash and cash equivalents		16,393	15,273	10,483
<b>Total current assets</b>		<b>49,040</b>	<b>47,304</b>	<b>41,737</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Convertible unsecured loan stock - Loan component		–	–	(2,621)
		–	–	<b>(2,621)</b>
<b>Current liabilities</b>				
Trade and other payables	18	(30,969)	(35,635)	(34,402)
Corporation tax payable		(686)	(437)	–
<b>Total current liabilities</b>		<b>(31,655)</b>	<b>(36,072)</b>	<b>(34,402)</b>
<b>Net current assets</b>		<b>17,385</b>	<b>11,232</b>	<b>7,335</b>
<b>Net assets</b>		<b>23,748</b>	<b>20,171</b>	<b>16,753</b>
<b>Shareholders' equity attributable to owners of the parent</b>				
Ordinary shares	19	454	424	398
Share premium		17,692	17,692	14,692
Capital redemption reserve		19	19	15
Convertible unsecured loan stock - Equity component		–	–	479
Retained earnings		11,395	14,263	13,371
Own shares held	20	(5,812)	(12,227)	(12,202)
<b>Total equity</b>		<b>23,748</b>	<b>20,171</b>	<b>16,753</b>

The financial statements on pages 48 to 69 were approved and authorised for issue by the Board of Directors on 17 June 2015 and signed on its behalf by V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

Company Number 2954692

There has been a restatement of the 2014 financial statements as detailed in note 25 on page 69.

# Consolidated Cash Flow Statement

for the year ended 31 March 2015

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
<b>Cash flows from operating activities</b>		
Cash received from operations	41,411	35,581
Cash paid in respect of operations	(33,477)	(28,789)
Net cash (paid)/received from changes in unit trust receivables and payables	(2,964)	311
Net cash generated from operations	4,970	7,103
Interest received	21	23
Tax paid	(657)	–
Net cash generated from operating activities	4,334	7,126
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(103)	(146)
Purchase of ICIs	(694)	–
Acquisitions	–	(228)
Purchase of Seeding investments	(180)	(42)
Sale of Seeding investments	4	–
Net cash used in investing activities	(973)	(416)
<b>Cash flows from financing activities</b>		
Issue of new shares	30	3,030
Purchase of own shares	(553)	(1,019)
Conversion of convertible unsecured loan stock	–	(3,030)
Repayment of convertible unsecured loan stock	–	(70)
Interest payable on convertible unsecured loan stock	–	(81)
Dividends paid	(1,718)	(750)
Net cash used in financing activities	(2,241)	(1,920)
<b>Net increase in cash and cash equivalents</b>	<b>1,120</b>	<b>4,790</b>
Opening cash and cash equivalents*	15,273	10,483
<b>Closing cash and cash equivalents</b>	<b>16,393</b>	<b>15,273</b>

\* Cash and cash equivalents consist only of cash balances.

The notes on pages 52 to 69 form an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

for the year ended 31 March 2015

	Notes	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
<b>Balance at 1 April 2014 brought forward</b>		<b>424</b>	<b>17,692</b>	<b>19</b>	<b>14,263</b>	<b>(12,227)</b>	<b>20,171</b>
Profit for the year		—	—	—	6,207	—	6,207
Total comprehensive income for the year		—	—	—	6,207	—	6,207
Dividends paid		—	—	—	(1,718)	—	(1,718)
Shares issued	19	30	—	—	—	—	30
Purchase of own shares		—	—	—	—	(553)	(553)
Purchase of ICIs	20	—	—	—	(7,662)	6,968	(694)
Equity share options issued	5	—	—	—	305	—	305
<b>Balance at 31 March 2015</b>		<b>454</b>	<b>17,692</b>	<b>19</b>	<b>11,395</b>	<b>(5,812)</b>	<b>23,748</b>

## Consolidated Statement of Changes in Equity

for the year ended 31 March 2014 (restated)

	Notes	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Loan equity element £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
<b>Balance at 1 April 2013 brought forward</b>		<b>398</b>	<b>14,692</b>	<b>15</b>	<b>479</b>	<b>13,371</b>	<b>(12,202)</b>	<b>16,753</b>
Profit for the year		—	—	—	—	2,121	—	2,121
Total comprehensive income for the year		—	—	—	—	2,121	—	2,121
Dividends paid		—	—	—	—	(750)	—	(750)
Net losses as part of the acquisition of North Investment Partners Limited	22	—	—	—	—	(202)	—	(202)
Conversion of Convertible unsecured loan stock - Equity component		—	479	—	(479)	—	—	—
Shares issued	19	26	2,521	4	—	—	—	2,551
Purchase of own shares		—	—	—	—	(994)	(25)	(1,019)
Equity share options issued	5	—	—	—	—	717	—	717
<b>Balance at 31 March 2014</b>		<b>424</b>	<b>17,692</b>	<b>19</b>	<b>—</b>	<b>14,263</b>	<b>(12,227)</b>	<b>20,171</b>

There has been a restatement of the 2014 financial statements as detailed in note 25 on page 69.

The notes on pages 52 to 69 form an integral part of these consolidated financial statements.

# Notes to the Financial Statements

## 1 Principal accounting policies

### a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations issued by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial information presented within these financial statements has been prepared on a going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and financial assets available-for-sale which are held at their fair value).

The preparation of financial statements in conformity with IFRS requires the directors of the Company to make judgements and assumptions (see note 1d) that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial information and the reported income and expense during the reporting periods. Although these judgements and assumptions are based on the directors' best knowledge of the amount, events or actions, actual results may differ from these estimates. The accounting policies set out below have been used to prepare the financial information. All accounting policies have been consistently applied.

The financial information has been prepared based on the IFRS standards effective as at 31 March 2015.

The Group has continued to apply the accounting policies used for its 2014 financial statements but has adopted the following standards from 1 April 2014:

IFRS 10 Consolidated Financial Statements	Clarifies the principle of control, and establishes control as the basis for consolidation in the preparation of consolidated financial statements.
IAS 27 (revised) Separate Financial Statements	
IFRS 12 Disclosures of Interests in Other Entities	Includes the disclosure requirements for all forms of interests in other entities, such as joint arrangements, associates and other off balance sheet vehicles.
IAS 36 Impairment of Assets	Clarifies the disclosure requirement for Recoverable Amount Disclosures for Non-Financial Assets.
Amendment to IAS 32 Financial Instruments	These amendments clarify some of the requirements for offsetting financial assets and liabilities on the balance sheet.

The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, amendments to existing standards and interpretations. The following new standards are not applicable to these financial statements, but may have an impact when they become effective. The Group plans to apply these standards in the reporting period in which they become effective.

The following standards and interpretations relevant to the Group that were not yet endorsed by the EU:

IFRS 9 Financial Instruments: Classification

IFRS 15 Revenue from Contracts with Customers

The Group does not expect these updated standards to have any material effect on the Group when they are adopted.

### b) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group has control of an entity if, and only if it has all of the following:

Power over the entity;  
exposure, or rights to, variable returns from its involvement with the entity; and  
the ability to use its power over the entity to affect its returns.

The Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including: the purpose and design of an entity, its relevant activities, substantive and protective rights, and voting rights and potential voting rights. There is no fixed minimum percentage at which the Group consolidates, and each exposure is reviewed individually.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Uniform accounting policies are applied across all Group entities. Inter-company transactions, balances, income and expenses on transactions between Group entities are eliminated on consolidation. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated on consolidation.

### c) Adjusted profit or loss

The Group provides additional disclosure in the form of an adjusted profit note (note 7, page 61) in order to provide shareholders with a clearer indication of the profitability of the Group. The adjusted profit or loss is the total of Group profit or loss excluding the following items:

Non-cash items which include depreciation, intangible asset amortisation and IFRS2 related expenses; and

Non-recurring items which include cost reduction expenses, professional services (restructuring, acquisition related and other), acquisition related costs, integration costs, share incentivisation expenses, severance compensation and Financial Services Compensation Scheme Interim Levy.

The Group presents a reconciliation to the Profit for the year per the statutory financial information.

## 1 Principal accounting policies (continued)

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### d) Accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out as follows:

Valuation and impairment of financial assets

Details of the valuation policy for financial assets can be found in note 1i) below.

Valuation and impairment of other assets

Details of the valuation policy for other assets can be found in notes 1e) and 1h) below.

Taxation

The Group is subject to income taxes in a number of jurisdictions. Judgement is required in determining the total provision for income taxes. There are transactions and calculations for which the ultimate tax determination may be uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### e) Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Leasehold improvements are included at cost and are depreciated on a straight line basis over the lower of the estimated useful life and the remaining lease term.

Office equipment is depreciated on a straight line basis over the estimated useful life of the asset, which is between three and ten years.

Computer equipment is depreciated on a straight line basis over the estimated useful life of the asset which is three years.

At each reporting date management reviews the assets' residual values and useful lives, and will make adjustments if required.

### f) Trade and other receivables

Trade and other receivables include prepayments as well as amounts the Group is due to receive from third parties in the normal course of business. These include fees as well as settlement accounts for transactions undertaken. These receivables are normally settled by receipt of cash. Trade and other receivables are initially recognised at fair value and then at amortised cost after deducting provisions for bad and doubtful debts. Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expenses are recognised in the Consolidated Statement of Comprehensive Income.

### g) Trade and other payables

Trade and other payables (excluding deferred income) represent amounts the Group is due to pay to third parties in the normal course of business. These include expense accruals as well as settlement accounts (amounts due to be paid for transactions undertaken). Trade payables are costs that have been billed, accruals represent costs, including remuneration, that are not yet billed or due for payment. They are initially recognised at fair value and subsequently held at amortised cost.

### h) Intangible assets

The costs of acquiring intangible assets such as fund management contracts are capitalised where it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The assets are held at cost less accumulated amortisation.

The fund management contracts are recorded initially at fair value and recorded in the consolidated financial statements as an intangible asset, they are then amortised over their useful lives on a straight-line basis over 5 years. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

### i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and loans and receivables

Financial assets are classified as available-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses, together with transaction costs, on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in 'other comprehensive income' is included within 'Realised gain/(loss) on sale of financial assets' in the Consolidated Statement of Comprehensive Income. Assets categorised as available-for-sale are reviewed at the end of each reporting period for impairment.

# Notes to the Financial Statements continued

## 1 Principal accounting policies (continued)

Financial assets are classified as held at fair value through profit or loss if their carrying amounts will be recovered through continuing use. These financial assets consist of units held in the Group's collective investment schemes as part of a 'manager's box' (as detailed below).

The Group holds the following assets at fair value through profit or loss:

For the UK Authorised unit trusts, the units held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The units in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis.

The Group holds the following assets as available-for-sale:

The Group's assets held as available-for-sale represent shares in the sub-funds of Liontrust Global Funds PLC as detailed in note 16 and are valued on a bid price basis.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired.

### j) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are 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. Under IFRS cash and cash equivalents are included in the consolidated cash flow statement.

### k) Own shares

Own shares held by the Liontrust Asset Management Employee Trust are valued at cost and are shown as a deduction from the Group's shareholders' equity. No gains or losses are recognised in the Consolidated Statement of Comprehensive Income.

### l) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

### m) Income and expenses

Income and expenses are accounted for on an accruals basis when they become receivable or payable. The Group's primary source of revenue is fee income from investment management activities. These fees are generally based on an agreed percentage of the valuation of the assets under management ('AuM') and are recognised as the service is provided and it is probable that the fee will be received. Operating expenses represent the Group's administrative expenses and are recognised as the services are provided.

Front end fees received and commissions paid on the sales of units in unitised funds are amortised over the estimated life of the unit.

Performance fees are recognised in the period in which they become due and collectable. Any portion of performance fees that are not due and collectable, and whose future entitlement is not certain, is not recognised but noted as a contingent asset.

### n) Deferred taxation

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### o) Pensions

The Group operates defined contribution schemes for its employees. The assets are invested with insurance companies and are held separately from the Group. The costs of the pension scheme are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred. The Group has no further payment obligations once the contributions have been paid.

## 1 Principal accounting policies (continued)

### p) Employee share options and member incentive plans

The Group operates a number of equity-settled, share-based compensation and incentive plans, under which the relevant entity receives services from employees or members as consideration for equity instruments (options) of the Group or capital interests in the relevant entity ('Instruments'). The fair value of the employee and member services received in exchange for the grant of the Instruments is recognised as an expense (and credited to equity reserves) over the vesting period. The total amount to be expensed is determined at the date of grant by reference to the fair value of the Instruments granted. A number of models have been used to calculate the fair value as follows:

#### – Liontrust Option Plan ('LOP')

A binomial model is used with the following assumptions having been made

The fair value for each options is spread over the vesting period which is three years with an exercise price of 110.50 pence;

The expected life of options issued under LOP is 6.5 years.

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 39.9%

The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 3.37%. No expected dividends have been factored into the model.

#### – Liontrust Incentive Plan ('LIP') with no performance conditions attached

A discounted face value model has been used for valuation.

The fair value for each options is spread over the vesting period which is 2 years;

The expected life of options issued under LIP is between 2.14 and 2.29 years

The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 1.27%. No expected dividends have been factored into the model.

#### – Liontrust Senior Incentive Plan ('LSIP') with performance conditions

A Monte Carlo simulation model is used with the following assumptions having been made

The fair value for each options is spread over the vesting period which is 3 years with an exercise price of 1 pence;

The expected life of options issued under this LSIP scheme is 10 years

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 39%

The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 1.82%. No expected dividends have been factored into the model.

#### – Liontrust Members Incentive Plan ('LMIP') with performance conditions

A Monte Carlo simulation model is used with the following assumptions having been made:

The fair value for each Incentive Capital Interest ('ICI') is spread over the vesting period which is 3 years with an exercise price of nil;

The expected life of ICIs issued under this LMIP scheme is 10 years

The expected volatility has been calculated for each plan using historical daily data over a term commensurate with the expected life of the ICIs and ranges from 28% 40%

The risk-free interest rate for each plan has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and ranges from 0.28% to 1.95%. No expected dividends have been factored into the model.

### q) Dividends

Dividend distributions to the shareholders of the Company are recognised as a liability in the period during which they are declared. In the case of final dividends they are recognised as a liability in the period that they are declared and approved by shareholders.

### r) Holiday pay accrual

Under IAS 19, all accumulating employee compensated absences that are unused at the balance sheet date are recognised as a liability. The Group's entitlement period runs for the financial year and any employees with unused holiday allowance at the period end have no contractual entitlement to this.

### s) Foreign currency gains/losses

Items in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (The 'functional currency'). The consolidated financial statements are presented in Sterling ('£') which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

### t) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme understands the unpredictable nature of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The Group uses a number of analytical tools to measure the state of the business. The financial review on pages 13 to 16 of the Strategic Report identifies some of these measures.

### a) Market risk

#### i) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as current financial assets (either held at fair value through profit or loss or held as available-for-sale).

The Group holds the following types of investment as assets held at fair value through profit or loss or assets held as available-for-sale (see note 16):

1. Units in UK Authorised unit trusts;
2. shares in sub-fund of an Ireland domiciled open-ended-investment-company.

For UK Authorised unit trusts, the units and shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units and shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The manager's box for each fund is reviewed daily. If there is a negative box position then units or shares are created to bring the box level positive. Three control levels of the manager's box exist for each fund and each level is required to be signed off by progressively more senior staff. There are clearly defined maximum limits, over which manager's box levels cannot exceed.

The units and shares in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis and held at fair value through profit and loss.

The investment in the sub-funds of Liontrust Global Funds Plc, (an Ireland domiciled open ended investment company) have been undertaken as an investment to aid incorporation and will be redeemed when the sub funds grow in size. The Group has a regular review process for the investments which identifies specific criteria to ensure that investments are within agreed limits.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in sub-funds of Liontrust Global Funds Plc at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £22,000 (2014: £5,000).

The Group monitors its investments with respect to its regulatory capital requirements and reviews its investments' values with respect to overall Group capital on a monthly basis.

#### ii) Cash flow interest rate risk

Interest rate risk is the risk that the Group will sustain losses from the fair value or future cash flows of adverse movements in interest bearing assets and liabilities and so reduce profitability.

The Group holds cash on deposit in GBP. The interest on these balances is based on floating rates and fixed rates. The Group monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Management consider that given current interest rate levels a sensitivity rate of 1% is appropriate for GBP cash. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £136,000 increase or a decrease to nil in interest receivable (2014: £122,000).

#### iii) Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. The Group's policy is to hold the minimum currency exposure required to cover operational needs and, therefore, to convert foreign currency on receipt.

The Group is currently exposed to foreign exchange risk in the following areas: Investments and income receivable in Euros and US Dollars.

In calculating the sensitivity analysis below it has been assumed that expenses/income will remain in line with budget in their relative currencies year on year.

Management consider that a sensitivity rate of 10% is appropriate given the current level of volatility in the world currency markets. In respect of investments denominated in foreign currencies a 10% movement in the UK Sterling vs. the relevant exchange rate would lead to an exchange gain or loss as follows:

Sterling vs. Euros - a movement of 10% would lead to a movement of £5,000 (2014: less than £1,000).

Sterling vs. US Dollar - a movement of 10% would lead to a movement of £5,000 (2014: £nil).

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £71,000 (2014: £110,000) in the income statement.

In respect of Income receivable in US Dollar a 10% movement in the exchange rate would result in a movement of £30,000 (2014: £4,000) in the income statement.

## 2 Financial risk management (continued)

### b) Credit risk

Credit risk is managed at a Group level. The Group is exposed to credit risk primarily on its trade receivables and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Fees receivable arise mainly from the Group's investment management business and amounts are monitored regularly. Historically, default levels have been insignificant and the Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

Maximum exposure to credit risk	31-Mar-15 £'000	31-Mar-14 £'000
Cash and cash equivalents	16,393	15,273
Trade receivables	32,405	31,328

For banks and financial institutions only independently rated parties with a minimum rating of 'A-2' are used and their ratings are regularly monitored by the Portfolio Risk Committee.

For receivables the Group takes into account the credit quality of the client and credit positions are monitored. The Group has three main types of receivables: management and performance fees, settlement due from investors in its funds and from the funds themselves for unit/share liquidations. For management and performance fee receivables, the Group proactively manages the invoicing process to ensure that invoices are sent out on a timely basis and has procedures in place to chase for payment at pre-determined times after the despatch of the invoice to ensure timely settlement. For receivables due from investors, the Group has rigorous procedures to chase investors by phone/letter to ensure that settlement is received on a timely basis. For settlement due from the fund for liquidations, the settlement of these types of receivables are governed by regulation and are monitored on an exception basis. In all cases, detailed escalation procedures are in place to ensure that senior management are aware of any problems at an early stage.

During the year there have been no losses due to non-payment of receivables and the Group does not expect any losses from the credit counterparties as held at the balance sheet date.

### c) Liquidity risk

Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities. The Group monitors rolling forecasts of the Group's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flows.

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

As at 31 March 2015	Due within 3 months £'000			Due between 3 months and one year £'000			Due in over one year £'000		
	Payables	30,969	—	—	—	—	—	—	—
<b>As at 31 March 2014 (restated)</b>									
Payables	35,635	—	—	—	—	—	—	—	—

### d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders whilst maintaining an optimal company structure to reduce the cost of capital and meet working capital requirements.

The Group's policy is that it and its subsidiaries should have sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements at both a Group and subsidiary level. Management reviews the Group's assets on a monthly basis and will ensure that operating capital is maintained at the levels required. Management consider capital to comprise of cash and net assets. As at 31 March 2015 the Group has cash and net assets of £17.4 million (2014: £11.2 million). In order to maintain or adjust the capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell financial assets which will increase cash and reduce capital requirements.

# Notes to the Financial Statements continued

## 2 Financial risk management (continued)

### Regulatory risk capital

Recognised regulatory bodies, such as the FCA in the UK, oversee the activities of a number of the Group's operating subsidiaries and impose minimum capital requirements on the subsidiaries. The Group is regulated by the FCA as a UK consolidation Group. The FCA issued revised rules on Capital Adequacy following the implementation of the Capital Requirements Directive IV which came into force on 1 January 2015. Having reviewed the new rules, Liontrust remains subject to the BIPRU regulations. Further details are available in the Liontrust Pillar III disclosure.

The FCA requires the Group to hold more regulatory capital resources than the total capital resource requirement as defined in the Capital Requirements Directive. The total capital requirement for the Group is the base and variable capital resource requirement (the Pillar 1 requirement) and any additional requirements identified during the Internal Capital Adequacy Assessment Process (the Pillar 2 requirement).

The Pillar 1 minimum capital requirement for the Group is £ 3.0 million (2014: £2.7 million)

The Internal Capital Adequacy Assessment Process carried out in 2014 under Pillar 2 of concluded that a minimum of £2.7 million (2014: £2.1 million) capital should be retained in the business.

The total capital requirement for the Group is £ 3.0 million (2014: £2.7 million).

As at 31 March 2015, the Group has regulatory capital resources of £18.7 million (2014: £13.5 million), significantly in excess of the Group's total capital requirement.

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

## 3 Segmental reporting

The Group operates only in one operating segment – Investment Management.

Management offers different fund products through different distribution channels. All key financial, business and strategic decisions are made centrally by the Board, which determines the key performance indicators of the Group. The Group reviews financial information presented at a Group level. The Board, is therefore, the chief operating decision-maker for the Group. The information used to allocate resources and assess performance is reviewed for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

### Revenue by location of client

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
United Kingdom	35,415	25,829
Europe (ex UK)	1,260	2,427
Guernsey	146	159
USA	–	44
	36,821	28,459

During the year ended 31 March 2015 the Group had one customer contributing more than 10% of total revenue (2014: no customers).

## 4 Revenue and cost of sales

Revenue from earnings includes:

Investment management, performance and administration fees; the net value of sales and repurchases of units in unit trusts and shares in open-ended investment companies (net of discounts); the net value of liquidations and creations of units in unit trusts and shares in open-ended investment companies; and foreign currency gains and losses.

The cost of sales includes:

Sales commission paid or payable and external investment advisory fees paid or payable.

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
– Revenue	33,631	28,459
– Performance fee revenue	3,190	–
<b>Total Revenue</b>	<b>36,821</b>	<b>28,459</b>

## 5 Administration expenses

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
<b>Employee related expenses</b>		
Director and employee costs <sup>(1)</sup>	3,145	2,375
Pensions	141	122
Share incentivisation expense	562	1,320
Severance compensation	31	99
	3,879	3,916
<b>Non employee related expenses</b>		
Members drawings charged as an expense	14,502	11,312
Professional services (restructuring, acquisition related and other) <sup>(2)</sup>	1,840	576
Acquisition related expenses	–	333
Depreciation and Intangible asset amortisation	2,539	2,717
Loan repurchase	–	82
Financial Services Compensation Scheme Levy	(135)	–
Other administration expenses	6,897	6,153
	29,522	25,089
	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
Share incentivisation expense		
– Share option expense	305	717
– Share option NIC expense <sup>(3)</sup>	–	453
– Share incentive plan expense	100	102
– Share option related expenses	157	48
	562	1,320

<sup>(1)</sup> Full details of the Directors emoluments can be found in the Directors Remuneration Report on page 40.

<sup>(2)</sup> Includes legal costs relating to claim by former member (see note 24).

<sup>(3)</sup> See note 25 prior year adjustment

## Notes to the Financial Statements continued

### 5 Administration expenses (continued)

The average number of members and employees of the Group (as calculated on a weighted average basis over the year), excluding Non-executive Directors, was 63 (2014: 58). All employees are involved in the investment management business of the Group. The costs incurred in respect of the Directors, members and employees was:

	Member and employee expenses				Members Members drawings charged as an expense £'000
	Average number of members and employees during the year	Year ended 31-Mar-15			
		Employees	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000
General management	4	452	47	499	1,060
Fund management	17	316	36	352	9,457
Finance, Operations and IT	18	768	150	918	1,602
Risk management and Compliance	4	100	10	110	447
Sales and Marketing	20	1,045	134	1,179	1,936
Non-executive directors	3	79	8	87	–
	66	2,760	385	3,145	14,502

	Member and employee expenses				Members Members drawings charged as an expense £'000
	Average number of employees during the year	Year ended (restated) 31-Mar-14			
		Employees	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000
General management	4	366	38	404	719
Fund management	16	258	30	288	7,405
Finance, Operations and IT	17	570	61	631	1,305
Risk management and Compliance	3	67	8	75	374
Sales and Marketing	18	804	113	917	1,509
Non-executive directors	3	55	5	60	–
	61	2,120	255	2,375	11,312

## 6 Operating profit

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
The following items have been included in arriving at operating profit:		
Foreign exchange gains/(losses)	(15)	(8)
Depreciation and Intangible asset amortisation	2,539	2,717
Amortisation of initial commission asset	128	35
Amortisation of amounts accrued in relation to income received on sale of units	(8)	(83)
Operating lease costs	428	428
Costs relating to Directors, members and employees (Note 5)	18,381	15,228
Auditors remuneration:		
Fees payable to the Company's auditors and its associates for the audit of the parent Company and consolidated financial statements	75	73
Fees payable to the Company's auditors and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	68	71
– Taxation services	41	76
– Other services	64	13

## 7 Adjusted profit/(loss)

Adjusted profit (as explained in note 1(c) reconciled in the table below:

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
Profit for the year	6,207	2,121
Taxation	1,058	1,104
Profit/(loss) before tax from Continuing and Discontinued Operations	7,265	3,225
Share incentivisation expense	562	1,320
Severance compensation	31	99
Professional services (restructuring, acquisition related and other) <sup>(1)</sup>	1,840	576
Acquisition related costs	–	333
Financial Services Compensation Scheme Levy	(135)	–
Convertible loan repurchase	–	82
Depreciation and Intangible asset amortisation	2,539	2,717
Adjustments	4,837	5,127
Adjusted profit/(loss) before tax	12,102	8,352
Interest receivable	(21)	(23)
Interest payable	–	81
Adjusted operating profit	12,081	8,410
Adjusted basic earnings per share <sup>(2)</sup>	22.51	17.10
Adjusted basic earnings per share (excluding performance fees) <sup>(2)(3)</sup>	20.56	17.10
Adjusted diluted earnings per share <sup>(2)</sup>	20.92	13.90
Adjusted diluted earnings per share (excluding performance fees) <sup>(2)(3)</sup>	19.10	13.90

<sup>(1)</sup> Includes legal costs relating to claim by former member (see note 24).

<sup>(2)</sup> Assumes a tax rate of 21% (2014: 23%)

<sup>(3)</sup> Performance fee revenues contribution calculated in line with operating margin of 32.9% (2014: 29.4%)

## Notes to the Financial Statements continued

### 8 Interest receivable and payable

Disclosures relating to the Group's financial instruments risk management policies are detailed in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.2% (2014: 0.2%).

### 9 Dividends

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
<b>Ordinary Shares</b>		
Second interim at 2 pence per share (2014: 1 pence)	859	388
First interim at 2 pence per share (2014: 1 pence)	859	362
<b>Total</b>	<b>1,718</b>	<b>750</b>

In addition, the Directors are proposing a second interim dividend in respect of the financial year ending 31 March 2015 of 6p per share which will absorb an estimated £2.6m of shareholders' funds. It will be paid on 23 July 2015 to shareholders who are on the register of members at 24 June 2015.

### 10 Taxation

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 21% (2014: 23%) *	918	562
Adjustment in respect of prior periods	–	12
<b>Total current tax</b>	<b>918</b>	<b>574</b>
Deferred tax:		
Deferred tax originated from timing differences	91	405
Deferred tax charged in respect of future rate change to 20%	49	125
<b>Total charge in period</b>	<b>1,058</b>	<b>1,104</b>
(b) Factors affecting current tax		
Loss on ordinary activities before tax	7,265	3,225
Profit on ordinary activities at UK corporation tax rate of 21% (2014: 23%)	1,526	742
Effects of:		
Expenses not deductible for tax purposes	38	163
Effect of reinstatement of loans to the EBT	891	–
Depreciation in excess of capital allowances	(2)	(12)
Adjustment in respect of business acquisition	–	(61)
Adjustment to deferred tax in respect of tax rate change	49	124
Net Members drawings not taxable	68	136
Tax relief on exercise of unapproved options	(1,512)	–
Adjustment in respect of prior periods	–	12
<b>Total taxation</b>	<b>1,058</b>	<b>1,104</b>

\* The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 21%. On 1 April 2014 further changes were enacted in the 2014 Finance Act that will reduce the standard rate of corporation tax to 20% with effect from 1 April 2015.

## 11 Earnings per share

The calculation of basic earnings per share is based on profit after taxation for the year and the weighted average number of Ordinary Shares in issue for each period. The weighted average number of Ordinary Shares was 42,472,053 for the year (2014:37,617,940). Shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Diluted earnings per share are calculated on the same bases as set out above, after adjusting the weighted average number of Ordinary Shares for the effect of options to subscribe for new Ordinary Shares, Incentive Capital Interests or Ordinary Shares held in the Liontrust Asset Management Employee Trust that were in existence during the year ended 31 March 2015. The adjusted weighted average number of Ordinary Shares so calculated for the year was 45,700,575 (2014: 46,269,702). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	2015 number	2014 number
Weighted average number of Ordinary Shares	42,472,053	37,617,940
Weighted average number of dilutive Ordinary shares under option:		
– to the Liontrust Senior Incentive Plan	745,012	2,986,487
– to the Liontrust Incentive Plan	66,587	199,099
– to the Liontrust Option Plan	39,358	34,884
– to the Liontrust Members Incentive Plan	2,346,713	4,069,178
– to the DBVAP	30,852	10,552
Dilutive effect of shares from Convertible unsecured loan stock	–	1,351,562
Adjusted weighted average number of Ordinary Shares	45,700,575	46,269,702

Details of the options outstanding at 31 March 2015 to Directors are set out in the Directors' Remuneration Report on page 42. Management have added the weighted average number of dilutive ordinary shares related to the Liontrust Members Incentive Plan and have adjusted the 2014 calculations accordingly.

Based on the total Profit for the year of £6,207,000.

	2015 pence	2014 pence (restated)
Basic earnings per share	14.61	5.64*
Diluted earnings per share	13.58	4.58*

\* Prior to the restatement the 2014 Basic earnings per share was 6.57 pence and the 2014 Diluted earnings per share was 5.85 pence.

## 12 Intangible assets

### Year to 31 March 2015

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Walker Crips	4,998	2 Years
		Investment management contracts £'000
<b>Cost</b>		
At 1 April 2014	14,406	
Additions	–	
Disposals	–	
At 31 March 2015	14,406	
<b>Accumulated amortisation</b>		
At 1 April 2014	6,960	
Amortisation charge for the year	2,448	
Disposals	–	
At 31 March 2015	9,408	
<b>Net Book Value</b>		
At 31 March 2015	4,998	
At 31 March 2014	7,446	

## Notes to the Financial Statements continued

### 13 Property, plant and equipment

Year to 31 March 2015	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2014	288	232	257	777
Additions	21	29	53	103
Disposals	–	–	–	–
At 31 March 2015	309	261	310	880
<b>Accumulated depreciation</b>				
At 1 April 2014	101	215	196	512
Charge for the year	50	7	34	91
Disposals	–	–	–	–
At 31 March 2015	151	222	230	603
<b>Net Book Value</b>				
At 31 March 2015	158	39	80	277
At 31 March 2014	187	17	61	265
Year to 31 March 2014	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2013	193	229	209	631
Additions	95	3	48	146
Disposals	–	–	–	–
At 31 March 2014	288	232	257	777
<b>Accumulated depreciation</b>				
At 1 April 2013	56	211	180	447
Charge for the year	45	4	16	65
Disposals	–	–	–	–
At 31 March 2014	101	215	196	512
<b>Net Book Value</b>				
At 31 March 2014	187	17	61	265
At 1 April 2013	137	18	29	184

Depreciation has been included in the Consolidated Statement of Comprehensive Income within administration expenses

### 14 Deferred tax

Deferred tax assets	2015 £'000	2014 £'000
Balance as at 1 April	1,228	1,757
Deferred tax reversed on timing differences	(91)	(462)
Deferred tax on current year losses	–	58
Movement in deferred tax on change in tax rate to 20% (2014: 21%)	(49)	(125)
Balance as at 31 March	1,088	1,228

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £1,088,000 (2014: £1,228,000).

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 20%. Deferred tax has been recognised at 20% to reflect this reduction.

## 15 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables		
– Fees receivable	6,661	3,329
– Unit trust sales and cancellations	24,307	26,815
Prepayments and accrued income	1,436	1,177
Initial commission asset	1	7
	32,405	31,328

All financial assets listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

Trade receivables that are less than 3 months past due are not considered impaired. As at 31 March 2015, trade receivables of £nil (2014: £nil) were past due but not impaired.

## 16 Financial assets

The Group holds financial assets that have been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs into measuring the fair value. These levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at the balance sheet date all financial assets are categorised as Level 1.

Assets held as available-for-sale:

The Group's assets held as available-for-sale represent shares in the Liontrust GF Global Strategic Bond Fund, the Liontrust GF Special Situations Fund, the Liontrust GF Macro Equity Income Fund, the Liontrust GF European Strategic Equity Fund, the Liontrust GF UK Growth Fund and the Liontrust GF Global Income Fund (all sub-funds of Liontrust Global Funds Plc) and are valued at bid price). The gain on the fair value adjustments during the year net of tax was £nil (2014: £nil). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date and any exchange rate differences arising are shown in note 17.

	2015			2014		
	Assets held at fair value through profit and loss £'000	Assets held as available- for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for- sale £'000	Total £'000
<b>Financial assets in Level 1</b>						
UK Authorised unit trusts	18	–	18	619	–	619
Guernsey open-ended-investment companies	–	–	–	37	–	37
Dublin Open-Ended-Investment-company	–	224	224	–	47	47
	18	224	242	656	47	703
<b>Total Financial Assets</b>	<b>18</b>	<b>224</b>	<b>242</b>	<b>656</b>	<b>47</b>	<b>703</b>

## Notes to the Financial Statements continued

### 17 Foreign currency translations

As a result of operating activities the Group has made gains and losses on foreign currency translation. The activities and the relevant foreign currency gains and losses associated with them are identified below:

	2015 £'000	2014 £'000
Foreign currency translation losses on:		
– Other operating activities	(15)	(8)

Gain/(losses) on foreign currency translations are taken to the income statement within Revenue.

### 18 Trade and other payables

	2015 £'000	2014 (restated) £'000
Trade payables – unit trust repurchases and creations	24,357	29,829
Other payables including taxation and social security	84	1,153
Deferred income and other payables	6,528	4,653
	30,969	35,635

All financial liabilities listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

### 19 Ordinary Shares

	2015 Shares	2015 £'000	2014 Shares	2014 £'000
<b>Authorised ordinary shares of 1 pence</b>				
As at 31 March	60,000,000	600	60,000,000	600
<b>Allotted, called up and fully paid ordinary shares of 1 pence</b>				
As at 1 April	42,471,555	424	39,896,555	398
Issued during the year	3,000,000	30	3,030,000	26
Repurchased during the year	–	–	(455,000)	–
As at 31 March	45,471,555	454	42,471,555	424

### 20 Own shares

Approval was given at a General Meeting in January 2011 for the grant of options under the Liontrust Senior Incentive Plan (the "LSIP"). The Board adopted the Liontrust Incentive Plan (the "LIP") in November 2009, the Liontrust Option Plan (the "LOP") in December 2009 and the Deferred Bonus and Variable Allocation Plan ("DBVAP") in June 2013. The options granted under the DBVAP, LSIP, LIP, and LOP, including the Executive Directors (in the case of DBVAP, LIP and LSIP), were as follows:

Issue Date	1 April 2014	Options Granted	Options Exercised	Lapsed	31 March 2015	Exercise price	Scheme
10 February 2010	69,455	–	–	–	69,455 *	110.5 pence	LOP
10 February 2010	200,000	–	(200,000)	–	–	1.0 pence	LIP
1 February 2011	3,000,000	–	(3,000,000)	–	–	1.0 pence	LSIP
21 June 2013	13,623	–	–	–	13,623	Nil	DBVAP
19 June 2014	–	21,988	–	–	21,988	Nil	DBVAP

\* Options that are exercisable as at 31 March 2015

## 20 Own shares (continued)

Issue Date	1 April 2013	Options Granted	Options Exercised	Lapsed	31 March 2014	Exercise price	Scheme
10 February 2010	69,455	–	–	–	69,455	110.5 pence	LOP
10 February 2010	200,000	–	–	–	200,000	1.0 pence	LIP
1 February 2011	3,000,000	–	–	–	3,000,000	1.0 pence	LSIP
21 June 2013	–	13,623	–	–	13,623	Nil	DBVAP

No options under LOP were exercised during the year.

Under the Liontrust Members Incentive Plan ("LMIP") certain individual members have been allocated Incentive Capital Interests ("ICIs"), which entitle such individual member to a fixed amount. The entitlement which the holder of an Incentive Capital Interest would have is calculated on the basis of the application of a percentage to the "Maximum Incentive Capital Interest" ("MICI") attributable to that Incentive Capital Interest. The MICI is a variable amount in Pounds Sterling equal to the number of Ordinary shares set out in his side letter multiplied by the price of Ordinary shares from time to time (by reference to a 30 day market average price). The MICI allocated, in terms of number of Ordinary shares, to individual members were as follows:

Issue Date	1 April 2014	Granted	Exercised	Lapsed	31 March 2015	Exercise price	Scheme
14 April 2011	1,425,000	–	(1,425,000)	–	–	Nil	LMIP
22 November 2011	1,000,000	–	(1,000,000)	–	–	Nil	LMIP
28 March 2012	75,000	–	–	–	75,000	Nil	LMIP
28 September 2012	1,565,000	–	–	–	1,565,000	Nil	LMIP
8 July 2013	35,000	–	–	–	35,000	Nil	LMIP

Issue Date	1 April 2013	Granted	Exercised	Lapsed	31 March 2014	Exercise price	Scheme
14 April 2011	1,450,000	–	(25,000)	–	1,425,000	Nil	LMIP
22 November 2011	1,000,000	–	–	–	1,000,000	Nil	LMIP
28 March 2012	75,000	–	–	–	75,000	Nil	LMIP
28 September 2012	1,565,000	–	–	–	1,565,000	Nil	LMIP
8 July 2013	–	35,000	–	–	35,000	Nil	LMIP

Details of the share options can be found in the Directors' Remuneration report on pages 41 and 42.

DBVAP, LIP, LOP and LSIP operate in conjunction with the Liontrust Asset Management Employee Trust on the basis that at 100% of the options for DBVAP, LIP and LOP, and a percentage determined by the Remuneration Committee for LSIP will be satisfied by market purchased shares. This is to ensure that dilution of shareholders' interest is limited. At 31 March 2015 the weighted average remaining life of the options was 3.8 years (2014: 6.8 years).

At 31 March 2015, the Liontrust Asset Management Employee Trust owned 1,627,946 shares (2014: 3,740,908) at a cost of £5,811,600 (2014: £12,227,000). Dividends on these shares have been waived and they are treated as cancelled for the purposes of calculating the earnings per share of the Group. As at 31 March 2015 the market value of the shares was £4,399,000 (2014: £8,978,000).

## 21 Operating lease commitments

The Group and Company are committed to making the total of annual future minimum lease payments for office properties under non-cancellable operating leases in each of the following periods:

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
<i>Amounts due</i>		
within one year	428	428
Between one year and five years	713	1,140
Later than five years	–	–
	1,141	1,568

There are no special terms for renewal or purchase options for the Group's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

## Notes to the Financial Statements continued

### 22 Acquisition of North Investment Partners Limited

On 15 October 2013, Liontrust Asset Management Plc ("Liontrust") announced that it had entered into a conditional share purchase agreement (the "SPA") to purchase the entire issued ordinary share capital of North Investment Partners Limited ("North") from the existing North shareholders. The purchase completed on 15 October 2013. on the 1 March 2014 North was renamed Liontrust Investment Solutions Limited.

The Consideration at 15 October 2013 was £1.

Recognised identifiable amounts of assets acquired and liabilities	£'000
Cash	279
Trade and other receivables	74
Trade and other payables	(353)
Total consideration	—

Acquisition related costs of £333,000 were charged to Administration expenses in the Consolidated statement of comprehensive income for the year ended 31 March 2014.

The revenue included in the Consolidated statement of Comprehensive Income between 15 October 2013 and 31 March 2014 contributed by North was £176,000. North also contributed a loss of £246,000 over the same period.

Had North been consolidated for the full year to 31 March 2014 the revenue included in the Consolidated statement of Comprehensive Income contributed by North would have been £609,000. North would also have contributed a loss before tax of £429,000 over the same period.

### 23 Related party transactions

During the year the Group received fees from unit trusts under management of £32,795,000 (2014: 31,866,000). Transactions with these unit trusts comprised creations of £613,201,000 (2014: 689,871,000) and liquidations of £376,512,000 (2014: 402,682,000). Directors can invest in unit trusts managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31 March 2015 the Group owed the unit trusts £24,357,000 (2014: £28,528,000) in respect of unit trust creations and was owed £24,307,000 (2014: 26,815,000) in respect of unit trust cancellations and fees.

During the year members received loans totalling £490,000 from Liontrust Fund Partners LLP and Liontrust Investment Partners LLP (the 'LLPs'), these loans were provided in connection with the relevant members' duties as a member of the relevant LLP. As at 31 March 2015 members owed the LLP's £706,000 (2014: £216,000).

Compensation to key management personnel (executive directors) is disclosed in the Directors' Remuneration Report on page 40.

### 24 Contingent assets and liabilities

The Group can earn performance fees on some of the segregated and fund accounts that it manages. In some cases a proportion of the fee earned is deferred until the next performance fee is payable or offset against future underperformance on that account. As there is no certainty that such deferred fees will be collectable in future years, the Group's accounting policy is to include performance fees in income only when they become due and collectable and therefore the element (if any) deferred beyond 31 March 2015 has not been recognised in the results for the year.

A contingent liability has arisen during the normal course of business which relates to a claim made by a former member against Liontrust Asset Management PLC, Liontrust Investment Partners LLP, Liontrust Investment Services Limited and the individual members of the LLP (together, the "Respondents"). As the timing and amount of any potential liability cannot be reliably estimated at this stage they are not disclosed.

## 25 Prior period Adjustment

In preparing the accounts to 31 March 2015, the Directors have adjusted the accounting for the prior period. On 1 February 2011, 3 million share options were awarded by the Company under the Liontrust Senior Incentive Plan with a three year vesting period. These vested on 1 February 2014. As at the Company's financial year end on 31 March 2014 the options had not been exercised and a contingent liability was disclosed for the National Insurance Contribution ('NIC') which would become payable on exercise. The options were all exercised on 1 July 2014.

Having reviewed the accounting treatment of the potential liability to pay NIC, the Directors have concluded that it would more appropriately be accounted for in accordance with IFRS2 'Share based payments' with a liability being accrued from the grant date by reference to the fair value of the underlying options together with related corporation tax adjustment. Accordingly the financial statements have been restated to reflect the liability and expense as set out below:

	31-Mar-14 Adjustment £'000	1-Apr-13 Adjustment £'000
<b>Consolidated Statement of Comprehensive Income</b>		
Administration expenses - Share option NIC expense	453	
Profit before tax	(453)	
Taxation	104	
Profit for the period	(349)	
Basic Earnings per share	(0.93)	
Diluted earnings per share	(0.82)	
<b>Consolidated Balance Sheet</b>	31-Mar-14 Adjustment £'000	1-Apr-13 Adjustment £'000
Trade and other payables	(990)	(537)
Corporation tax payable	233	129
Retained earnings	(757)	(408)

As the adjusted profit calculation removes the effect of the share option awards, this is unaffected by the adjustment. There is no impact on the cash flows of the Group or the Company in prior periods.

## 26 Post balance sheet date event

There were no post balance sheet date events.

# Company Statement of Comprehensive Income

for the year ended 31 March 2015

	Notes	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
Revenue		2,627	2,660
Dividends received from subsidiary companies		8,400	4,000
<b>Gross profit</b>		11,027	6,660
Realised profit on sale of financial assets		2	–
Reinstatement of loan to Liontrust Asset Management Employee Trust	29	4,245	–
Administration expenses	30	(4,851)	(5,507)
<b>Operating profit</b>		10,423	1,153
Interest receivable	31	2	2
Interest payable	32	–	(81)
<b>Profit before tax</b>		10,425	1,074
Taxation	33	(87)	(69)
<b>Profit for the year</b>		<b>10,338</b>	<b>1,005</b>
Other comprehensive income		–	–
<b>Total comprehensive income</b>		<b>10,338</b>	<b>1,005</b>

There has been a restatement of the 2014 financial statements as detailed in note 25 page 69.

The notes on pages 74 to 81 form an integral part of these Company financial statements.

# Company Balance Sheet

as at 31 March 2015

	Notes	31-Mar-15 £'000	31-Mar-14 (restated) £'000	31-Mar-13 (restated) £'000
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment	34	277	265	184
Intangible assets	35	4,998	7,446	9,894
Investment in subsidiary undertakings	36	10,261	5,480	4,930
Deferred tax assets	37	1,088	1,174	1,335
Loan to Liontrust Asset Management Employee Trust	29	4,125	4,415	4,390
<b>Total non current assets</b>		<b>20,749</b>	<b>18,780</b>	<b>20,733</b>
<b>Current assets</b>				
Trade and other receivables	38	5,568	4,253	1,944
Financial assets	39	224	47	4
Cash and cash equivalents		2,584	3,150	605
<b>Total current assets</b>		<b>8,376</b>	<b>7,450</b>	<b>2,553</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Convertible unsecured loan stock - Loan component		–	–	(2,621)
<b>Total current liabilities</b>		<b>(777)</b>	<b>(6,560)</b>	<b>(3,085)</b>
<b>Net current assets</b>		<b>7,599</b>	<b>890</b>	<b>(532)</b>
<b>Net assets</b>		<b>28,348</b>	<b>19,670</b>	<b>17,580</b>
<b>Shareholders' equity attributable to owners of the parent</b>				
Ordinary shares	42	454	424	398
Share premium		17,692	17,692	14,692
Capital redemption reserve		19	19	15
Convertible unsecured loan stock - Equity component		–	–	479
Retained earnings		10,183	1,535	1,996
<b>Total equity</b>		<b>28,348</b>	<b>19,670</b>	<b>17,580</b>

The financial statements on pages 70 to 81 were approved and authorised for issue by the Board of Directors on 17 June 2015 and signed on its behalf by V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

Company Number 2954692

There has been a restatement of the 2014 financial statements as detailed in note 25 on page 69.

The notes on pages 74 to 81 form an integral part of these Company financial statements.

# Company Cash Flow Statement

for the year ended 31 March 2015

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
<b>Cash flows from operating activities</b>		
Cash inflow from operations	–	5,717
Cash outflow from operations	(6,755)	(4,516)
Net cash (used in)/generated from operations	(6,755)	1,201
Interest received	2	2
Tax received	–	–
Net cash (used in)/generated from operating activities	(6,753)	1,203
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(103)	(146)
Repayment from/(investment in) subsidiary entities	307	(550)
Loan to the employee Benefit Trust	(553)	–
Purchase of seeding investments	(180)	(42)
Sale of seeding investments	4	–
Net cash used in investing activities	(525)	(738)
<b>Cash flows from financing activities</b>		
Issue of shares	30	3,030
Purchase of own shares	–	(1,019)
Conversion of Convertible unsecured loan stock	–	(3,030)
Repayment of Convertible unsecured loan stock	–	(70)
Interest paid on Convertible unsecured loan stock	–	(81)
Dividends received	8,400	4,000
Dividends paid	(1,718)	(750)
Net cash generated from financing activities	6,712	2,080
<b>Net (decrease)/increase in cash and cash equivalents</b>	(566)	2,545
Effect of exchange rate changes	–	–
Opening cash and cash equivalents*	3,150	605
<b>Closing cash and cash equivalents</b>	2,584	3,150

\* Cash and cash equivalents consist only of cash balances.

The notes on pages 74 to 81 form an integral part of these Company financial statements.

## Company Statement of Changes in Equity

for the year ended 31 March 2015

	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Total Equity £'000
<b>Balance at 1 April 2014 brought forward</b>	424	17,692	19	1,535	19,670
Profit for the year	—	—	—	10,338	10,338
Amounts recycled through the Statement of Comprehensive Income	—	—	—	—	—
Total comprehensive income for the year	—	—	—	10,338	10,338
Dividends paid				(1,718)	(1,718)
Shares issued	30	—	—	—	30
Equity share options issued	—	—	—	28	28
<b>Balance at 31 March 2015</b>	<b>454</b>	<b>17,692</b>	<b>19</b>	<b>10,183</b>	<b>28,348</b>

## Company Statement of Changes in Equity

for the year ended 31 March 2014 (restated)

	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Loan equity element £'000	Retained earnings £'000	Total Equity £'000
<b>Balance at 1 April 2013 brought forward</b>	398	14,692	15	479	1,996	17,580
Profit for the year	—	—	—	—	1,005	1,005
Total comprehensive income for the year	—	—	—	—	1,005	1,005
Dividends paid	—	—	—	—	(750)	(750)
Addition of Convertible loan stock - Equity component	—	479	—	(479)	—	—
Shares issued	26	2,521	4	—	—	2,551
Purchase of shares	—	—	—	—	(994)	(994)
Equity share options issued	—	—	—	—	278	278
<b>Balance at 31 March 2014</b>	<b>424</b>	<b>17,692</b>	<b>19</b>	<b>—</b>	<b>1,535</b>	<b>19,670</b>

The notes on pages 74 to 81 form an integral part of these Company financial statements.

There has been a restatement of the 2014 financial statements as detailed in note 25 on page 69.

## Notes to the Financial Statements continued

### 27 Significant Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006 applicable to companies reporting under IFRS. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Financial Reporting Interpretations Committee or their predecessors, which have been approved by the European Commission.

The financial statements have been prepared on the going concern basis under the historical cost convention. The principle accounting policies are the same as those set out in note 1.

Investment in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Notes 27 to 46 reflect the information for the Company.

### 28 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk, capital risk and liquidity risk. The Company is covered by the Group's overall risk management programme. The risk management policies are the same as those set out in note 2 and elsewhere in the report and financial statements.

The specific risks affecting the Company are as follows:

#### *Market risk*

The investments in the sub-funds of Liontrust Global Funds PLC are valued on a daily basis at bid price. The investments are held as available-for-sale financial assets and are held at fair value and any permanent impairment in the value of the shares held would be taken to revenue.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £22,000 (2014: less than £1,000).

#### *Cash flow interest rate risk*

The Company holds cash on deposit. The interest on these balances is based on floating rates and fixed rates. The Company monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £11,000 increase or decrease in interest receivable (2014: £27,000).

In addition to the risks covered by the Group risk management policies. The Company is subject to some specific risks relating to its interaction with other Group companies. The Company reviews its balances due to and from other Group companies on a regular basis.

Prudent liquidity risk management required the maintenance of sufficient cash and marketable securities. The Company monitors rolling forecasts of the its liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flow.

The Company has analysed its financial liabilities into maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	within 3 months £'000	Between 3 months £'000	Over one year £'000
<b>As at 31 March 2015</b>			
Payables	777	—	—
<b>As at 31 March 2014 (restated)</b>			
Payables	6,560	—	—

### 29 Loan to the Liontrust Asset Management Employee Trust

The Company is the sponsor of Liontrust Asset Management Employee Trust (the 'EBT'). Following a number of loan repayments during the year, a review of previous impairment was carried out under the appropriate accounting standards and the value of the loans was reinstated resulting in a gain of £4,245,000 (2014: nil). This gain has been included in the Company statement of Comprehensive Income. The value of the loans to the EBT was calculated at £4,125,000 (2014: £4,415,000). The current value of the shares held in the EBT are disclosed in Note 20.

## 30 Administration expenses

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
<b>Employee costs</b>		
– Director, member and employee costs	1,112	853
– Pension costs	8	123
– Share incentivisation expense	284	880
– Termination costs	31	75
	1,435	1,931
<b>Non employee costs</b>		
Other administration expenses	3,416	3,576
	4,851	5,507

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
Share incentivisation expense		
– Share option expense	28	278
– Share option NIC expense <sup>(1)</sup>	–	453
– Share incentive plan expense	100	69
– Share option related administration expenses	156	80
	284	880

<sup>(1)</sup> See note 25 prior year adjustment

The average number of members and employees engaged in business for the Company excluding non-executive directors, was 6 (2014: 6). All members and employees are involved in the investment management business of the Group. The costs incurred in respect of the directors, members and employees was:

	Average number of members and employees during the year	Year ended 31-Mar-15		
		Wages and salaries £'000	Social security costs £'000	Total £'000
General management	3	739	149	888
Finance, Operations and IT	3	99	20	119
Non-executive directors	3	88	17	105
	9	926	186	1,112

	Average number of members and employees during the year	Year ended 31-Mar-14		
		Wages and salaries £'000	Social security costs £'000	Total £'000
General management	3	579	70	649
Finance, Operations and IT	3	120	15	135
Non-executive directors	3	62	7	69
	9	761	92	853

## Notes to the Financial Statements continued

### 31 Operating profit

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
The following items have been included in arriving at operating profit:		
Foreign exchange gains	2	2
Depreciation	91	65
Staff costs (note 30)	1,435	1,931
Services provided by the Company's auditors:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	14	14

Fees paid to PricewaterhouseCoopers LLP for non-audit services to the Company are not disclosed in the financial statements because the Group's consolidated financial statements are required to disclose such fees on a consolidated basis.

### 32 Interest receivable and payable

The Company follows the same risk management policies as detailed for the Group in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2014: 0.0%).

### 33 Taxation

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 (restated) £'000
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 21% (2014: 23%) *	–	(104)
Adjustments in respect of prior year	–	12
	–	(92)
Total current tax (note (b))	–	(92)
Deferred tax	87	161
Total charge in period	87	69
(b) Factors affecting current tax		
Profits on ordinary activities before tax	10,425	1,074
Profit on ordinary activities at UK corporation tax rate of 21%	2,189	247
Effects of:		
Group dividends not taxable	(1,764)	(920)
Expenses not deductible for tax purposes	9	108
Depreciation in excess of capital allowances	(2)	(12)
Adjustment in respect of deferred tax recoverability rate to 20%	49	120
Tax relief on exercise of unapproved options	(1,512)	–
Taxation relief given to other Group companies	1,118	514
Adjustment in respect of prior periods	–	12
Total Taxation	87	69

\* The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 21%. On 1 April 2014 further changes were enacted in the 2014 Finance Act that will reduce the standard rate of corporation tax to 20% with effect from 1 April 2015.

### 34 Property, plant and equipment

	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
<b>Year to 31 March 2015</b>				
<b>Cost</b>				
At 31 March 2014	288	232	257	777
Additions	21	29	53	103
Disposals	—	—	—	—
At 31 March 2015	309	261	310	880
<b>Accumulated depreciation</b>				
At 31 March 2014	101	215	196	512
Charge for the year	50	7	34	91
Disposals	—	—	—	—
At 31 March 2015	151	222	230	603
<b>Net Book Value</b>				
At 31 March 2015	158	39	80	277
At 31 March 2014	187	17	61	265
	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
<b>Year to 31 March 2014</b>				
<b>Cost</b>				
At 31 March 2013	193	229	209	631
Additions	95	3	48	146
Disposals	—	—	—	—
At 31 March 2014	288	232	257	777
<b>Accumulated depreciation</b>				
At 31 March 2013	56	211	180	447
Charge for the year	45	4	16	65
Disposals	—	—	—	—
At 31 March 2014	101	215	196	512
<b>Net Book Value</b>				
At 31 March 2014	187	17	61	265
At 31 March 2013	137	18	29	184

Depreciation has been included in the Statement of Comprehensive Income within administration expenses.

## Notes to the Financial Statements continued

### 35 Intangible assets

Year to 31 March 2015

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Walker Crips	4,998	2 Years
<b>Investment management contracts £'000</b>		
<b>Cost</b>		
At 1 April 2014		12,240
Additions		—
Disposals		—
At 31 March 2015		12,240
<b>Accumulated amortisation and impairment</b>		
At 1 April 2014	4,794	
Amortisation charge for the year	2,448	
Disposals	—	
At 31 March 2015	7,242	
<b>Net Book Value</b>		
At 31 March 2015	4,998	
At 31 March 2014	7,446	

### 36 Investment in subsidiary undertakings

The Company's investment in subsidiary undertakings represents 100% interests (unless otherwise stated) in the ordinary shares, capital, voting rights and redeemable preference shares (unless stated otherwise) of Liontrust Investment Funds Limited and Liontrust Investment Services Limited, both registered in England whose principal activity is as operating companies for the Group's investment management LLP's; Liontrust Investment Solutions Limited, whose principal activity is investment management; and Liontrust International (Guernsey) Limited, incorporated in Guernsey (in liquidation). All subsidiary undertakings have the same accounting date as the parent company. Full details of the Company's subsidiary undertakings can be found on page 23.

During the year to 31 March 2015 the Company has reduced its investment in Liontrust International (Guernsey) Limited by £1 million prior to the liquidation of this business.

The Company has increased its investment in Liontrust Investment Funds Limited by £1.46 million and Liontrust Investment Services Limited by £4.32 million as part of the process of the exercise of the ICI's.

	2015 £'000	2014 £'000
Balance at 1 April	5,480	4,930
Additions during the year	4,781	550
Balance at 31 March	10,261	5,480

## 37 Deferred tax

Deferred tax assets	2015 £'000	2014 £'000
Balance as at 1 April	1,174	1,335
Deferred tax on timing differences	(37)	(41)
Adjustment in respect of tax rate change	(49)	(120)
Balance as at 31 March	1,088	1,174

The following items are included in the above deferred tax balance: Deferred tax relating to losses which are expected to be credited to taxation payable on future profits: £1,088,000 (2014: £1,174,000).

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Company has recognised deferred tax at 20% to reflect this reduction.

## 38 Trade and other receivables

	2015 £'000	2014 £'000
Receivables due from subsidiary undertakings	5,479	3,878
Prepayments and accrued income	89	375
	5,568	4,253

All financial assets listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

## 39 Financial assets

Assets held as available-for-sale:

The Company's financial assets held as available-for-sale represent shares in the sub funds of the Liontrust Global Fund PLC and are valued at bid price. The assets are all categorized as Level 1 in line with the categorization detailed in note 16.

Financial assets	2015			2014		
	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
Ireland Open Ended Investment Company	–	224	224	–	47	47
	–	224	224	–	47	47

## 40 Foreign currency translations

	2015 £'000	2014 £'000
Foreign currency translation (losses)/gains on:		
– Other operating activities	(1)	(1)

Gain/(losses) on foreign currency translations are taken to the Company Statement of Comprehensive Income.

## Notes to the Financial Statements continued

### 41 Trade and other payables

	2015 £'000	2014 (restated) £'000
Other payables including taxation and social security	80	143
Payables due to subsidiary undertakings	63	4,982
Other payables	634	1,435
	777	6,560

All financial liabilities listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

### 42 Ordinary Shares

	2015 Shares	2015 £'000	2014 Shares	2014 £'000
<b>Authorised shares of 1 pence</b>				
As at 31 March	60,000,000	600	60,000,000	600
<b>Allotted, called up and fully paid shares of 1 pence</b>				
As at 1 April	42,471,555	424	38,896,555	398
Issued during the year	3,000,000	30	3,030,000	26
Repurchased during the year	–	–	(455,000)	–
As at 31 March	45,471,555	454	41,471,555	424

### 43 Operating lease commitments

The Company is committed to making the total of future minimum lease payments on office properties under non-cancellable operating leases in each of the following periods:

	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
<b>Amounts due</b>		
within one year	428	428
Between one year and five years	713	1,140
Later than five years	–	–
	1,141	1,568

There are no special terms for renewal or purchase options for the Company's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

### 44 Related Party Transactions

As at 31 March 2015 the Company owed the following intercompany balances to:

Liontrust Fund Partners LLP - £nil (2014: £3,782,000), these amounts arose from Group operations; and  
 Liontrust Investment Partners LLP - £63,000 (2014: £48,000), these amounts arose from Group operations; and  
 Liontrust International (Guernsey) Limited - £nil (2014: £1,152,000), these amounts arose from Group operations.

As at 31 March 2015 the Company was owed the following intercompany balances by:

Liontrust Fund Partners LLP - £1,157,000 (2014: £nil); and  
 Liontrust Investment Fund Limited - £244,000 (2014: £nil); and  
 Liontrust Investment Solutions Limited - £417,000 (2014: £218,000); and  
 Liontrust Investment Services Limited - £3,661,000 (2014: £3,661,000); these amounts arose from Group operations.  
 Liontrust Asset Management Employee Trust - £4,414,000 (2014: £4,414,000).

During the year the Company received £2,448,000 (2014: £2,448,000) from Liontrust Investment Partners LLP in respect of Group operations.

## **45 Contingent assets and liabilities**

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A contingent liability has arisen during the normal course of business which relates to a claim made by a former member against Liontrust Asset Management PLC, Liontrust Investment Partners LLP, Liontrust Investment Services Limited and the individual members of the LLP (together, the "Respondents"). As the timing and amount of any potential liability cannot be reliably estimated at this stage they are not disclosed.

## **46 Post balance sheet event**

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There have been no post balance sheet events.

### **Forward Looking Statements**

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses and plans of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that have not yet occurred. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

# Independent Auditors' Report to the members of Liontrust Asset Management PLC

## Report on the financial statements

### Our opinion

In our opinion, Liontrust Asset Management Plc's Group financial statements and Company financial statements (the "financial statements"):

- Give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2015 and of its profit and cash flows for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

### What we have audited

Liontrust Asset Management Plc's financial statements comprise:

- The Consolidated and Company Statements of Comprehensive Income for the year ended 31 March 2015;
- The Consolidated and Company Balance Sheets as at 31 March 2015;

### Our audit approach

Overview



Overall Group materiality: £360,000 which represents 5% of profit before tax.

- Full scope audits of Liontrust Investment Partners LLP and Liontrust Fund Partners LLP because these are the financially significant entities and, together representing more than 95% of the profit before tax of the Group.
- Full scope audits of Liontrust Investment Solutions Limited, Liontrust Investment Funds Limited and Liontrust Investment Services Limited as a number of financial statements items, including cash and cash equivalents and revenue, are material to the Group financial statements.

#### Group and Company

- Recognition of management fees, box profits and performance fees.
- Recognition of share-based payments.

#### Company only

- Gain on re-instatement of loans to Liontrust Asset Management Employee Trust.

#### The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls and fraud in revenue recognition, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

- The Consolidated and Company Cash Flow Statements for the year then ended;
- The Consolidated and Company Statements of Changes in Equity for the year then ended; and
- The Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Financial Statements (the "Annual Report"), rather than in the Notes to the Financial Statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
<b>Group and Company</b>	
<b>Recognition of management fees, box profits and performance fees</b>	
<p>Refer to note 4. Revenue and note 1. Principal accounting policies.</p> <p>Revenue is the most significant account balance in the Consolidated Statement of Comprehensive Income. We focussed on this area as a result of the inherent risk in the components of revenue described below.</p> <p>The Groups operations are largely manual in nature and most of the revenue entries are recorded by manual journals.</p>	<p>For all the revenue streams we understood and evaluated the design and implementation of key controls, including relevant Information Technology systems and controls, in place at the outsourced providers. This included both in-house and outsourced activities at the administrators and transfer agent ('outsourced providers').</p>
<p><i>Management Fees</i></p> <p>In 2015, management fees net of rebates made up the majority of revenue. The recognition of management fees is dependent on the terms of the underlying investment management contracts ("IMCs") between the Group and its clients and/or the funds it manages. It is calculated as a percentage of Assets Under Management ("AUM") and the percentage applied varies across different funds and products. Assessing the AUM of these funds involves judgement as it is correlated to the market value of a wide range of financial instruments held by these funds and/or clients. Management fees are accounted for net of rebates and renewal commissions.</p>	<p>To obtain audit evidence over the key controls at Liontrust and at the outsourced providers supporting the calculation and recognition of revenue, we:</p> <ul style="list-style-type: none"> <li>• Performed testing of key Liontrust controls to obtain evidence of operational effectiveness of those key controls throughout the year; and</li> <li>• Assessed the control environment in place at outsourced providers to the extent that it was relevant to our audit. This assessment of the operating and accounting structure in place involved obtaining and reading the report issued by the independent auditor of the outsourced providers in accordance with generally accepted assurance standards for such work. We then identified those key controls on which we could place reliance to provide audit evidence. Where the controls reports had not been prepared for year ended 31 March 2015, we assessed the gap period and obtained bridging letters where necessary.</li> </ul>
<p><i>Box Profits</i></p> <p>Box profits vary from one transaction to another and result from the daily creations and cancellations of fund units which make this revenue stream complex. This creates an increased risk of fraud and error.</p>	<p>We identified no significant control weaknesses.</p>
<p><i>Performance fees</i></p> <p>Performance fees are driven by the outperformance of one individual segregated mandate this year. Like management fees, performance fees are set by the IMCs. Performance fees are standard industry practice but are often one-off or infrequent and involve complex calculations. The fund managers are entitled to receive a significant portion of the fee, as such there is an incentive to overstate this fee and/or recognise it before the performance criteria have been met.</p>	<p>We performed tests over manual journal entries posted to revenue to identify unusual or irregular items which included understanding the nature and purpose of the journal and agreed the details to supporting and corroborative evidence. No material exceptions were noted.</p>
<p><i>Management Fees</i></p> <p>We re-performed a sample of the management fee calculations by using independently confirmed AUM and fee rates obtained from the IMCs as inputs. In respect of rebates, we obtained data generated by the transfer agent of the Units Trusts and reconciled back to Group records. For a sample, we recomputed rebate by using rebates contracts.</p>	
<p><i>Box Profits</i></p> <p>We reconciled the box profits revenue recognised in the accounting records to supporting values obtained independently from the transfer agent. We relied on information obtained from the transfer agent for which controls evidence was obtained.</p>	
<p><i>Performance fees</i></p> <p>We recalculated a sample of the performance fees and confirmed that the computation was in accordance with the signed IMCs. We agreed that the fee had crystallised and was recognised in the correct period.</p>	<p>Based on our procedures, revenue was measured and recognised in accordance with the various contractual agreements in place with customers and outsourced providers. In addition, the judgements made by management were supportable and reasonable in the context of materiality and the input data used was consistent with supporting documentation.</p>

# Independent Auditors' Report to the members of Liontrust Asset Management PLC continued

Area of focus	How our audit addressed the area of focus	
<b>Group and Company</b>		
<b>Recognition of share-based payments</b>	<p>Refer to the Remuneration report, note 20. Own shares and note 1. Principal accounting policies.</p> <p>We focused on this area because there is an inherent risk due to the judgemental nature in determining the value of the awards, the interpretation of complex terms in the scheme agreements, the number of schemes in operation, the required record keeping and the manual nature of the calculations.</p> <p>The key assumptions in calculating the share-based payment expense are the leaver rate and performance conditions. Management can choose among a wide range of complex pricing models to assess the value of the options granted.</p> <p>In addition, the expense is material to the financial statements.</p>	
	<p>We obtained an understanding of the controls in place around share-based payments. The controls on share-based payments were not formalised, therefore we have not relied on controls for this area.</p> <p>We performed the following substantive procedures for each type of share-based payments transaction:</p> <ul style="list-style-type: none"><li>• We obtained and read the deed of grant for new awards issued during the year. For these new awards, we verified that they were appropriately authorised, consistent with scheme plans, classified correctly as equity or cash settled and used the correct share price.</li><li>• We checked that the option pricing models remained appropriate for the existing awards and that the awards granted during the year did not require the use of an option pricing model.</li><li>• We assessed for reasonableness of the estimates made in relation to leaver rate, performance conditions and/or service conditions for the existing awards by examining historical data.</li><li>• We tested a sample of options exercised during the year to confirm that they were exercised in accordance with the terms of the grant, recorded at the correct value and appropriately authorised. We obtained details of all the outstanding awards and checked that the charge was spread in accordance with the appropriate period of the award.</li></ul> <p>Based on our work, the treatment and disclosures relating to the schemes were consistent with the requirements of IFRS 2. Furthermore, we found that the pricing model used to value the awards to be in line with accepted market practice and we considered that the assumption made by management were reasonable based on the evidence provided.</p>	
<b>Company only</b>		
<b>Gain on re-instatement of loans to Liontrust Asset Management Employee Trust.</b>	<p>Refer to note 29. Loan to Liontrust Asset Management Employee Trust and note 1. Principal accounting policies.</p> <p>Liontrust Management Services Limited granted loans to the Employee Benefit Trust to buy share options as part of the Members Capital Incentive Plan.</p> <p>These loans were partially impaired in 2010 as the value of the shares had dropped below their initial cost.</p> <p>Some of these options were exercised during the year. This resulted in a gain as the exercise price received exceeded the carrying value of the loans. These exercises also triggered the partial reversal of impairment of the remaining loans. The amount of the re-instatement was calculated using the share price as at 31 March 2015, provided that the share price was lower or equal to the initial cost.</p> <p>We focused on this area because there is a risk that the gain on re-instatement of the loans was improperly calculated and a risk that the conditions were not met for the impairment to be reversed.</p>	<p>We tested that the conditions were met for the impairment to be reversed and gain to be recognised, in particular we checked that the share price used to assess the value of the loans at year end was higher than the price at the impairment date.</p> <p>We recalculated the gain on re-instatement and compared it to management figures. The main input of this computation was the number of shares and the share price.</p> <p>We obtained the number of shares from the audited financial statements for awards granted in previous years. We tested the new awards as set out in the share based payments area of focus above. We obtained the share price from a publicly available external source. We ensured that the reversal of impairment was lower or equal to the impairments previously recorded.</p> <p>Based on our work we found that the gain on the reinstatement of loans to Liontrust Asset Management Employee Trust was materially correct and appropriately recognised.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured along a single business line being investment management. The Group financial statements are a consolidation of the Company and seven subsidiary entities, six of which are based in the United Kingdom.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed over the Company and each of the subsidiaries by us, as the Group engagement team, and also as auditors for each of the subsidiaries to be able to conclude whether sufficient appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole had been obtained.

We therefore performed full scope audits on the complete financial information of Liontrust Investment Partners LLP, Liontrust Fund Partners LLP because they are financially significant components, together representing more than 95% of Group revenue and Group profit before tax. We performed a full scope audit of Liontrust Investment Solutions Limited, Liontrust Investment Funds Limited and Liontrust Investment Services Limited as a number of financial statements items, including cash and cash equivalents and revenue, are material to the Group financial statements.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall Group materiality</b>	£360,000 (2014: £283,000).
<b>How we determined it</b>	5% of Group profit before tax.
<b>Rationale for benchmark applied</b>	We have applied this benchmark because it is a benchmark against which the Group's performance is commonly measured and a recognised GAAP measure.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £18,000 (2014: £14,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Going concern

Under the Listing Rules we are required to review the Directors' Responsibility Statement, set out on page 25, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' Responsibility Statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation,

and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

### Other required reporting

#### Consistency of other information

Companies Act 2006 opinion

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

### ISAs (UK and Ireland) reporting

#### Under ISAs (UK and Ireland) we are required to report to you if, in our opinion:

- Information in the Annual Report is:
  - Materially inconsistent with the information in the audited financial statements; or
  - Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or
  - Otherwise misleading.
- the statement given by the directors on page 25, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.
- the section of the Annual Report on page 32, as required by provision C.3.8 of the Code, describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee.

We have no exceptions to report arising from this responsibility.

We have no exceptions to report arising from this responsibility.

We have no exceptions to report arising from this responsibility.

# Independent Auditors' Report to the members of Liontrust Asset Management PLC continued

## Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

## Directors' remuneration

Remuneration report - Companies Act 2006 opinion

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibility Statement set out on page 25, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

### Sally Cosgrove (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
17 June 2015

- The maintenance and integrity of the Liontrust Asset Management Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Shareholder information

## Directors and Advisers

### Registered Office and Company number

2 Savoy Court, London WC2R 0EZ

Registered in England with Company Number 2954692

### Company Secretary

Mark Jackson

Tower Bridge House

St Katharine's Way

London E1W 1DD

### Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London, Riverside

London, SE1 2RT

### Legal Advisers

Macfarlanes LLP

20 Cursitor Street

London EC4A 1LT

## Financial Calendar

Year End

31 March

Half Year End

30 September

Results announced:

Full year: June, half year: November

Interim report available:

December

Annual Report available:

June

Annual General Meeting:

September

## Share price information:

The Company's shares are quoted on the London Stock Exchange and the price appears daily in The Financial Times, (listed under 'General Financial').

## UK authorised unit trusts:

Liontrust UK Growth Fund  
Liontrust Global Income Fund  
Liontrust UK Smaller Companies Fund  
Liontrust Special Situations Fund  
Liontrust FTSE 100 Tracker Fund  
Liontrust European Growth Fund  
Liontrust Asia Income Fund  
Liontrust Macro Equity Income Fund  
Liontrust Macro UK Growth Fund

## Ireland domiciled open-ended investment company

Liontrust Global Funds PLC, comprising seven sub funds:  
Liontrust GF European Strategic Equity  
Liontrust GF Global Strategic Bond Fund  
Liontrust GF Macro Equity Income Fund  
Liontrust GF Special Situations Fund  
Liontrust GF UK Growth Fund  
Liontrust GF Global Income Fund  
Liontrust GF Asia Income Fund

### Bankers

Royal Bank of Scotland Plc

280 Bishopsgate

London EC2m 4RB

### Financial Adviser and Corporate Broker

Numis Securities Limited

The London Stock Exchange Building

10 Paternoster Square

London EC4M 7LT

### Registrars

Capita Registrars

The Registry

34 Beckenham Road

Kent BR3 4TU

## Shareholder information continued

## Unit trust prices:

The prices of Liontrust's range of authorised unit trusts are listed on our website [www.liontrust.co.uk](http://www.liontrust.co.uk).

### **Further information:**

For further information on the Company's range of funds and services please contact our Broker Services Department at:

Liontrust Fund Partners LLP  
2 Savoy Court  
London WC2R 0EZ

Telephone: 020 7412 1700  
Facsimile: 020 7412 1779  
e-mail: [info@liontrust.co.uk](mailto:info@liontrust.co.uk)  
or visit: [www.liontrust.co.uk](http://www.liontrust.co.uk)

#### **Group subsidiary entities – board members:**

Liontrust Investment Funds Limited

V.K. Abrol J.S. Ions

Liontrust Fund Partners LLP

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

Liontrust Investment Services Limited

V.K. Abrol J.S. Ions

Liontrust Investment Partners LLP

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

#### Investment companies – board members:

Liontrust Global Funds Plc

E.J.F. Catton S. O'Sullivan  
D.J. Hammond

## NOTES



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