SANNE

Annual Report for the year ended **31 December 2015**

Stock code: **SNN** **www.sannegroupplc.com**

The difference

SANNE

Welcome to Sanne Group plc's 2015 Annual Report

Sanne is a specialist global provider of outsourced corporate and fund administration, reporting and fiduciary services.

Established for over 25 years and listed on the Main Market of the London Stock Exchange, the Group employs approximately 350 people worldwide.

The Group targets alternative asset markets that have high barriers to entry and require specialist expertise to service. Key clients include alternative asset managers, financial institutions, family offices and corporates.

The Group has a presence in established international financial centres including Jersey, Guernsey, London, Luxembourg, Dublin, Dubai, Hong Kong, Shanghai and Singapore.

www.sannegroupplc.com

For more information, see our website

Performance highlights

Revenue

+28%

2015: £45.6m
2014: £35.6m

Adjusted[1] operating profit

+39%

2015: £15.7m
2014: £11.3m

Adjusted[1] profit before tax

+79%

2015: £14.5m
2014: £8.1m

Operating profit

£5.9m

2014: £11.0m

Profit before tax

£2.4m

2014: £7.8m

1. Adjustment is for exceptional items related to the Group's IPO and non-continuing and pre-IPO costs

Financial highlights

- Group revenue increased 28% to £45.6 million (2014: £35.6 million)
- Adjusted operating profit up 39% to £15.7 million (2014: £11.3 million)
- Adjusted profit before tax up 79% to £14.5 million (2014: £8.1 million)
- Earnings per share (EPS) at 1.4 pence (2014: 6.1 pence), adjusted EPS 12.4 pence (2014: 6.3 pence)
- Recommending final dividend per share (DPS) of 5.6 pence, bringing total dividend for the year to 7.0 pence, inclusive of the previously paid 1.4 pence interim dividend (2014: 4.9 pence)
- Exceptional items in the period included IPO transaction costs of £6.9 million, IPO related share based payment charges of £2.8 million and finance costs of £2.3 million relating to the write-off of loan issuance costs resulting from the restructure at the time of the IPO

Operational highlights

- Listing on the Main Market of the London Stock Exchange in April 2015
- Projected annualised value of new business won in the year of approximately £13 million (2014: £9.9 million)
- Strong pipeline of new business within Sanne's core alternatives focused business divisions (Debt, Real Estate and Private Equity)

Contents

Introduction

Chairman's Statement

"The Group is led by a strong Executive team with a broad range of complementary skills and a deep understanding of the outsourced administration sector."

2015 was a significant year for Sanne Group plc which, in April, successfully listed on the Main Market of the London Stock Exchange.

2015 overview

During the period Sanne Group plc ("the Company"), together with its subsidiaries ("the Group" or "Sanne"), delivered strong organic revenue and profit growth across its core business divisions while continuing to invest in its operational capabilities and infrastructure in order to maintain a robust platform in support of future performance. The financial discipline demonstrated by the Group ensured that the business continued to deliver impressive operating margins and cash conversion.

Dividend

The Board has adopted a progressive dividend policy. It still expects to retain sufficient capital to fund ongoing operating requirements, an appropriate level of dividend cover and funds to invest in the Group's long-term growth.

The Board is recommending a final dividend of 5.6 pence per ordinary share. The final dividend will be payable on 10 May 2016 to Shareholders on the register at close of business on 15 April 2016.

Together with the previously paid 2015 interim dividend of 1.4 pence per share, this gives a total dividend for the year of 7.0 pence per share.

Strategy

The Board has worked closely with the Executive team to develop a medium-term strategy. The strategy builds upon the existing asset and jurisdictional capabilities in order to continue to deliver organic growth. The Group aims to enhance performance with complementary strategic acquisitions in what is a consolidating market and maintains a healthy pipeline of opportunities.

We believe that there is a continuing trend towards the outsourcing of corporate and fund administration activities from asset managers and institutions driven by increasing regulation, cross-border investment and the growing expectation of independent oversight. Furthermore, there remains strong underlying growth trends within the alternatives sector, which has been a particular area of focus for Sanne.

The Group is led by a strong Executive team with a broad range of complementary skills and a deep understanding of the outsourced administration sector. We believe that this team, supported by the next tier of management, is well placed to lead the Group in order to meet its strategic objectives.

Outlook

The Board sees continued opportunities for growth despite market uncertainty. A healthy level of new business wins in 2015 means there is a strong forward momentum, particularly within those business lines focused on the alternatives markets. The Board looks forward to enabling the Group to meet both its organic and inorganic strategic goals.

Rupert Robson
Chairman

"We are committed to building a sustainable global business for the long-term."

Dean Godwin
Chief Executive Officer

Introduction

Chief Executive Officer's Statement

Dean Godwin
Chief Executive Officer

"On 1 April 2015 the Company listed on the Main Market of the London Stock Exchange marking a new chapter in the Group's history."

A great deal has been achieved during 2015 which has seen Sanne achieve strong growth across its core business activities while successfully completing an initial public offering on the London Stock Exchange.

Summary of 2015 financial performance

We continued to grow with strong performance across the business divisions which resulted in revenues growing by £10.1 million during the period (2014: £9.6 million).

By continuing to focus on an efficient staff utilisation model we were able to grow gross profit in line with revenue resulting in adjusted operating profit before tax of £15.7 million (2014: £11.3 million). This performance, coupled with a focused investment in the operating platform and infrastructure, has meant that margins have been increased with the adjusted operating profit margin for the full year at 34% compared to 32% in 2014.

During the reporting year the Group secured new business totalling approximately £13 million on a projected annualised value basis which compares with circa £9.9 million won during 2014. Of this, approximately £6.7 million was from new clients to Sanne and it is hoped further revenues can be generated over time as these mandates are broadened across a wider range of services. The full revenue impact of many of these new structures will continue to increase into 2016 as implementation is completed.

Key events in 2015

On 1 April 2015 the Company listed on the Main Market of the London Stock Exchange marking a new chapter in the Group's history. The successful listing has provided the Group with a stable capital base on which to progress further its objective of building scale in established and emerging markets across all business lines.

The Group has continued expanding its service provision through the development of new reporting services and the roll-out of capabilities across the existing global network and operating platform. Examples of this include the development of regulatory reporting services in response to the US Foreign Account Tax Compliance Act ("FATCA") and the European Alternative Investment Fund Managers Directive ("AIFMD") requirements where Sanne is working with clients to deliver multi-jurisdictional reporting solutions.

Performance in the year reflects the conversion of a strong pipeline of new business from existing and new clients across core asset classes as well as delivering the full revenue impact of new structures secured in 2014. We have invested in staff at both a senior and operational level to ensure new work can be serviced effectively, particularly in fast growing divisions such as Real Estate and Debt. We have also strengthened our capabilities at a Group level to keep pace with the needs of the business, particularly in key control functions such as risk and compliance.

We have continued to recruit in operational centres outside of our Jersey headquarters as the Group expands its service offering and client base globally. In London, new office premises have been taken on to support this expansion and provide space for further recruitment. We also continue to evaluate alternative service centres to deliver operational leverage and offer new jurisdictional opportunities.

Employees

As a people business, the strength and depth of Sanne's management team and employees is a core contributor to the Group's success. Our employees remain core to the quality of the service offering to clients and we will continue to recruit high calibre individuals as we grow. We are committed to encouraging employees to continue with their professional development both through recognised qualification routes as well as continuous, industry specific learning programmes.

We are also committed to developing the employee value proposition to ensure that Sanne is recognised as nurturing a positive and supportive working environment which recognises and rewards individual and collective performance.

Focus

Sanne's ongoing strategic focus is to continue building scale in established and emerging markets to be a leading provider of corporate and fund administration, reporting and fiduciary services.

We will continue to invest in people and infrastructure in support of our strategic objectives while maintaining the financial discipline required to sustain operating profit margin.

We will focus on delivering organic growth while also evaluating acquisition opportunities that enable us to deepen existing asset capabilities, broaden the product offering and deliver greater jurisdictional diversification through operational scale in existing offices as well as entering new markets.

The Group is committed to undertaking acquisitions which assist with the delivery of strategic objectives and we have reviewed a range of opportunities during the year.

Since the year end the Group has acquired Chartered Corporate Services ("CCS"), a Dublin-based corporate services business that specialises in the delivery of company secretarial, liquidation, payroll and VAT reporting services. CCS will complement our existing operations in Ireland, delivering additional scale and product capabilities across our corporate services offering and demonstrating a commitment to acquiring businesses that support existing growth opportunities and deliver greater jurisdictional and product diversity.

Sanne has also recently entered into an agreement to acquire IDS Fund Services ("IDS"), a company headquartered in South Africa, which provides outsourced investment administration services to the asset management industry, particularly focused on hedge fund clients. The acquisition of IDS broadens Sanne's alternative asset capabilities through the delivery of a hedge platform which can be leveraged across the wider Group network and delivers a new addressable market in South Africa. The acquisition also offers a lower cost operational platform that can be leveraged across the Group. The acquisition is expected to complete towards the end of the second quarter of 2016.

There is strong momentum in the business and I am very excited to be working alongside my colleagues across the Group to continue to invest in and build a business model which can deliver sustainable growth.

Dean Godwin
Chief Executive Officer

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Strategic Report

Sanne operates in a variety of end markets. These include the alternative asset classes of debt, real estate and private equity as well as the more general corporate and private client markets.

Strategic Report

Market

Sanne operates in a highly fragmented global sector covering a wide variety of end markets. This includes the defined alternatives space (debt, real estate and private equity) as well as the more general corporate and private client markets. The Group's multi-asset class focus and divisional diversity provides a degree of insulation from macroeconomic factors, particularly with the emergence of specialist asset classes, such as the private debt market, which provide other investment opportunities during periods of economic downturn.

In terms of the scale of the Group's addressable markets, assets under management at a global level were estimated to have reached $63.9 trillion in 2012 and are estimated to grow at 6.0% Compound Annual Growth Rate (CAGR) between 2012 and 2020, reaching a total of $101.7 trillion[1]. Within the alternatives markets, where the Group's main focus is, assets are projected to grow from $6.4 trillion in 2012 to $13.0 trillion in 2020, representing a higher CAGR than the overall market at 9.3 %. These markets have collectively already doubled in size since 2005 (source: McKinsey Global Asset Management Growth).

The demand for the Group's services and for outsourced services in the areas in which it operates is driven by global macroeconomic and regulatory trends. For fund and corporate structures regulated in financial centres such as Jersey and Guernsey, the administration of these structures requires a regulated business in the region. The Group benefits from the increasing level of work which these corporate entities and institutions are outsourcing to meet increasing regulatory obligations.

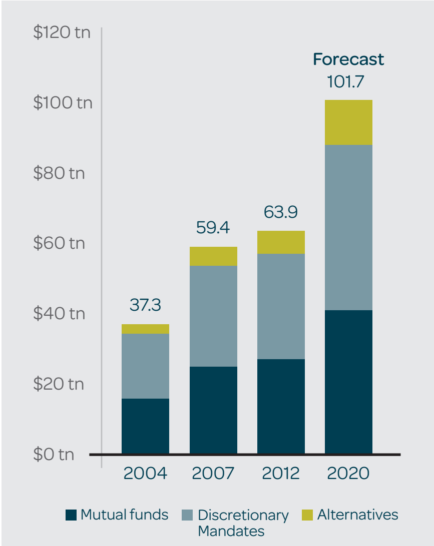
The growing regulatory framework applicable to fund and asset managers is creating revenue opportunities for specialist administrators like Sanne, along with the increasing demand for services provided by administrators due to more stringent controls and compliance processes being put in place in response to increasing transparency requirements. These include legislation such as the European Alternative Investment Fund Managers Directive and the US Foreign Account Tax Compliance Act.

The greater regulatory and compliance demands on asset managers are serving to increase both the challenges of meeting such requirements and the costs of compliance, both in terms of monetary fines and the intangible reputational harm of failing to do so. In the context of this environment and the growing transparency controls, specialist administrators play a vital and growing role. As well as the growing regulatory influence, there is an increasing level of regulatory differentiation as international centres are responding differently to onshore demands. The Group believes that its international footprint and expertise ensures it is well placed to provide services to multinational clients who require differentiated services across different markets.

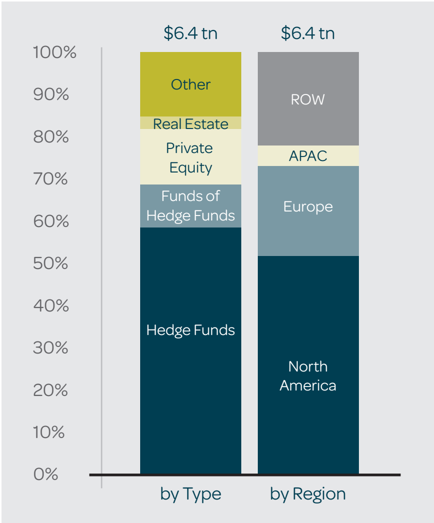
Specific to alternative assets, the Armstrong Report[1] attributes expected growth in these markets to the introduction of regulation such as AIFMD which is expected to make them more attractive and accessible as long-term investments. Recent research from Aberdeen Asset Management has shown that alternative strategies and assets are playing an increasingly prominent role in investment portfolios, driven by a desire for returns uncorrelated with equities. The Group's specialism in the alternatives space places it in a strong position to benefit from this identified market trend.

As well as the alternatives space, the Group operates in the global corporate and private client markets which are subject to many of the same regulatory and legislative drivers. According to the Hays Legal and Company Secretarial Market Overview 2013, the governance requirements placed on global corporates has resulted in outsourced company secretarial services expanding, as companies look to external specialist partners to support their corporate governance function. The Group provides specialist trustee services and associated incentive plan administration, a market that remains positive given the ongoing impact of regulation and the broader trend towards improving the transparency of the link between incentive pay-outs and company strategy.

Global assets under management ("AuM") and administration by type



Total alternative assets under administration by type



Alternative AuM projected to double from $6.4 trillion to $13.0 trillion between 2012 and 2020

1. Armstrong Report – Alternative Investment Fund Administration Market – Sector report, 26 March 2015 (Copy available at www.sannegroupplc.com)

Business Model

As of 31 December 2015, operations are focused on seven principal areas: Debt, Real Estate, Private Equity, Corporate and Institutional, Executive Incentives, Private Client and Treasury.

These operations span the Group's international footprint with Jersey providing the location of its headquarters. Core services include general administration, financial reporting, governance, regulatory services, investor services and treasury services.

Client teams are spread over geographies to ensure continuity of service and client relationships. Since each business division operates across some or all of the Group's locations, the Group does not have a geographic management structure.

In the alternatives product space, the Group believes that its ability to win new work and retain existing clients is demonstrative of its ability to provide the high touch and customised services that alternative asset managers require. In addition, structures within the alternatives space tend to be more bespoke in nature which makes automation challenging and reinforces the need for the type of tailored solutions that the Group's qualified and experienced staff are able to provide.

Although Sanne's contracts with its clients are typically terminable by either party given three months' written notice, once an outsourced service provider is contracted to support and administer a structure it is rare that they are replaced before the end of the structure's life.

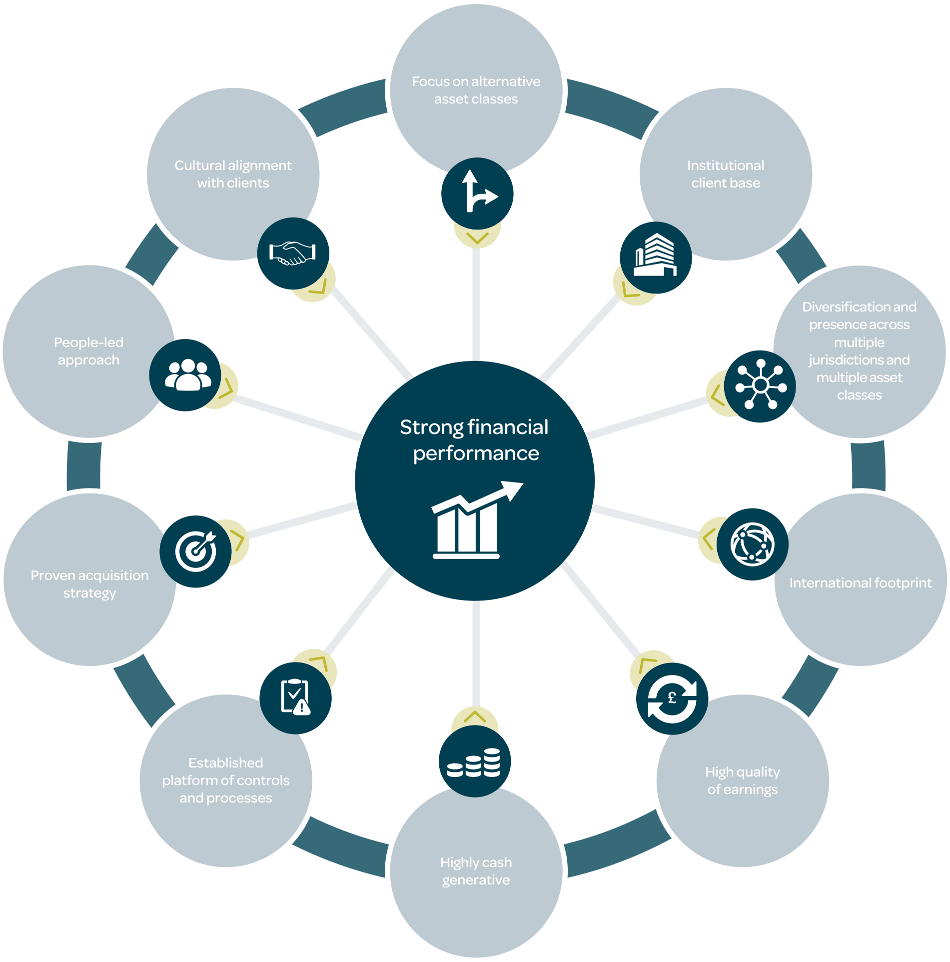
The Group has a predominantly institutional client base which is well diversified, with only two clients accounting for more than 5% each of normalised revenue (5.9% and 5.6% respectively). Furthermore, the top ten clients accounted for less than 29% of revenue in the financial year ended 31 December 2015. Clients of the Debt, Real Estate and Private Equity divisions are typically institutions focused on alternative asset classes; Executive Incentives clients are typically corporates; clients of the Private Client division are typically ultra-high net worth individuals and families; and the Corporate and Institutional division covers the remaining corporate and institutional client base.

In total, Sanne has approximately 600 clients and services approaching 3,200 structures.

The Group's core activities can be classified as follows:

Business division	Client profile	Services delivered
Debt	• Global financial institutions and credit fund managers	• Fund and corporate administration • Accounting and reporting services • Asset servicing • Loan agency and servicing (Debt) • Depositary services • Compliance monitoring • Transaction management • SPV administration • Company secretary/governance support • Regulatory reporting services • Listing services for the Channel Islands Securities Exchange (Corporate and Institutional) • Director and trustee services • Portfolio reporting (Private Client) • Philanthropy services (Private Client) • Cash and FX management (Treasury)
Real Estate	• Real estate asset managers, sovereign wealth funds, pension funds and institutions	
Private Equity	• Asset managers, institutions and family offices	
Corporate and Institutional	• International corporates, entrepreneurial groups and asset managers	
Executive Incentives	• Internationally listed companies, private companies and asset managers	
Private Client	• Ultra-high net worth individuals and family offices	
Treasury	• Sanne clients requiring treasury support	

Key Strengths



Focus on alternative asset classes
Alternative asset funds and structures are niche and require bespoke, tailored solutions due to their complexity. This requires qualified and experienced staff. This creates high barriers to entry and protects margins. Alternative asset classes are also high growth markets.

Institutional client base
The Group has a broad range of clients covering alternative asset managers, family offices, financial institutions and corporates.

Diversification and presence across multiple jurisdictions and multiple asset classes
Provides a natural hedge against a downturn in trading conditions in any one of the Group's markets.

International footprint
Ensures that Sanne is in the right jurisdictions to support new clients and win new business, with a strong presence in developed international financial centres.

Strong financial performance
Revenue CAGR of 35% between 2012 and 2015 and organic growth accounting for 24%. Adjusted operating profit CAGR of 37% across the same period.

High quality of earnings
The typical contract life is between five to ten years. This gives a high proportion of re-occurring revenue year on year.

Highly cash generative
Consistent levels of operating profit before exceptionals to cash generation with a cash conversion rate of 124% (2014: 94%).

Established platform of controls and processes
An emphasis on compliance and risk management is fundamental to the success of Sanne within an industry where reputational risk is high.

Proven acquisition strategy
The Group has a successful track record in sourcing, executing and integrating its chosen acquisitions.

People-led approach
Senior management involvement through the process of both winning new business and servicing the work; high quality and professionally qualified staff.

Cultural alignment with clients
Application of high-touch, tailored service and client-specific customised solutions mitigates against the commoditisation of services provided and supports the Group's strong margins.

Strategic Report

Strategy

The Group's growth strategy is both organic and inorganic which is reflected in its successful growth track record in recent years. New business is sourced both from capturing increased revenue from existing clients, as they introduce new structures and use the Group for additional services, and from new client relationships.

The strategic focus of the Group is to continue building scale in established and emerging markets to become the leading specialist in alternative fund administration, corporate administration, fiduciary and reporting services. The Group will continue to focus on building its client base of institutional corporates, institutional fund managers and institutionally minded family offices.

Organic growth

The key drivers of the Group's organic growth strategy include:

- Building out Sanne's presence in existing asset classes, with a particular focus on the alternatives space;
- Development of core asset led offerings to drive increased revenue opportunities through targeted entry into new asset classes;
- Market share development through the deepening of existing client relationships by offering the most comprehensive product and jurisdictional range;
- Cross-selling to existing clients between divisions and geographies and delivering new client wins through direct referrals, intermediary referrals and direct targeting. This includes inter-divisional initiatives to sell ancillary corporate products and services to existing funds clients;
- Expansion of global network and platform by building a presence in new jurisdictions to support operational growth and diversification and to capitalise on high growth markets outside of the current network; and
- Expansion of existing suite of services available to clients to ensure that the Group can continue to provide a 'one-stop-shop' solution to clients in each asset class, as well as differentiating Sanne from its competitors. Examples include the development of regulatory reporting, AIFMD depositary and management company services.

Acquisition growth

Additional to the Group's organic growth strategy is its acquisition strategy, demonstrated by management's pre-listing track record in sourcing, executing and integrating its chosen acquisitions. The Group take a highly selective and disciplined approach to acquisitions, seeking to add capital value to Sanne without an adverse impact on the existing business.

Assessments are made as to the long-term strategic rationale of an acquisition opportunity based on a number of indicators, including:

- The opportunity to build operational scale in existing and/or complementary jurisdictions;
- The opportunity to strengthen Sanne's existing service delivery platform and to deliver operational capability to support Sanne's growth story;
- The opportunity to acquire a skilled workforce to support Sanne's people-led approach;
- The synergy (rationalisation of systems and central functions) and cross-selling opportunities within the combined business;
- The opportunity for the acquisition to act as a barrier to entry for key competitors;
- The opportunity to deliver an alternative, lower cost outsourced platform; and
- The opportunity to further strengthen client relationships in cases where there are common clients.

The Group sees the potential for further consolidation in the sector and, therefore, future acquisition opportunities, driven by increasing regulatory requirements and the continuing exit of global accounting firms, law firms and banks from the industry. The Group reviews acquisition opportunities on an ongoing basis.

Recent acquisitions since the end of 2015 in Ireland and South Africa demonstrate the Group's commitment to an organic strategy complemented by targeted acquisitions.

Strategic Report

Key Performance Indicators

The Group uses a number of Key Performance Indicators to measure the performance of the Group, of each division and of various central support functions.

Revenue

Adjusted profit before tax

Adjusted diluted earnings per share

Adjusted operating cash conversion

Operating profit margin before exceptionals

% of revenue generated outside of Jersey

Operating profit before exceptionals

Projected annualised value of new business won in the year

Strategic Report

Divisional Review – Debt

Revenue

Gross Profit

Margin[3]

Overview

The Group's Debt business provides fund and corporate administration services to broadly two types of client: leading global financial institutions and debt asset managers.

The division's debt capital markets offering provides corporate services to a range of SPVs for many of Europe's major banks and other global financial institutions. Asset class experience covers a complete range of capital markets transaction structures including European Medium-Term Note Programmes, Collateral Loan Obligations, Asset Backed Securities and repackaging transactions.

The division's private debt funds team covers the main private debt funds asset classes including real estate finance, leverage loans, non-performing loans, structured finance and infrastructure debt.

The business offers debt specific financial reporting and transaction management expertise and specialist debt related services including loan administration and facility agent services.

Performance summary

Revenues for the year ended 31 December 2015 were £13.8 million (12 months to December 2014 on a pro forma basis[2]: £11.5 million) with a gross profit of £9.4 million (2014: £7.2 million).

The division has focused on maintaining its strong market position in the provision of administration services to non-bank lenders including peer-to-peer lenders and asset managers. The division has also seen a strong pipeline of loan agency business across a range of institutional clients. Operational capabilities have been increased in London and Dublin to reflect new work flows and this is enabling further business development opportunities driven by an ability to deliver services across a wider geographic footprint.

[2] Divisional revenue for 12 months to 31 December 2014 derived from 2014 financials adjusted for the integration of portfolios of contracts acquired from State Street in June 2013 ("Delorean") and May 2014 ("Ariel") and other divisional restructuring.

[3] Gross profit margin calculated on un-rounded numbers.

Divisional Review – Real Estate

Revenue

Gross profit

Margin[5]

Overview

The Group's Real Estate business provides corporate and fund administration services to real estate managers, sovereign wealth funds, pension funds and institutions across a range of real estate structures and their underlying vehicles which hold a range of property classes including offices, hotels, logistics, residential, student accommodation, industrial, retail and development.

The division's clients are broadly broken down into two key types: corporate entities and real estate investment funds.

The division's corporate team provides administration services to real estate clients comprising regulated and unregulated vehicles for both direct and indirect investment in real estate. Services cover the complete life cycle of commercial and residential portfolios through their acquisition, sale, leasing, development, management and operation.

The division's real estate funds team provides fund administration and related services to regulated and unregulated funds investing both directly and indirectly into real estate assets with a portfolio comprising a variety of open-ended and closed-ended public funds, private funds and joint ventures.

Performance summary

Revenues for the year ended 31 December 2015 were £10.2 million (12 months to December 2014 on a pro forma basis[4]: £6.3 million) with a gross profit of £6.4 million (2014: £3.7 million).

There have been new business wins from new and existing clients as the UK real estate market continues to attract significant investment. New client mandates are also being driven by a trend for fund managers to outsource non-core roles such as accounting back-office. A new funds platform has been implemented in the division which will enhance Sanne's administration capabilities and service clients' increasing reporting requirements. Recruitment continues in key operational centres (Jersey, London and Luxembourg) to service new work and create capacity to grow existing relationships.

[4] Divisional revenue for 12 months to 31 December 2014 derived from 2014 financials adjusted for the integration of portfolios of contracts acquired from State Street in June 2013 ("Delorean") and May 2014 ("Ariel") and other divisional restructuring.

[5] Gross profit margin calculated on un-rounded numbers.

Strategic Report

Divisional Review – Private Equity

Revenue

Gross profit

Margin[7]

Overview

The Group's Private Equity business provides specialist fund and corporate administration services to private equity houses, institutions and family offices with private equity style investment vehicles. The business operates across the majority of the Group's jurisdictional centres while also providing certain services to funds established in other jurisdictions including the Cayman Islands and BVI.

Services are delivered across a single platform supported by industry recognised IT systems. Multifunctional services teams include professional fund administrators, company secretaries and accountants with an understanding of specific niche assets and the regulatory framework in place in each jurisdiction.

The types of funds being administrated include buyout and leveraged funds, alternative asset class funds, listed funds, venture capital funds and fund of funds. Services include the provision of directors, transaction management, administration, financial reporting and compliance services to funds and SPVs.

Performance summary

Revenues for the year ended 31 December 2015 were £6.6 million (12 months to December 2014 on a pro forma basis[6]: £4.2 million) with a gross profit of £3.9 million (2014: £2.1 million).

A number of large mandates for new clients were secured during the period reflecting a strong service proposition and better alignment with the private equity manager community supported by a growth in fund-raising. The funds platform continues to be enhanced to deliver more efficient service and reporting to clients across the division and enhanced client reporting will continue to be developed to meet the requirements of key service relationships. The division continues to invest in its platform in Asia and Luxembourg to drive future growth.

[6] Divisional revenue for 12 months to 31 December 2014 derived from 2014 financials adjusted for the integration of portfolios of contracts acquired from State Street in June 2013 ("Delorean") and May 2014 ("Ariel") and other divisional restructuring.

[7] Gross profit margin calculated on un-rounded numbers.

Divisional Review – Corporate and Institutional

Revenue

Gross profit

Margin[9]

Overview

The Group's Corporate and Institutional business offers a comprehensive range of administration and accounting services to international corporates, institutions, entrepreneurial groups and asset managers.

The division assists clients and their advisors in establishing and providing ongoing administration services for a diverse range of structures, including group restructuring, asset holding vehicles, joint ventures, corporate funds and group financing vehicles.

Services include governance, fiduciary, company secretarial support, financial reporting, acting as listing sponsor for the Channel Islands Securities Exchange and AIFMD depositary services.

The Corporate and Institutional business often works in conjunction with the Group's other divisions to provide ancillary corporate services to specialist asset structures to extend the scope of services available to the client base.

Performance summary

Revenues for the year ended 31 December 2015 were £4 million (12 months to December 2014 on a pro forma basis[8]: £4 million) with gross profit of £2.6 million (2014: £2.6 million).

During this period there has been a continued focus on developing a distinct product suite not only suitable to those clients directly serviced through this business division but also for selling across all business divisions. Examples include the development of regulatory reporting services to meet the specific requirements of FATCA and AIFMD reporting. Furthermore, there has been continuing investment in Sanne's depositary service proposition delivered from an operational base in the UK (where Sanne is regulated to provide such a service) to be promoted across the alternatives focused business divisions.

[8] Divisional revenue for 12 months to 31 December 2014 derived from 2014 financials adjusted for the integration of portfolios of contracts acquired from State Street in June 2013 ("Delorean") and May 2014 ("Ariel") and other divisional restructuring.
[9] Gross profit margin calculated on un-rounded numbers.

Strategic Report

Divisional Review – Executive Incentives

Revenue

Gross profit

Margin[10]

Overview

The Group's Executive Incentives business provides specialist trustee services to employee share trusts and associated administration services to support the operation of a range of employee, executive and partner incentive plans. These services are provided to LSE Main Market, AIM and internationally listed companies, private companies, private equity backed businesses and fund managers.

Services include incentive plan management, corporate nominee account administration, transaction management and the administration of corporate actions and associated transactions.

A range of specialist services are also offered to fund managers and sovereign funds. These include deal executive and partner incentive and retention plans, co-investment and carried interest plans, and key-man incentive and retention plans for private equity investee/portfolio companies.

A private equity incubator service has also been developed specifically to offer a cost-effective solution for the swift implementation and efficient administration of employee trusts commonly required to hold key managers' interests during the incubation phase of a company, following private equity investment.

Performance summary

Revenues for the year ended 31 December 2015 were £4.8 million (12 months to December 2014 on a pro forma basis: £4.1 million) with a gross profit of £3.4 million (2014: £2.8 million).

The division continues to position itself as a leading provider of specialist trustee services to employee share trusts and associated administration services. The division often works in partnership with other large UK based share plan administration businesses to deliver best of breed service solutions to clients and this approach has ensured that they have been able to increase their share of the UK listed companies market. Further initiatives are under way to identify cross selling opportunities across the wider Group's client base.

[10] Gross profit margin calculated on un-rounded numbers.

Divisional Review – Private Client

Revenue

Gross profit

Margin[12]

Overview

The Group's Private Client business provides administration, accounting and fiduciary services to primarily ultra-high net worth individuals and families, often working with their respective family offices, with specialisms in investment and treasury and philanthropy.

The Private Client business implements and administers structures which enable founders to preserve and enhance family wealth and establish a legacy for future generations within a well-regulated environment. The family office team provide services to single and multi-family offices tailored to ensure the optimum use of the family offices' own in-house capabilities consistent with each family office's objectives and planning requirements.

The team's expertise includes transaction management capabilities across private client multi-asset investment portfolios, including private company shares, operating companies and specialist investments.

The Private Client business also establishes investment vehicles for private clients either investing individually or on a collective basis (with other family members, family offices or business associates) through the use of companies, limited partnerships and unit trusts.

Performance summary

Revenues for the year ended 31 December 2015 were £5.8 million (12 months to December on a pro forma basis[11]: £5.4 million) with a gross profit of £3.9 million (2014: £3.7 million).

There have been a number of significant client wins which ensure the continued development of the division around outsourced family office services. This enables the division to build specialist capabilities around a targeted ultra-high net worth private client base. The division has benefited from the recruitment of experienced resource from institutional providers which continues to drive further business development opportunities.

[11] Divisional revenue for 12 months to 31 December 2014 derived from 2014 financials adjusted for the integration of portfolios of contracts acquired from State Street in June 2013 ("Delorean") and May 2014 ("Ariel") and other divisional restructuring.

[12] Gross profit margin calculated on un-rounded numbers.

Strategic Report

Divisional Review – Treasury

Revenue

Gross profit

Margin[13]

Overview

The Group has invested in its Treasury division which continues to work closely with the business divisions to deliver competitive foreign exchange and treasury management services to client structures.

Services are focused on improving diversification and management of risk through diversification of deposits across a range of approved banks and enhancing returns through active treasury management asset pooling as well as providing foreign exchange transaction services.

Services are delivered by experienced treasury specialists with a deep understanding of money markets and an ability to balance risk management and yield enhancement objectives.

Performance summary

Revenues for the year ended 31 December 2015 were £0.4 million with a gross profit of £0.1 million.

Reported as a separate business division for the first time in 2015, the team have successfully engaged with clients across the Group and it is anticipated that this will continue to grow as strategic relationships are built with banking providers.

[13] Gross profit margin calculated on un-rounded numbers.

"At Sanne, we build service delivery capabilities across key assets and markets."

Dean Godwin
Chief Executive Officer

Risk Management

As a regulated provider of fiduciary and administration services, risk management is at the core of the Group's day-to-day activities.

Responsibility

The Board has overall accountability for ensuring the risks that could impact the success of delivering the Group's long-term strategic objectives are effectively managed. The Board has delegated oversight of the risk management framework to the Audit and Risk Committee, which reviews, at least annually, the effectiveness of the risk processes and internal controls in place.

Sanne also has an Executive Operational Risk Committee, which oversees business level risk management activities including risk escalation and risk exception management processes. The Chief Risk Officer, who is also the Chairman of the Executive Operational Risk Committee, has a direct reporting line to the Audit and Risk Committee.

However, quality control and risk management remain the responsibility of all Sanne employees. This responsibility includes the need to understand and adhere to policies and procedures in their daily activities.

Risk management approach

Sanne has followed industry good practice for risk management governance and adopted the 'three lines of defence' framework, namely business risk management, second-line risk management, and internal audit.

This framework includes a Group Risk Register which captures the risk universe, the risk appetite statement as defined by the Board and the control environment that is operated by the business to remain within risk appetite.

Objectives of risk management

The prime objectives of risk management in the Group are to ensure that there is:

- A strong risk aware culture, with a distinct tone from the top, so that employees are able to identify, assess, manage and report against the key risks to the business and implement the Group's business strategy;
- Prompt sharing and reporting of risk information with clear responsibilities alongside appropriate levels of considered risk-taking behaviour;
- An appropriate balance between cost of control and risk management, whilst also operating within the defined risk appetite; and
- A suitable basis upon which the Board can reach its conclusions on the effectiveness of the Group's risk management and internal controls.

Risk assessment

Sanne reviews and monitors risk exposures closely, considering the potential impact and any management actions required to mitigate the impact of emerging issues and future events. The Group Risk Register is the principal tool for monitoring risks which are classified in a strict hierarchy. The highest level (Level 1) identifies five risk categories: Business Model, Operational, People, Regulatory and Financial. The next level (Level 2) contains defined risk categories and the final level (Level 3) carries the detailed risks themselves which are captured and maintained across the Group.

Risks are assessed using a 1–4 scoring system with each Level 3 risk rated by assessing the likelihood of its occurrence and the associated impact. A residual risk score is then derived by taking into account an assessment of the internal control environment or other mitigation.

Risk appetite

In determining its risk appetite, Sanne has defined the levels of risk it is willing to take in the pursuit of its strategic objectives. This has been articulated as a Risk Appetite Statement with appetite set for each of the Level 2 categories within the Group Risk Register. For each Level 2 risk category, the risk appetite is compared against the associated residual risk to identify areas of focus.

Principal risks

The risks from the Group Risk Register are discussed, debated and challenged, firstly by senior management and Executive Directors, and then by the Audit and Risk Committee, with a view to presenting the key risks to the Board. The Board has agreed that the top ten risks will be presented in the Annual Report and Accounts as the Principal Risks and these are summarised in the following table, grouped by category along with details of mitigating actions. This is not an exhaustive list of all risks faced by the Group.

Assessment of principal risks

Using the described approach, the Board is able to confirm that they have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. Included on page 25 is the viability statement, which has been prepared with the assessment of these principal risks in mind.

Risk Description	Key Mitigants
Business Model Direction of change: ^ As a result of the Company's listing on the Main Market during 2015, the level of business model risk has increased given the raised profile and related public scrutiny.	
Acquisition There is a risk that acquisitions made by the Group do not achieve intended objectives, give rise to ongoing or previously unidentified liabilities or result in unintended consequences, including execution risk. The Group's strategy to deliver further growth through targeted acquisitions naturally increases acquisition activity and therefore increases this risk.	• Risk appetite set by the Board • Governance and challenge from independent Non-Executive Directors • Robust due diligence process, incorporating independent advice, prior to recommendations to the Board • Integration strategy in place prior to acquisition
Strategy The risk that the business model responds inadequately to changing market conditions or fails to meet its strategic objectives, such that sustainable growth, market share or profitability is affected. This is particularly the case due to ongoing changes within the outsourced administration industry, whereby asset classes are evolving and new asset classes are being created.	• Strategy regularly reviewed and challenged by Executive Committee and Board of Directors • Significant resource devoted to communicate strategy effectively • Strategy drives annual business planning process and performance based targets • Executive Operational Risk Committee ensures matters escalated are aligned with strategy and risk appetite
Competitors Failure to innovate and invest in appropriate systems increases the risk that we fall behind key competitors and do not meet the expectations of clients and other stakeholders. Digital developments and social media are rapidly evolving meaning that we must keep pace with the expectations of clients, especially with our strategic objective of delivering services to institutional clients.	• Functional budgets for digital / systems investment • COO responsible for monitoring and proposing investment in new systems • Board of Directors oversight of business systems
Vicarious It is in the nature of providing fiduciary and outsourced administration services that independent actions or inactions of our clients or counterparties can affect the reputation of the Group and may expose the Group to litigation.	• Robust client acceptance processes • Money laundering procedures • Conflicts of interest procedure and central register

Risk Management
continued

Risk Description	Key Mitigants
Operational Direction of change: ↑ There has been rapid growth across divisions and jurisdictions in the year which, combined with the Group being listed in the year, has placed additional pressures on the operational environment.	
Business Change The risk that the planning and implementation of change is ineffective or fails to deliver desired outcomes or results in resources being stretched to the detriment of business as usual activities.	• In-house change team reporting to Chief Operating Officer provides strong project management capability • Documented business plans and IT strategy • Over-arching governance of business critical programmes provided by Executive and Board
Business Continuity The risk that an internal or external event results in either failure or detriment to core business processes or services.	• Documented business continuity plans and testing • Continuous monitoring of IT systems availability • Dual data centre • Off-site continuity suite • Ability to move or manage between jurisdictional offices
Data Security The risk of a security breach (including cyber attacks) leading to loss of confidentiality, integrity or availability of data.	• Defined IT security procedures • Review of procedures and controls as part of the annual ISAE 3402 Type II report • System access controls and encryption • Physical security at all locations • Training and employee awareness
Process Risk that policies and procedures may not be in line with current regulatory, legal, client and other stakeholder expectations or are inefficient leading to poor client service and employee frustration.	• Documented procedures and controls with ongoing training • Allocated responsibility for continual maintenance, enhancement and training of policies and procedures • Compliance monitoring programme
People Direction of change: ↑ The level of people risk faced by the Group has increased in the year due to rapid growth leading to additional resources being required across the Group.	
Staff Resourcing Failure to attract, retain, develop and motivate the best people with the right capabilities across all levels and jurisdictions.	• Recruitment strategy, succession planning in place and employee value proposition • Established Remuneration Committee • Set objectives over talent planning and people development • Regular remuneration benchmarking • Established ACCA, ICAEW and ICSA training schemes

Risk Description	Key Mitigants
Regulatory Direction of change: > Whilst the environment is constantly evolving, the overall level of political/regulatory risk faced across the Group has not materially changed.	
Political / Regulatory Change Risk that Sanne's business model is materially impacted by legal, political or regulatory changes which restrict access to markets or services.	• Product / diversification strategy reduces impact • Jurisdictional oversight by Compliance • Horizon scanning by Executive Operational Risk Committee for upcoming potential changes • Strategy to ensure the business model remains flexible and responsive to change and is regularly reviewed • Active dialogue with regulators, government and industry bodies
Financial Direction of change: > There were no material changes to the level of financial risk faced by the Group.	
There were no principal risks identified in this Category.	

Long-term viability statement

The Directors have assessed the viability of the Group over a three year period, taking account of the Group's current position and the potential impact of the principal risks documented in the strategic report. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period.

In making this statement the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business in severe but reasonable scenarios, and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period.

As a newly listed company the Directors have determined that the three year period is an appropriate period over which to provide its viability statement.

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Financial Report

"Our growth strategy is underpinned by a stable revenue base which reflects the long-term nature of the relationships we maintain with clients."

Spencer Daley
Chief Financial Officer

Financial Report

Financial Overview – Chief Financial Officer's Report

"Operating profit margin (before exceptional costs) has increased by 2.7% to 34.4% (2014: 31.7%) during the year, reflecting the Group's growth in revenue and controlled overhead."

Reflecting its successful growth strategy, the Group delivered a strong operating performance during the year, with Group revenues increasing by 28% to £45.6 million (2014: £35.6 million).

Group results

Operating profit margin (before exceptional costs) has increased by 2.7% to 34.4% (2014: 31.7%) during the year, reflecting the Group's growth in revenue and controlled overhead. Operating profit before exceptional costs has increased by 38.9% during the year to £15.7 million (2014: £11.3 million). Exceptional costs related primarily to the costs associated with the Group listing and share based payments totalling £9.8 million which reduced the Group operating profit to £5.9 million (2014: £11.0 million). For further details on exceptional items see note 9 in the Notes to the Consolidated Financial Statements.

Net finance expense

Finance costs were £3.4 million (2014: £3.2 million) for the year. The Group repaid its previous debt facility at listing and as a consequence £2.3 million of loan issuance costs were written off and are included in the £3.4 million net finance costs.

Taxation

The Group's effective tax rate for the year was impacted by the costs of the IPO. Adjusting for the tax non-deductible exceptional items gives a Group normalised effective rate of 16.7% (2014: 16.1%), being the blended rate of the jurisdictions in which the Group operates. For further details see note 10 in the Notes to the Consolidated Financial Statements.

Earnings per share

Adjusted earnings per share were 12.4 pence (2014: 6.3 pence) whilst earnings per share were 1.4 pence (2014: 6.1 pence).

Statement of financial position and net funds

During the year the Group successfully rolled out a new time recording and client billing system. As a result of this the Group has been able to make efficiencies in the invoicing process, enabling improvement in the working capital cycle. Invoices relating to the fourth quarter of 2015 were raised and processed in December 2015; by contrast the client invoices billed and relating to the fourth quarter of 2014 were raised and processed in January 2015. This change has impacted on the make-up of the working capital of the Group presented in the financial statements. Comparisons of working capital should therefore be considered upon the total of trade receivables, accrued income and deferred revenue, which despite the increase in revenue of 28% has remained level at £11.8 million year on year. This reflects the continued importance given to the management of the working capital cycle by the Group.

The Group generated net cash flows from operating activities of £11.3 million in the year (2014: £9.2 million) contributing to closing net funds of £1.2 million (2014: net debt £33.6 million). The composition of net funds is defined in note 18 in the Notes to the Consolidated Financial Statements. Cash conversion of operating profit, adjusted for the impact of exceptional items, remains strong at 124% (2014: 94%).

The listing on 1 April 2015 included the issue of 14 million shares for consideration in cash which raised approximately £27 million of funds for the Group. This cash, alongside existing cash reserves and a new debt facility of £18 million, was used to meet the expenses of listing and also to repay the Group's previous debt facility of £45 million.

Spencer Daley
Chief Financial Officer

"We recruit and develop professionally qualified staff to build multi-functional teams aligned to the specific needs of clients."

Philip Godley
Chief Operating Officer

Governance

"2015 was a year of change and progress."

Rupert Robson
Chairman

Governance

Chairman's Introduction

Dear Shareholder,

2015 has been a year of considerable change for the Group, starting with the initial public offering in April 2015. In this, our first annual report since incorporation, we have set out our approach to governance and provided further information on how the Board and its committees operate.

Culture

The Board is conscious of its role in ensuring that the right culture is embedded within the organisation. Two important areas on which we have focused our attention and already made recent changes are risk management and compliance. This has been led by the CEO and the Board and further entrenched with the appointment of a new Group head of compliance. The Board has also overseen a Group-wide business risk assessment process undertaken in the latter half of the year. These steps will enable us to continue the process of change and development of the risk management framework.

The Board remains constantly aware of its role in fostering a culture of transparency, openness and entrepreneurship. Shareholders quite rightly place a premium on the Company's growth and the Board and management are committed to fostering the environment within the workplace to achieve that aim. The nature of the business is about teamwork in the continuing drive to deliver high quality client service and to acquire new clients.

As an overseas company with a premium listing, we are required to comply with the UK Corporate Governance Code published by the Financial Reporting Council in September 2014 (the "Code") publicly available at *https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf* or to explain any areas of non-compliance and our reasons for these. As a Group with regulated businesses in multiple jurisdictions, Sanne has been subject to a comprehensive set of regulatory conditions and codes of practice for many years and the Directors support the principles of good corporate governance laid down in the Code. Since listing, we have complied with the Code and the Board believes that a solid governance framework is one of the essential foundations of a sound business.

The Company has applied the principles set out in the Code including both the Main Principles and the supporting principles, by complying with the Code as reported in this section. Further explanation of how the Main Principles have been applied is set out below and in the Remuneration Report and the Audit and Risk Committee Report.

Board composition

We have a talented Board with an excellent mix of skills and experience and an equal balance between Executive and Non-Executive Directors. Furthermore, we recognise the importance of board diversity both at Board level and across the wider Group (as more fully described in the Nomination Committee Report). The Board members' track record is predominantly within the financial services sector which we consider to be appropriate for our business and each brings a wealth of experience and skills to bear on all aspects of the management of the Company. Biographical details for all Directors, which include a summary of their particular experience and qualifications, are set out on pages 34 to 35 of this report.

As a Board, we aim to support management and help to develop and evolve strategy through constructive debate between Executive and Non-Executive Directors. We perform an annual Board evaluation and develop the operation of the Board in light of its findings (see page 42 of this report). By discussion, we ensure that no individual Director or group of Directors can dominate discussion or decision making. Senior management are regularly invited to attend Board meetings to present and this provides further opportunities for communication, challenge and support between the Board and management.

Risk

The Audit and Risk Committee has been working closely with senior management to refine the risk management information that is escalated to the Board. Moreover, since listing, both the Board and the Audit and Risk Committee have been working with the Group's dedicated Chief Risk Officer to further enhance the risk architecture of the Group. This is an aspect of the business that receives considerable attention from the Board in the interests of creating sustainable Shareholder value.

People

In a high growth business such as Sanne, it is important both to maintain standards and keep an appropriate perspective on the strategic direction of travel. The Board and its Committees have spent a considerable amount of time building relationships with key operational staff within the organisation to raise the Board's awareness of the business divisions and their service delivery. This Board is fully engaged with questions of resource allocation and training.

Remuneration

Nicola Palios, the Chairman of the Remuneration Committee, has set out her report on pages 50 to 65 of this Annual Report. The Remuneration Committee and the Board have both been fully engaged in managing the transition of remuneration structure and practices to accommodate both the newly listed status of the Company and also its continuing high growth characteristics.

Shareholder communications

Due in part to the initial public offering in the second quarter of 2015 there has been very significant communication and engagement with Shareholders over the last 12 months. It is expected that, due to the continuing development of the business, 2016 will also see considerable Shareholder communication and engagement.

The Non-Executive Directors are available to discuss any matter Shareholders might wish to raise, and the Chairman and Independent Non-Executive Directors will attend meetings with investors and analysts as required.

I am grateful to all of our Shareholders for their support and to those who have given feedback.

2015 was a year of change and progress and the Board will continue to discuss and challenge its assumptions and conclusions concerning the development of the business and will remain assiduous on behalf of Shareholders during 2016.

Rupert Robson
Chairman

“Our asset and market focused business divisions and presence in leading financial centres provides a very strong platform for growth.”

Dean Godwin
Chief Executive Officer

Composition of the Board

The Board is responsible to the Shareholders and sets the Group's strategy for achieving long-term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group.

The Board currently consists of the Non-Executive Chairman, three Executive Directors and two Non-Executive Directors. In accordance with the Code, the Company considers the Non-Executive Directors (with the exception of the Chairman) to be independent. The Chairman was independent at the time of his appointment. This composition is compliant with the Code which requires that a smaller company should have at least two independent non-executive directors. Independent directors are those deemed to be free of any business relationships that could compromise the exercise of independent and objective judgement.

Each Director has committed to dedicate as much time as is necessary to the Company with the Non-Executive Directors' letters of appointment confirming the minimum number of days each should be prepared to devote to the Company.

Directors

Rupert Robson
Chairman

Rupert Robson was appointed Chairman of the Board on 26 March 2015. He is the Chairman of Tullett Prebon plc having been appointed to the Board as a non-executive director in 2007. He is also the Chairman of EMF Capital Partners and a non-executive director on Savills plc. He has held a number of senior roles in financial institutions, most recently as Chairman of Charles Taylor plc and non-executive director of London Metal Exchange Holdings Ltd, Tenet Group Ltd and OJSC Nomos Bank. Prior to that he was Global Head, Financial Institutions Group, Corporate Investment Banking and Markets at HSBC and Head of European Insurance, Investment Banking at Citigroup Global Markets.

Rupert is Chairman of the Nomination Committee.

Nicola Palios
Non-Executive Director

Nicola Palios is a lawyer and joined the Board on 26 March 2015. Nicola joined Mourant Group in 1988, became a partner in 1995 and served as CEO of Mourant Group from 2003 to 2010, overseeing its expansion into new jurisdictions and ultimately the successful sale of the Mourant Group to third parties. She currently runs her own consultancy business and serves as an executive director at Tranmere Rovers FC and chairs The States of Jersey Development Co. Ltd.

Nicola is Chairman of the Remuneration Committee.

Andy Pomfret
ACA, Senior Independent Director

Andy Pomfret is a chartered accountant and joined the Board on 26 March 2015. He joined Rathbone Brothers plc in July 1999 as Group Finance Director and served as Chief Executive Officer from 2004 to 2014. During this time he chaired the Executive Committee which managed the day-to-day affairs of the group. Prior to joining Rathbones, he spent over 13 years with Kleinwort Benson as a corporate financier, venture capitalist and latterly finance director of the investment management and private banking division. Andy is also a non-executive director of ICG Enterprise Trust PLC, Aberdeen New Thai Investment Trust Plc, Old Mutual Wealth Management Limited and Interactive Investor plc and most recently Chairman of Miton UK MicroCap Trust plc.

Andy is Chairman of the Audit and Risk Committee.

Dean Godwin
ACIS, Chief Executive Officer

Dean Godwin has been with the business since 17 September 2012 when he was appointed Chief Executive Officer. He has over 15 years' experience in the international financial services industry and has extensive senior management experience having previously been Managing Director of State Street's Jersey business. He is a chartered secretary and holds an MSc in corporate governance.

Spencer Daley
ACA, Chief Financial Officer

Spencer Daley has been with the business since 3 February 2014 when he was appointed Chief Financial Officer. He has over 15 years' experience in financial services organisations and is a practitioner in areas of financial restructuring, business transformation and acquisitions. He was previously Finance Director for State Street's AIS EMEA Private Equity and Real Estate alternative asset administration business.

Philip Godley
FCA, Chief Operating Officer

Philip Godley joined the Board and became Group COO in October 2014. He joined the business in 2006 previously heading up Sanne's Debt business. Philip has over 15 years' experience in international financial services including providing administration and financial reporting services to specialist loan funds and other fixed income structures having also previously been employed at Deutsche Bank and PwC.

AR Member of the Audit and Risk Committee
R Member of the Remuneration Committee
N Member of the Nomination Committee

Governance

Composition of the Board

continued

Division of responsibilities between the Chairman and Chief Executive Officer

The Board has formally documented the division of responsibilities between the Chairman and Chief Executive Officer. Rupert Robson, the Chairman, leads the Board, and is responsible for its effectiveness and governance. He sets the tone for the Company and ensures the links between the Board and management and between the Board and Shareholders are strong. He sets the Board agenda and ensures that sufficient time is allocated to important matters, in particular those relating to strategy issues. Dean Godwin, the Chief Executive Officer is responsible for the day-to-day management of the Group's operations, for recommending the Group's strategy to the Board and for implementing the strategy agreed by the Board. He is supported in decision-making by an Executive Committee comprising members of the senior management team. A summary of the key areas of responsibility of the Chairman and Chief Executive Officer is set out below:

Role of the Chairman

- Chairing Board and general meetings and those of the Nomination Committee.
- Running the Board effectively and setting the Board agenda.
- Ensuring that there is appropriate delegation of authority from the Board to Executive management and monitoring the effective implementation of Board decisions.
- Ensuring that the Directors receive accurate, timely and clear information.
- Facilitating the effective contribution of Non-Executive Directors and encouraging active engagement by all members of the Board.
- Ensuring constructive relations between the Executive and Non-Executive Directors.
- Ensuring that the development needs of Directors are identified and met.
- Ensuring effective communication with Shareholders.
- Maintaining sufficient contact with major Shareholders to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them.
- Ensuring that the views of Shareholders are communicated to the Board as a whole so that all Directors develop an understanding of their views.
- Promoting effective relationships and open communication between Executive and Non-Executive Directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.
- Building an effective and complementary Board and, with the Nomination Committee, initiating change and planning succession in Board appointments subject to Board and Shareholder approval.

Role of the Chief Executive Officer

- Developing Group objectives and strategy having regard to the Group's responsibilities to its Shareholders, clients, employees and other stakeholders.
- Ensuring the successful achievement of objectives and execution of strategy following presentation to, and approval by, the Board.
- Recommending to the Board annual budgets and financial plans and ensuring their achievement following Board approval.
- Optimising the use and adequacy of the Group's resources.
- Examining all trade investments and major capital expenditure proposed by subsidiary companies and the recommending to the Group Board of those which, in a Group context, are material either by nature or cost.
- Identifying and executing acquisitions and disposals, approving major proposals or bids.
- Leading geographic diversification initiatives.
- Identifying and executing new business opportunities outside the current core activities.
- Managing the Group's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as acceptable by the Board.
- Ensuring appropriate internal controls are in place.
- Providing a means for timely and accurate disclosure of information, including an escalation route for issues.
- Ensuring effective communication with Shareholders.
- Setting group HR policies, including management development and succession planning for the senior Executive team and approving the appointment and termination of employment of members of that team.

Role of the Chairman	Role of the Chief Executive Officer
• Promoting the highest standards of corporate governance. • Ensuring an appropriate balance is maintained between the interests of Shareholders and other stakeholders. • Monitoring the long-term sustainability of the business. • Establishing a close relationship of trust with the Chief Executive Officer and Chief Financial Officer, providing support and advice while respecting Executive responsibility. • Supporting and advising the Chief Executive Officer in providing coherent leadership of the Company, including, representing the Group to clients, suppliers, government, Shareholders, financial institutions, employees, the media, the community and the public.	• Leading the Executive Directors and the senior Executive team in the day-to-day running of the Group's business, including chairing the Executive Committee and communicating its decisions/recommendations to the Board. • Developing senior teams within subsidiaries and ensuring succession planning. • Developing Group policies for Board approval and then implementing them. • Together with the Chairman, providing coherent leadership of the Company, including, representing the Group to clients, suppliers, government, Shareholders, financial institutions, employees, the media, the community and the public.

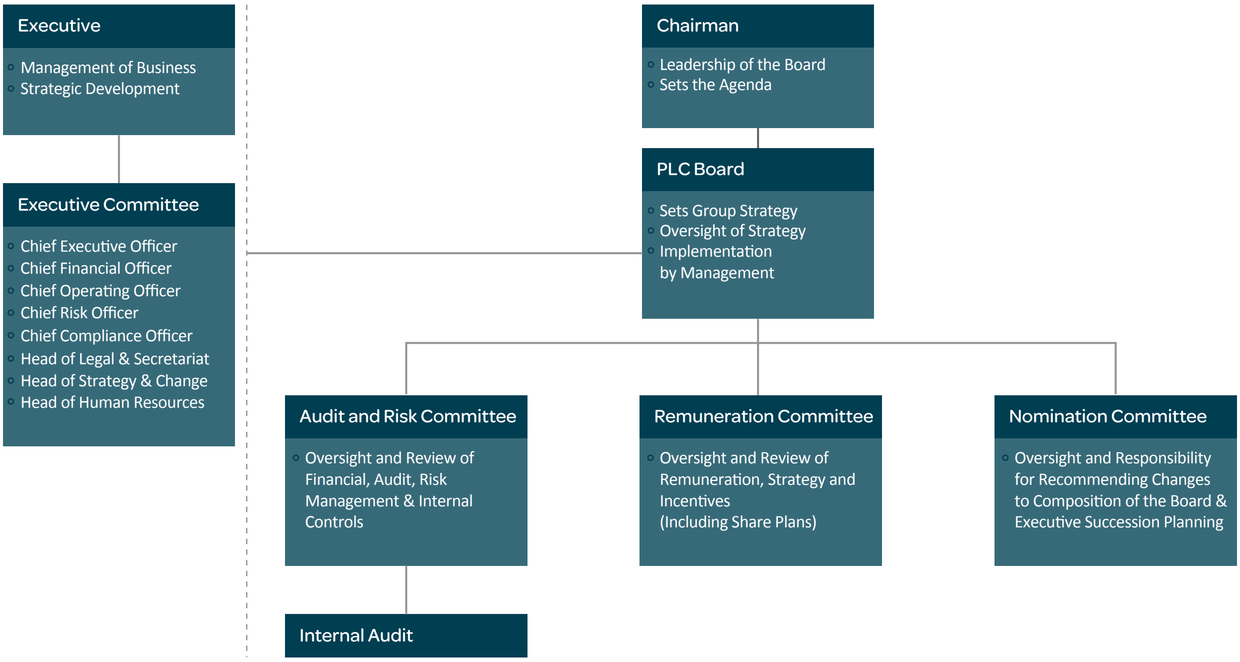
Senior Independent Director

Andy Pomfret is the Senior Independent Director ("SID"). The SID's role is to act as a sounding board for the Chairman and serve as an intermediary for the other Directors when necessary.

The SID is also available to Shareholders if they have issues or concerns that have not been resolved through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer or for which such contact is inappropriate.

Governance

How the Board Operates



Matters reserved for the Board

The Board is responsible for the Group's strategy and for its overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which is reviewed annually. These include matters relating to:

- The Group's strategic aims and objectives;
- The structure and capital of the Group;
- Financial reporting, financial controls and dividend policy;
- Internal control, risk and the Group's risk appetite;
- The approval of significant contracts and expenditure;
- Acquisitions and disposals;
- Effective communication with Shareholders; and
- Any changes to Board membership or structure.

Board meetings

The Board has met five times since the main market listing on 1 April 2015. Non-Executive Directors communicate directly, and have had informal meetings, with Executive Directors and senior management between formal Board meetings. Directors are expected to attend all meetings of the Board, and the Committees on which they sit, and to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The following table shows Directors' attendance as members at scheduled Board and Committee meetings during the period under review:

	Board (Number)	Audit and Risk Committee (Number)	Remuneration Committee (Number)	Nomination Committee (Number)
Rupert Robson	1 2 3 4 5	1 2 3 4	1 2	1 2
Nicola Palios	1 2 3 4 5	1 2 3 4	1 2	1 2
Andy Pomfret	1 2 3 4 5	1 2 3 4	1 2	1 2
Dean Godwin	1 2 3 4 5	–	–	–
Spencer Daley	1 2 3 4 5	–	–	–
Philip Godley	1 2 3 4 5	–	–	–

Due to adverse weather conditions Rupert Robson was in attendance as an observer via telephone for the meetings of the Board, Audit and Risk Committee, Remuneration Committee and Nomination Committee held in November 2015.

Board decisions and activity during the year

The Board has a schedule of regular business, financial and operational matters, and each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to Directors in advance of meetings via a secure web portal to allow sufficient time for review. The Company Secretary also ensures that any feedback or suggestions for improvement on Board papers is fed back to management and standard reporting has evolved since listing to incorporate suggested amendments and enhancements. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

Some key areas of focus for the Board are set out below:

- Discussion and review of Strategic Plan;
- Review Principal Risks and Uncertainties;
- Financial Review and Overview (including dividend policy); and
- 2016 Budget Review.

Reports from the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer are standing items on every agenda. The Company Secretary reports on legal, regulatory and governance matters and updates the Board on any changes to their statutory duties or the regulatory arena. The Chairman of each Committee reports on the proceedings of the previous Committee meeting at the next following Board meeting.

Senior management and advisors are invited to attend Board and Committee meetings, where appropriate, to present, contribute to discussion and advise members of the Board or its Committees on particular matters. The involvement of senior management at Board and Committee discussions strengthens the relationship between the Board and senior management and helps to provide the Board with a greater understanding of operations and strategy.

In November 2015 the Board held a focused Board meeting on strategy and intends to schedule a similar dedicated meeting annually. At this meeting the Board considered key issues relevant to the Company as part of the business planning process.

Governance

How the Board Operates
continued

Board committees
The Board has delegated specific responsibilities to each of the Audit and Risk, Remuneration and Nomination Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities with enhancements having been made to the terms of reference of the Audit and Risk Committee in December 2015. Copies of all the Committee terms of reference are available on the Company's website www.sannegroupplc.com or on request from the Company Secretary.

The terms of reference of each Committee have been reviewed by the Board since listing and it is intended that they will be kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice as well as being reviewed formally on an annual basis by the relevant Committee and the Board. Each Committee is composed of Non-Executive Directors of the Company who were appointed on listing. Any future changes to the Committees will be made after the review and recommendation of the Nomination Committee. The Company Secretary is the secretary of each Committee.

Audit and Risk Committee	
Chairman: Andy Pomfret **Other members:** Rupert Robson, Nicola Palios **Number of meetings required annually:** 3 **Number of meetings held in the period under review:** 4	**Role of the Committee:** The Audit and Risk Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, internal and external audits and controls, including reviewing the Group's financial statements, accounting policies, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by the External Auditor, advising on the appointment of the External Auditor and reviewing the effectiveness of the internal audit activities, internal controls, whistle-blowing and fraud internal controls, and the risk management systems in place within the Group.

Remuneration Committee	
Chairman: Nicola Palios **Other members:** Rupert Robson, Andy Pomfret **Number of meetings required annually:** 2 **Number of meetings held in the period under review:** 2	**Role of the Committee:** The Remuneration Committee recommends the Group policy on Executive remuneration, determines the levels of remuneration for Executive Directors and the Chairman and other senior Executives.

Nomination Committee	
Chairman: Rupert Robson **Other members:** Nicola Palios, Andy Pomfret **Number of meetings required annually:** 2 **Number of meetings held in the period under review:** 2	**Role of the Committee:** The Nomination Committee assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for Directors, including the Chairman and Chief Executive Officer and for other senior Executives.

There is also an Administration Committee, comprising any two Executive Directors, which deals with matters of a routine nature on behalf of the Board. The decisions and minutes of the Committee are tabled at each Board meeting.

> "Our reputation for deep expertise across asset classes, markets and products is driven by our people."

Philip Godley
Chief Operating Officer

Governance

Board Effectiveness

The experience of the Board is set out in their biographical details on pages 34 and 35.

Induction of new Directors

All the Directors have been members of the Board since the Company's listing in April 2015 and no Directors have joined the Board subsequent to the listing date. Prior to joining the Board the Non-Executive Directors took part in an induction process during which they familiarised themselves with the Group's business, finances, risks, strategy, procedures and the markets in which the Company operates through meetings with the senior management team and divisional business heads.

It is intended that on joining the Board, new Directors will undergo a formal induction programme that will be tailored to the existing knowledge and experience of the Director concerned. Non-Executive Directors will meet the Chairman and the Chief Executive Officer as part of the Nomination Committee's selection process and then again on appointment for a thorough briefing on all relevant aspects of the Group. They will also meet the Company Secretary, senior management and the Company's lawyers and other relevant advisors for briefings on their responsibilities as Directors and on the Group's business.

All Directors have been advised of the time required to fulfil the role prior to appointment and were asked to confirm that they can make the required commitment. This requirement is also included in their letters of appointment. The Board is satisfied that the Chairman and each of the Non-Executive Directors is able to devote sufficient time to the Company's business. The Board also considered the Chairman's commitment of time to the Company in light of his other commitments, as noted in his biography on page 34, and concluded that he fully satisfied his obligations to the Company. There has been no change in the Chairman's other time commitments since listing.

Evaluation

The Company is committed to an annual Board evaluation with external evaluation on a periodic basis. A self-assessment questionnaire has been completed independently by each Board member. The results of these were combined and presented to the Board for further discussion of the key points. A formal evaluation process will also take place during 2016 with the results published in the next annual report.

Development

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisors where appropriate. An enhanced performance management framework is under development for launch in 2016 whereby Executive Director performance objectives will be aligned to the Company's key strategic objectives and any personal and professional development needs considered.

An annual performance appraisal of Non-Executive Directors has been undertaken by the Chairman through which any training and personal development needs will be identified. The Senior Independent Director and the other Non-Executive Director met without the Chairman being present to evaluate the Chairman's performance, having first obtained feedback from the Executive Directors. Appropriate feedback was provided following these meetings.

All Directors are free to attend seminars and briefings, at the Company's expense, in areas considered to be appropriate for their own professional development including governance and issues relevant to the Committees on which they sit.

External appointments

In appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Company, since such appointments should broaden their experience. The appointment to such positions is subject to the approval of the Board. For the avoidance of doubt no such positions have been taken by the Executive Directors.

Conflicts of interest

In accordance with the Companies (Jersey) Law 1991, as amended, all Directors disclose to the Company the nature and extent of any interest of the Director (whether direct or indirect) of which the Director is aware in any transaction entered into, or proposed to be entered into, by the Company or any of its subsidiaries which conflicts, or may conflict, to a material extent with the interests of the Company. A Directors' Register of Conflicts of Interest is maintained by the Company Secretary and is considered by the Directors as a standing agenda item at each Board meeting.

Independent professional advice

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible for advice on corporate governance matters to the Board.

Directors and Officers liability insurance

The Company maintains appropriate levels of Directors and Officers insurance as well as Professional Indemnity cover for all its operational businesses and engagements.

Election of Directors

In accordance with the provisions of the Code, all continuing Directors of the Company will offer themselves for election or re-election at the Annual General Meeting.

Diversity

Sanne has an equal opportunities policy. The approach of the Board to diversity (including gender diversity) through the Nomination Committee is set out on page 46 within the Nomination Report.

Relations with Shareholders

The Group has a website focused on information and updates relevant to public Shareholders (www.sannegroupplc.com).

As part of its future investor relations programme, the Group will continue to maintain an active dialogue with its key stakeholders including institutional investors to discuss issues relating to the performance of the Group including strategy and new developments. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and Independent Non-Executive Directors will attend meetings with investors and analysts as required.

Investor relations activity and a review of significant share movements are standing items on the Board's agenda.

Annual General Meeting

The Company's first Annual General Meeting ("the AGM") since listing will take place on Thursday 5 May at 13 Castle Street, Jersey, JE4 5UT and the Chairperson of each of the Board's Committees will be present to answer questions put to them by Shareholders. The Annual Report and Notice of the Annual General Meeting will be sent to Shareholders at least 20 working days prior to the date of the meeting.

To encourage Shareholders to participate in the AGM process, the Company proposes to offer electronic proxy voting through the CREST service and all resolutions will be proposed and voted on at the meeting on an individual basis by Shareholders or their proxies. Voting results will be announced through the Regulatory News Service and made available on the Company's website.

Governance

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and Auditor's report, for the year ended 31 December 2015. The Governance section on pages 31 to 66 forms part of this Directors' Report.

The Directors believe that the requisite components of this report are set out elsewhere in this annual report and/or on the Company's website, www.sannegroupplc.com. The table sets out where the necessary disclosures can be found.

Directors	Directors that have served during the year and summaries of the current Directors' key skills and experience are set out in the Governance Report on pages 34 and 35.
Results and Dividends	Results for the year ended 31 December 2015 are set out in the Financial Report on page 28 and the Consolidated Income Statement on page 74. Information regarding dividend payments can be found in the Notes to the Financial Statements on page 91.
Articles of Association	A copy of the full articles of association are available upon request from the Company Secretary. Any amendments to the articles of association may be made by a special resolution of Shareholders.
Share Capital	Details of the Company's share capital are set out in note 20 of the Notes to the Consolidated Financial Statements on pages 96 and 97.
Acquisition of the Company's own shares	Further to the Shareholders' resolutions of 27 March 2015, the Company has made two purchases in accordance with the terms of a restricted sale agreement entered into with employee Shareholders at the time of the Company's IPO. On 2 September 2015 the Company purchased 186,500 ordinary shares of £0.01 each for a consideration of £1 and on 17 November 2015 a purchase of 92,098 ordinary shares of £0.01 each again for a consideration of £1. The purchased 278,598 shares are held in treasury. At the end of the year, the Directors had authority, under the Shareholders' resolutions of 27 March 2015, to purchase a maximum number of 11,600,000 ordinary shares representing approximately 10% of the ordinary shares in issue at IPO. This authority expires at the end of the next Annual General Meeting.
Directors' Interests	Details of the Directors' beneficial interests are set out in the Remuneration Report on page 62.
Directors' Indemnities and Directors and Officers Liability Insurance	Details regarding deeds of indemnity and Directors and Officers Liability insurance are set out in the Governance Report on page 42.
Major Interests in shares	On 31 December 2015, the Company had been notified, in accordance with chapter five of the Disclosure and Transparency Rules, of the following voting rights as a Shareholder of the Company.

Name of person(s) subject to notification	Percentage of voting rights and issued share capital	No. of ordinary shares
Lion Investment Partners LLP	13.16	14,877,956
Aviva plc and its subsidiaries	Direct: 2.51 Indirect: 3.51	6,804,260
Standard Life Investments (Holdings) Limited (Parent Company)	Direct: 2.19 Indirect: 6.90	10,277,011

During the period between 31 December 2015 and 18 March 2016 the Company did not receive any notification under chapter five of the Disclosure and Transparency Rules.

Financial Risk Management	Details of the Company's policies on financial risk management are outlined in the Audit and Risk Committee Report and in note 27 of the Notes to the Consolidated Financial Statements.
Going Concern	The Company's going concern statement can be found in the Audit and Risk Committee Report on page 49.

Auditor	The Auditor, Deloitte LLP, have indicated their willingness to continue in office and a resolution seeking to reappoint them will be proposed at the Annual General Meeting.
Post Balance Sheet Events	Details of post balance sheet events can be found on page 103.
Annual General Meeting	Details of the forthcoming Annual General Meeting can be found on page 43 of the Governance Report.

Listing Rule ("LR") disclosures

For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R can be found in the following locations:

Item	**Location**
Interest capitalised	Not applicable
Publication of unaudited financial information	Not applicable
Details of long-term incentive schemes	Details of the Company's long-term incentive scheme can be found in the Remuneration Committee Report on page 56
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 undertakings	Not applicable
Contracts of significance	Not applicable
Provision of services by a controlling Shareholder	Not applicable
Shareholder waiver of dividends	No such waiver at time interim dividend declared
Shareholder waiver of future dividends	No such waiver
Agreements with controlling Shareholder	Not applicable

The Directors' Report comprising pages 44 to 45 has been approved by the Board of Directors of Sanne Group plc.

By Order of the Board

Dean Godwin
Chief Executive Officer
18 March 2016

Registered office:
13 Castle Street
St Helier
Jersey
JE4 5UT

Governance

Nomination Committee Report

Rupert Robson
Chairman, Nomination Committee

" The Nomination Committee will continue to review the structure, size and composition of the Board and in so doing evaluate the balance of skills, knowledge, experience and diversity of the Board when making recommendations with regard to change."

Membership of the Committee

Rupert Robson (Chairman)
Nicola Palios
Andy Pomfret

Duties

The principal duties of the Committee are as follows:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board;
- Considering succession planning for the Directors and other senior management taking into account the challenges and opportunities facing the Company and the wider Group, and the skills and expertise needed in the future;
- Considering candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position; and
- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board.

An independent external search consultancy was used in relation to the appointments of Rupert Robson and Andy Pomfret. Nicola Palios was already known to the Group from her previous roles in the financial services industry in Jersey.

The Committee is scheduled to meet twice a year but it will meet more frequently if required. The Committee reports to the Board on how it has discharged its responsibilities. The Committee has written terms of reference which are available on the Company's website www.sannegroupplc.com.

Activity during the year

The Committee has met twice since listing and agreed a schedule of work for the year which included early consideration of long-term succession planning at the senior management level. The Committee also discussed short-term succession plans for each of the Executive Directors. This topic was discussed with the Chief Executive Officer and emphasis was placed on implementing formal succession plans in the event that the Chief Executive Officer or Chief Financial Officer were absent on short notice. It also reviewed its terms of reference and considered the management framework and governance structure currently in place.

The Nomination Committee will continue to review the structure, size and composition of the Board and in so doing evaluate the balance of skills, knowledge, experience and diversity of the Board when making recommendations with regard to change. When identifying suitable candidates and in accordance with their Terms of Reference, the Committee will use open advertising or the services of external advisers and consider candidates from a wide range of backgrounds on merit, against objective criteria and with due regards for the benefits of diversity on the Board.

Sanne is an equal opportunities employer and the Group's policy is to ensure that all employees, or those seeking employment, are treated fairly and all decisions relating to recruitment, selection and or promotion are made objectively regardless of race, ethnicity, nationality, gender, sexual orientation, religious belief, political opinion, marital status, age or disability.

The Company presently has one female Non-Executive Director and women are well represented across the Group including at senior management level where 35% of director grade employees are women.

Audit and Risk Committee Report

Andy Pomfret
Chairman, Audit and Risk Committee

"Key areas of focus have been the internal audit function and reviewing the effectiveness of the Group's risk management and internal control systems."

Dear Shareholder,

This is the first report of the Audit and Risk Committee since the successful initial public offering in April 2015.

The Audit and Risk Committee has met four times in the period under review. In our first meeting we established our collective approach to the audit and risk process. Meetings of the Committee usually take place just prior to a Board meeting to maximise the efficiency of interaction with the Board.

We recognise that the nature of our business means that the management of risk, and particularly compliance risk, is of paramount importance to the business. We are keen to take a proactive approach in all aspects of our work especially in the area of regulatory compliance and to that end I am available to meet with all of the Group's regulators.

Alongside the routine work of the Committee, key areas of focus have been the internal audit function and reviewing the effectiveness of the Group's risk management and internal control systems leading to a formalisation of the process and categories for the escalation of key matters and material risks from the business.

We have also spent some time ensuring that all of the matters raised in the Financial Position and Prospects report, which was produced as part of our listing process, have been dealt with satisfactorily.

Our work during the time since listing and our meetings with senior management have led us to conclude that the risk management and internal controls within the business are fit for purpose. I am pleased to report that I have observed a culture of risk awareness throughout the Company.

Membership of the Committee

Our current members are the Senior Independent Director, Andy Pomfret (Chairman), Rupert Robson and Nicola Palios.

The Board is satisfied that Andy Pomfret, Rupert Robson and Nicola Palios have recent and relevant financial experience. Andy Pomfret is a chartered accountant and Rupert Robson and Nicola Palios have extensive experience in the financial services industry.

Duties

The principal duties of the Committee are as follows:

- Monitoring the integrity of the financial statements of the Company, including its annual and half-yearly reports, any interim management statements, and any other formal announcement relating to its financial performance and reporting to the Board on significant financial reporting issues and judgements made;
- Monitoring and reviewing the effectiveness of the Company's internal audit function, in the context of the Group's overall risk management system;
- Monitoring and reviewing the effectiveness of the Company's External Auditor, recommending its remuneration and assessing its independence and objectivity along with the effectiveness of the external audit process;
- Advising the Board on the Company's overall risk appetite, tolerance and strategy and overseeing the risk exposures of the Company and its future risk strategy;
- Keeping the Company's overall risk assessment processes under review and ensuring that both qualitative and quantitative metrics are used;
- Setting a standard for the accurate and timely monitoring of large exposures and certain risk which we believe are of critical importance;
- Keeping the effectiveness of the internal financial controls and internal controls and risk management systems under review;
- Reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns about possible wrongdoing in financial reporting or other matters; and
- Reviewing the performance of the risk management function and the compliance function and ensuring that they have adequate resources.

These duties are set out in the terms of reference of the Committee, as amended, and have, during the period since listing, been reviewed and updated by the Board and are available on the Company's website www.sannegroupplc.com.

Audit and Risk Committee Report

continued

Significant accounting issues considered during the year

Significant financial and reporting issues considered by the Committee in the year were as follows:

Significant financial and reporting issue	How the issue has been addressed
Going concern and viability statements	We considered management's forecasts of budgets, Group cash flows and net debt through the available financing facilities to the Group. Following this review and a discussion of the sensitivities and assumptions, we confirmed that it continues to be appropriate to follow the going concern basis of accounting in the financial statements. Further detail on the basis of the going concern assessment by the Directors is set out on page 49 and in note 3 of the Notes to the Consolidated Financial Statements.
Revenue recognition, accrued income and trade and other receivables	Significant work has been done to strengthen the quarterly invoicing process and revenue recognition through a new integrated billing system. This has also enabled the accurate presentation of deferred revenue, where elements of deferred revenue were netted in accrued income in previous reporting periods. Management attest to the quality of trade receivables and accrued income considering past experience of the client, client type and liquidity issues of the client. We agreed with management's assessment with no additional provision for losses or impairment either to accrued income or trade receivables.
Evaluation of impairment of intangible assets and useful life of intangible assets	We considered the results of management's annual review of triggers for impairment around asset lives, valuation and verification of assets. We considered the judgements taken in relation to asset lives and the methodology applied to consider asset verification and we were satisfied that no changes in treatment were needed.
Regulatory reporting	Management present the results of key regulatory calculations alongside other management information, subject to regular Board review.
IPO transaction reporting	As with significant projects, management prepare accounting papers to establish the correct treatment reviewed alongside legal advice. Judgement was needed over the allocation of costs between share issuance and operating expenses. Complexities also occurred on the share swap, share based payments and the requirements to refinance the loan position. No changes in treatment were needed.

Going concern

The Committee considered the going concern status of the Company and is satisfied that the Company remains a going concern and has reported this to the Board.

Long-term viability statement

The Committee considered the long-term viability of the Company and reported its findings to the Board. The Viability Statement is set out on page 25 within the Strategic Report.

External Auditor

The Board considers it of prime importance that the External Auditor remains independent and objective. In accordance with its terms of reference, during the year the Committee considered audit partner rotation and with effect from 9 June 2015 Andy Isham became audit partner. The Company is not obliged to tender for audit services until 2025 (ten years from Admission).

The Committee is responsible for making recommendations on the engagement and independence of the Company's Auditor, Deloitte LLP. In addition, the Auditor has a structure of peer reviews for its engagements which is aimed at ensuring, from its perspective, independence is maintained. The Committee considers maintaining an independent relationship with the Company's Auditor to be a critical part of assessing the effectiveness of the audit process. To this end the Committee intends to regularly review the level of audit and non-audit fees paid to Deloitte LLP. During the period under review the Company has put in place a policy on non-audit spend and agreed that this should not exceed 70% of audit fees. There are no contractual obligations that restrict the Company's choice of external audit firm. We have also had discussions with the External Auditor without the Executive Directors or management present to provide an opportunity for broader discussion and to raise any concerns. Following completion of the external audit, we intend to review the effectiveness of the external audit process.

Internal audit

Subsequent to listing, the Company has appointed Grant Thornton to provide internal audit services and is considering moving towards a co-sourcing arrangement during the course of 2016. The Internal Auditor has a programme of work which has been agreed by the Committee and it provides regular reports on its findings.

The appointment of Grant Thornton and the provision of internal audit services commenced on 27 July 2015.

Assessment of risk management and internal financial control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. It has delegated to the Committee within its terms of reference the formal monitoring of compliance with this obligation and receives regular reports from the Committee. For the purposes of this annual report, the Audit and Risk Committee, on behalf of the Board, reviewed the effectiveness of the system of risk management and internal control and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces. As a result, it is considered that the Board has fulfilled its obligations under the UK Corporate Governance Code. In performing its review of effectiveness, the Committee considered the following reports and activities:

- Formalising the internal audit review plan for 2016;
- Management's own assessment of risk and the performance of the system of risk management and internal control during 2015;
- Reports from the Group's Chief Risk Officer and the Chief Compliance Officer including reports on Group wide risk assessment activity and annual self-assessment findings; and
- Reports from the External Auditor on any issues identified during the course of their work.

Having reviewed the effectiveness of the system of internal control, for the period under review and up to the date of appraisal of the financial statements, the Committee was satisfied that necessary actions have been, or are being taken to remedy any significant failings or weaknesses identified.

The Board will continue to regularly review the effectiveness of the Group's risk management and internal controls.

Whistleblowing procedure

The Company has a whistleblower system, enabling employees who are aware of, or suspect, misconduct, illegal activities, fraud, abuse of assets or violations of any Company policy, to report these confidentially. This system has been reviewed since listing and will continue to be reviewed periodically by the Committee to ensure that appropriate safeguards to protect whistleblowers are in place and maintained.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are addressed in the Risk Management section of the Strategic Report.

We have reviewed the narrative statements in the annual report to ensure that they were fair, balanced and understandable and consistent with the reported results.

Approval

This report has been approved by the Board of Directors of Sanne Group plc.

By Order of the Board

Andy Pomfret
Chairman, Audit and Risk Committee
18 March 2016

Remuneration Report

"The Committee's objective is to ensure remuneration encourages, reinforces and rewards the growth of sustainable, long-term Shareholder value."

Annual Statement

Dear Shareholder,

I am pleased to present, on behalf of the Board, the first report of the Remuneration Committee following the Company's Admission to the London Stock Exchange on 1 April 2015.

Prior to Admission, the Remuneration Committee undertook a review of the Group's remuneration policy for senior management, Executive Directors and Non-Executive Directors, to ensure that the pay structure post-IPO was appropriate for a listed company, but also recognising the Company's Jersey origins and the need to transition the remuneration structures over a period of time. As part of this transition the policy includes explicit flexibility to increase base salaries to bring them closer to mid-market levels over the policy period, if the Committee considers that this is appropriate in the circumstances. In undertaking this review, and to help determine this policy, the Remuneration Committee has sought independent, specialist advice.

Underpinning the Company's policy, the Committee's objective is to ensure remuneration encourages, reinforces and rewards the growth of sustainable, long-term Shareholder value and promotes the long-term success of the Company. The Committee has agreed that Executive Director and senior management remuneration should also:

- Be set with regard to pay levels and personal tax rates in the various jurisdictions in which the Company operates, whilst complying with UK PLC structural norms and good practice;
- Attract, retain and motivate high calibre senior management through a significant weighting on performance-related pay;
- Be simple and understandable, both externally and to colleagues;
- Achieve consistency of approach across the senior management population to the extent appropriate, informed by relevant local market benchmarks;
- Encourage widespread share ownership across the Executive Director and senior management team to ensure a long-term focus and alignment of interest with Shareholders;
- Be consistent with regulatory and corporate governance requirements; and
- Not reward behaviour that inappropriately increases the Group's exposure to risks outside of the Group's risk appetite.

In determining remuneration levels for the Executive Directors, the Committee took into account typical market practice for a company of this size and complexity, the performance of the Company, the Executive Directors' Jersey location (and its lower personal tax rate), their current significant equity holdings and experience and the Committee's responsibility to Shareholders.

Approach to corporate governance requirements

The Committee has decided, as a matter of good corporate governance, to adhere to the requirements of the UK remuneration reporting regulations although, as a Jersey registered company, the Company is not technically required to do so. Therefore, at our AGM on 5 May 2016, a Shareholder resolution will be proposed to approve the remuneration policy and a second advisory resolution will be proposed on the remainder of this report which includes this Annual Statement.

Performance and reward for 2015

2015 was a successful year for Sanne and it included the Company's Admission to the London Stock Exchange in April 2015.

For this year the Company continued with the Group's pre-IPO remuneration structure, whereby our Executive Directors were paid base salaries only. Each Executive Director also held equity which converted into ordinary shares at the time of listing.

As part of the terms of the IPO, the Executive Directors agreed to a restricted sale agreement which permitted a maximum sale of 30% of the shareholding at listing, with an extended restricted sale period that only allows 25% of the remaining shareholding to be sold on each anniversary of the listing over the next four years. In addition, there is further provision whereby should an Executive Director cease employment during this period all unreleased remaining shares, at the time of exit, will be restricted from sale until 72 months have elapsed from the listing date.

These significant personal shareholdings in the Company ensure a strong alignment between the interests of the Executive Directors and the medium to long-term financial health of the Company.

At the time of listing, an Annual Bonus Plan and Performance Share Plan ("PSP") were introduced, which would operate with effect from 2016. As such, no payments or awards were made to the Executive Directors under these schemes in respect of performance in 2015.

Application of Policy in 2016

The base salary of the Executive Directors was reviewed at the time of listing and will be unchanged for 2016. Accordingly, the base salaries are:

- Dean Godwin – £235,000
- Philip Godley – £165,000
- Spencer Daley – £165,000

2016 will be the first year in which the Executive Directors will participate in an Annual Bonus Plan and a Performance Share Plan. In this transitional year it is intended to set the annual bonus performance targets for the Executive Directors at a high level, so that only exceptionally strong performance will result in an annual bonus becoming payable. The 2016 Performance Share Plan awards will vest subject to challenging EPS targets by reference to internal and external three-year forecasts.

The Annual Bonus Plan and the Performance Share Plan will operate as follows:

- The annual bonus opportunity for Executive Directors for 2016 shall be 100% of salary but will be based on a sliding scale of very challenging adjusted profit before tax targets. The target range is considered to be commercially sensitive and so is not disclosed in this report, but the Committee will disclose the profit targets and actual performance against these targets in next year's remuneration report. Half of any bonus will be paid in cash and the other half will be deferred in shares for three years; and
- The grant level under the Performance Share Plan for Executive Directors for 2016 will be 100% of salary. The awards will vest after three years subject to achievement against a sliding scale of adjusted diluted EPS targets. A two year post-vest holding period will apply creating a five year gap between grant and the ability to sell vested awards (save for any share sale to cover personal tax liabilities on vesting/exercise).

As this is our first Remuneration Policy as a UK-listed company, the Committee welcomes any feedback on this report and the policy in general. If you would like to get in touch, then please do so through the Company Secretary.

On behalf of the Board, I look forward to your approval of our remuneration policy and report at the 2016 AGM.

Nicola Palios
Chair of the Remuneration Committee
18 March 2016

Governance

Remuneration Report
continued

Regulatory regime for disclosure and voting on Directors' remuneration

The UK remuneration reporting regulations contain provisions which make shareholder approval of the Policy of UK-incorporated companies binding. As the Company is not UK-incorporated those provisions have no legal effect. However, the Company has taken steps to limit the power of the Remuneration Committee so that, with effect from the date on which the Policy on remuneration is approved by Shareholders, the Committee can only authorise payments to Directors that are consistent with the Policy as approved by Shareholders. In that way the Company considers the vote of Shareholders on the Policy to be binding in its application.

The Remuneration Policy set out below will be put forward for Shareholder approval at the AGM on 5 May 2016 and, if approved, will become effective from that date. All remuneration and loss of office payments will only be made if they are consistent with the approved Policy. Specific details on how the Company will implement the Policy are provided in this Report on Remuneration. In effect the policy, and its implementation for 2016, has been determined so that its terms are effective from 1 January 2016.

Membership of the Remuneration Committee and advice received

The Committee comprises Nicola Palios (Chair), Rupert Robson and Andy Pomfret. Nicola Palios and Andy Pomfret are considered to be independent Non-Executive Directors and Rupert Robson was considered independent at the time of appointment as Company Chairman. None of the Committee has any personal financial interest (other than as a Shareholder), conflicts of interest from cross-directorships or day-to-day involvement in the running of the business.

The Chief Executive Officer, Chief Financial Officer and Head of Human Resources are invited to attend selected meetings although they are not present when matters affecting their own remuneration are being discussed. The Company Secretary acts as secretary to the Committee.

The Committee retains independent remuneration consultants, New Bridge Street ("NBS") (a trading name of Aon plc), to advise on aspects of remuneration. NBS is a member of the Remuneration Consultants Group and has signed up to its Code of Conduct. NBS has no connection with Sanne Group plc other than in the provision of advice on remuneration (and associated implementation or legal drafting services). The terms of engagement with NBS are available from the Company Secretary on request.

Since listing, NBS advice included developing the Company's remuneration policy, ad hoc advice on how the policy should be implemented and assistance with drafting this Remuneration Report. NBS's fees for services provided to the Company were £21,966.

The Committee is satisfied that NBS is independent and that no conflicts of interest exist.

Since IPO, the Committee met three times and the following key activities have been undertaken:

- 9 June 2015
  - Approval of Remuneration Committee terms of reference
  - Review of existing Executive Director and senior management remuneration and context of historic evolution
  - Appointment of New Bridge Street as external consultants to Committee
- 3 November 2015
  - Review of draft remuneration report
  - Review of Executive Directors' salary levels
  - Review Employee Benefit Trust Gift share distribution
  - General employee annual salary review
- 25 January 2016
  - Review of provisional PSP targets
  - Provisional targets for 2016 bonus

Directors' Remuneration Policy

The Company's Remuneration Committee is constituted in accordance with the recommendations of the UK Corporate Governance Code. The Committee is a committee of the Board which determines the Group's policy on the remuneration of the Executive Directors, the Chairman and other relevant members of senior management. The Committee's terms of reference can be found on the Company's website, www.sannegroupplc.com.

The remuneration policy for Executive Directors and senior management is designed to support the business needs of the Group, to ensure it has the ability to attract and retain senior leaders of a high calibre, and to align the long-term interests of Executive Directors and senior management with those of our Shareholders.

Remuneration for Executive Directors

The main component parts of the remuneration policy in respect of Executive Directors are summarised in the following table, explaining how each element operates and how each part links to the corporate strategy.

Policy table

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Salary	Essential to recruit and retain Executive Directors. Reflects an individual's experience, role, competency and performance.	Salaries are paid monthly. They are normally reviewed annually with changes effective from 1 January but may be reviewed more frequently if the Committee determines this is appropriate. Decisions on changes to salaries are influenced by a variety of factors including: • the commercial need to do so; • the role, experience, responsibility and performance (of both the individual and Company); • increases applied to the broader workforce; and • periodic benchmarking of similar roles in broadly similar UK listed companies of a similar size and in the Channel Islands.	The Committee is conscious that salary levels, at the time of setting this policy, are positioned below mid-market levels and this policy contains flexibility to increase salary levels as the Company matures and the pre-IPO share awards unwind. Potentially material increases maybe made during this policy period and, ultimately, the intention is to pay around mid-market levels with annual increases thereafter typically in line with the wider workforce. Increases beyond those granted to the workforce may be awarded in certain circumstances. For example, where: • an Executive Director's starting salary has been set at lower than typical market salary to allow for growth in the role and further experience to be gained, then larger increases may be awarded to move salary positioning closer to an appropriate benchmark for the role; • the Committee considers it appropriate and necessary (such as when an individual assumes more responsibility or his or her performance warrants such an increase); • there has been a change in market practice or as a result of new regulations; or • the size, value or complexity of the Group warrants a higher salary positioning. The Committee will also take into account Sanne-specific factors such as its recent listing and the transition from private to public company, pay levels in Jersey and its lower personal tax rate compared with the UK.	Individual and Company performance is taken into account when determining the annual increase.

Remuneration Report

continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Benefits	Operate competitive and cost-effective benefits to help recruit and retain Executive Directors. Certain benefits such as medical cover are provided to minimise disruption to the day-to-day operation of the business.	A range of benefits are provided by the Company to Executive Directors that may include Group income protection insurance, life assurance and family private medical cover. Relocation assistance (or other relocation related expenses), disturbance allowances and tax equalisation arrangements in relation to additional international tax and social security contributions may be offered, as required. Secondment fees may be offered where an Executive Director is asked to work temporarily in a different location. Other reasonable benefits may be introduced to reflect typical practice and the individual's country of residence. Executive Directors may participate in all-employee, tax-efficient share plans subject to prescribed limits.	The cost of providing market competitive benefits may vary from year to year depending on the cost to the Company from third party providers.	No performance metrics apply.
Pension	To provide a market-competitive, cost-effective contribution towards post-retirement benefits.	While no pension contributions will be provided in the year this policy is being approved, the Committee wishes to retain the flexibility to provide a pension contribution in future years governed by this Policy. This may take the form of a contribution to a personal or Company-operated defined contribution pension plan or a cash allowance in lieu of pension.	The Company contribution to defined contribution plans or salary supplement in lieu of pension may be made up to the value of 15% of salary.	No performance metrics apply.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Annual bonus	To motivate Executive Directors and incentivise the achievement of annual financial and/or strategic targets. Bonus deferral in shares provides a retention element and extra alignment with Shareholders.	Bonus payment is determined by the Committee after the year end, based on performance against the targets set. Targets are reviewed annually at the start of the financial year. Bonus is payable in a mix of cash and deferred shares (usually structured as conditional awards or as nil or nominal cost options) which vest after a deferred period. Recovery and withholding provisions would apply if, within three years of the payment of a bonus and/or grant of a deferred bonus award, it is discovered that the bonus or award was granted to a greater extent than warranted as a result of a material misstatement of financial results, a miscalculation in the grant or assessment of performance conditions or where serious misconduct has been discovered. An additional payment (in the form of cash or shares) may be made in respect of shares that vest to reflect the value of dividends that would have been paid on deferred shares during the deferral period.	The maximum opportunity under this policy is 150% of base salary. The current annual bonus opportunity is 100% of base salary.	The bonus may be based on the achievement of an appropriate mix of challenging financial, strategic or individual targets. Financial measures, which will typically account for the majority of the bonus opportunity, may include measures such as (Group or business unit) profit taking into account the strategic objectives of the business from time to time. For financial metrics, a range of targets is set by the Committee, taking into account factors such as the business outlook for the year. If non-financial or individual measures are included, where possible a performance range will be set although this will depend on the measure chosen. The detail of the measures, targets and weightings may be varied by the Committee year on year based on the Company's strategic goals.

Governance

Remuneration Report

continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Performance Share Plan	Incentivises selected employees and Executive Directors to achieve demanding financial and superior long-term Shareholder returns. Retains key employees over the medium-term. Aligns the interests of the participants and Shareholders through the requirement to build and maintain a substantial shareholding.	Awards are normally granted annually in the form of either nominal or nil-cost options and vest after three years. Stretching performance conditions normally measured over a period of three years determine the extent to which awards vest. Award levels are reviewed annually taking into account matters such as market practice, overall remuneration, the performance of the Company and the recipients of the award. Recovery and withholding provisions would apply if within three years of vesting it is discovered that the award vested to a greater extent than warranted as a result of a material misstatement of financial results, a miscalculation in the grant or assessment of performance conditions or where serious misconduct has been discovered. A payment (either in cash or shares) may be made on vesting of awards by reference to the value of dividends paid during the period from grant to vesting. There will be a two-year holding period on shares acquired from vested awards.	The maximum annual award under the PSP that may be granted to an individual in any financial year is 150% of base salary. Current award levels are 100% of base salary.	The exercise of awards is conditional upon the achievement of one or more challenging performance targets set by the Remuneration Committee at the time of grant and measured over a three-year period. In determining the target range for any financial measures that may apply, the Committee ensures they are challenging by taking into account current and anticipated trading conditions, the long-term business plan and external expectations. Performance periods will usually commence from the start of the financial year in which the award is made. No more than 25% of the relevant part of the award would vest for achieving the threshold level of performance. The Committee retains the flexibility to vary the mix of metrics for each year's award in light of the business priorities at the time or to introduce new measures to support the long-term business strategy.

Notes to the Policy table:

Annual bonus and Performance Share Plan performance metrics

The annual bonus and Performance Share Plan measures are reviewed annually and reflect the key financial, strategic and operational priorities of the Group. Stretching targets are set by the Committee taking account of the Company's business plan and external expectations.

Maximum opportunity under remuneration elements

The Committee would normally consult with major Shareholders prior to making any material increases to remuneration.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Non-Executive Directors' fees	To attract and retain high quality and experienced Non-Executive Directors.	The fees of the Non-Executive Directors are set by the Board and the Chairman's fee is set by the Committee (the Chairman and the Non-Executive Directors do not take part in any discussion of their own fees). Fees are reviewed periodically by reference to market levels and likely time commitment. The Chairman receives a basic fee covering all his responsibilities. Non-Executive Directors receive a fee for carrying out their duties, together with additional fees for those who chair the primary Board committees and the Senior Independent Director. The level of fees of the Chairman and other Non-Executive Directors reflect the time commitment and responsibility of their respective roles. Their fees are reviewed from time to time against broadly similar UK listed companies and companies of a similar size. The Chairman and other Non-Executive Directors do not participate in any incentive arrangements and they do not receive a pension contribution. They do not receive any benefits but they may be reimbursed for the cost of travel or overnight accommodation and related expenses incurred in carrying out their duties which are deemed taxable by the relevant tax authority (including any personal tax due on such expenses).	Details of current fees are set out in the Annual Report on Remuneration.	No performance metrics apply.

Governance

Remuneration Report
continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Share ownership policy	To align interests of management and Shareholders and promote a long-term approach to performance and risk management.	Executive Directors are required to build up and maintain a shareholding in the Company equal to at least 200% of salary. Only shares owned outright by Executive Directors are included in the guideline. The Committee will review progress annually with an expectation that Executive Directors will make progress towards the achievement of the shareholding policy guideline each year. At least half of vested PSP and deferred share bonus awards (after the sale of shares to cover associated personal tax liabilities) are expected be retained until the guideline is met.	Not applicable.	No performance metrics apply.

Remuneration Committee scope for discretion

The policy may be adjusted to take account of external legal, tax or regulatory changes in the jurisdictions in which the Company operates, to ensure that it may operate as intended.

The Committee will operate the annual bonus plan and the performance share plan according to their respective rules (the terms of which were summarised for Shareholders in the Company's IPO Prospectus) and the policy set out above. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include, but are not limited to, the following:

- Who participates in the plan;
- The timing of grant and/or payment;
- The size of an award and/or a payment;
- The choice of performance measures and targets for each incentive plan in accordance with the policy set out above and the rules of each plan;
- The ability to vary any performance conditions if circumstances occur which cause the Remuneration Committee to determine that the original conditions have ceased to be appropriate provided that any change is fair and reasonable and in the Committee's opinion, not materially less difficult to satisfy than the original condition;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction; and
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment under the plan rules.

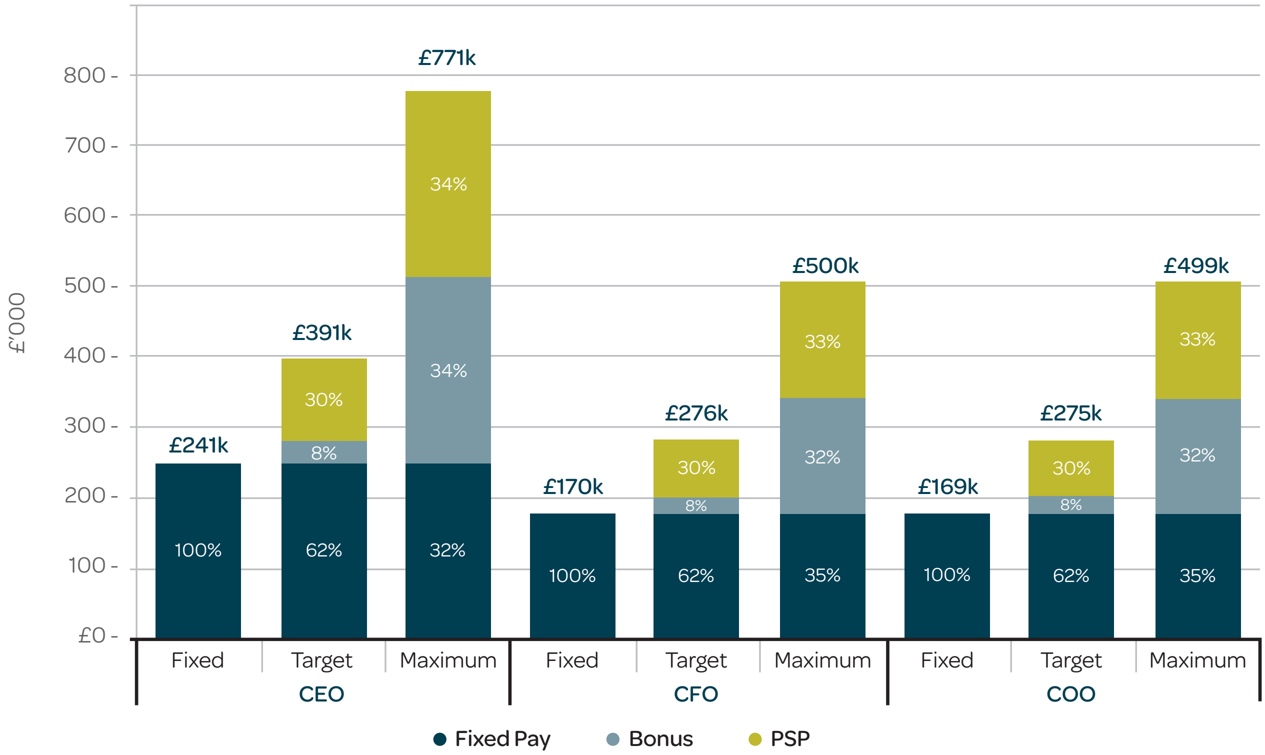
Any use of discretion would be in exceptional circumstances, would (where relevant) be explained in the Annual Report on Remuneration and may be the subject of consultation with the Company's major Shareholders.

Legacy arrangements

For the avoidance of doubt, any remuneration or payments for loss of office that are not in line with this policy may be made if the terms were agreed before the approval of this policy including the release of ordinary shares subject to an extended restricted sale period as set out in the IPO Prospectus. In addition, authority is given to the Company to honour any commitments entered into at a time when the relevant employee was not a Director of the Company.

Remuneration scenarios for Executive Directors

The charts below give an indication of the level of remuneration that would be received by each Executive Director in accordance with the Policy (as it will apply for the 2016 financial year) in respect of minimum pay (fixed pay), on-target and maximum performance based on assumptions set out below.



Minimum: Comprises fixed pay only (using 2016 salary and the 2015 value of benefits received).

On-Target: In respect of the 2016 annual bonus, a sliding scale has been set such that 14% of the maximum bonus opportunity will be payable for target performance. The PSP assumes a grant with a face value of 100% of salary with half the awards vesting.

Maximum: Comprises fixed pay and assumes that maximum annual bonus is paid and the 2016 PSP grant vests in full.

No account has been taken of any movement in share price affecting the value of the Performance Share Plan award.

Governance

Remuneration Report
continued

Payments for loss of office

Executive Directors' service contracts

The Committee's policy is for Executive Directors' service agreements contracts to be terminable on no more than six months' notice. The details of existing Executive Directors' service contracts are summarised in the table below.

Executive Director	Date of service contract	Notice Period
Dean Godwin	09/03/2015	Six months' notice from either party
Spencer Daley		
Philip Godley		

Executive Directors' contracts contain provisions for payment in lieu of notice. The Committee will take into consideration the circumstances and reasons for departure, including the individual's performance, in every case.

In the event of an Executive Director's departure the Company may, at is discretion, pay base salary in lieu of any unexpired part of an Executive Director's notice period, either in equal monthly instalments until the end of the notice period or a lump sum. The Executive Director is obliged to seek alternative income during this period and any instalments would then be reduced by the amount of income received by the Executive Director during the period.

Service contracts may be terminated without notice and without any payment in lieu of notice in certain circumstances, such as gross misconduct or gross negligence.

If the Executive Director is put on garden leave, then he remains in employment and may continue to receive base salary and benefits during that period.

In addition, the Committee may agree to payment of outplacement counselling costs and disbursements (such as legal costs) if considered to be appropriate and dependent on the circumstances of departure.

Treatment of incentives on loss of office

As a general rule, the opportunity to receive a bonus in respect of the relevant bonus year will lapse upon a participant ceasing to hold employment or to be an Executive Director.

However, where the individual is considered a 'good leaver' (in the event of death, injury, disability, retirement with the agreement of his employer, redundancy, or sale of employing company or business out of the Group or for any other reason at the discretion of the Committee) the Committee may determine that such individual shall remain eligible for consideration for the payment of a prorated bonus on the normal payment date (or such earlier date the Committee determines). No bonus will be payable for any period of notice not worked.

Any outstanding share awards held by a departing Executive Director will be treated in accordance with the relevant plan rules. The default treatment under the deferred element of the Annual Bonus Plan and Performance Share Plan is that any outstanding awards will lapse on cessation of employment.

However, in certain prescribed 'good leaver' circumstances (as set out earlier) and in any other circumstances at the discretion of the Committee:

- Deferred annual bonus plan awards will vest at cessation (or such later date as the Committee determines) and to such extent (which may include the full extent of the award) as the Committee determines appropriate; and
- PSP awards will vest at the normal vesting date unless the Committee determines that they may vest earlier, from the date of cessation. In either case, the number of awards capable of being exercised will be determined by reference to the satisfaction of performance criteria and reduced pro rata for time (unless the Committee determines that prorating should apply to a lesser extent or not at all in the particular circumstances).

Non-Executive Directors

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual reappointment at the AGM. Appointments are terminable by either party on three months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses.

All Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office at 13 Castle Street, St Helier, Jersey, JE4 5UT.

Recruitment policy

The Company may agree, on the appointment of a new Executive Director, that any notice given by the Company will not expire prior to the first anniversary of the commencement date of the Executive Director's appointment.

In setting the remuneration for a new Executive Director, the Remuneration Committee will take into account the calibre of the individual, market data and the remuneration arrangements for current Executive Directors. The remuneration package for a new Executive Director will be set in accordance with the Company's approved policy as set out in the remuneration policy table.

Fixed pay

Salary levels for Executive Directors will be set in accordance with the Company's policy, taking into account the experience and calibre of the individual and existing remuneration package. Where it is appropriate to offer a lower salary initially (for either an internal promotion or external recruit) a series of increases to the desired salary positioning may be made over subsequent years subject to individual performance and development in the role. Benefits will generally be provided in line with those offered to other executive directors but will also take into account local practice. Relocation assistance or other related expenses, including tax equalisation benefits may be provided if necessary.

Variable pay

The Annual Bonus Plan and Performance Share Plan participation will be in accordance with the Company's approved policy detailed above. Different performance measures may be set initially, taking into account the responsibilities of the individual, and the point in the financial year that he or she joined the Board.

Buy-out awards

In the case of an external hire, if it is necessary to buyout incentive pay or benefit arrangements which would be forfeited on leaving the previous employer, this would be provided for taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. The principle will be that any replacement awards will be of broadly comparable value to what the Executive Director has left behind. Replacement share awards, if used, may be granted using the Company's existing share plans to the extent possible, although awards may also be granted outside of these schemes if necessary.

In the case of an internal hire, any legacy variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant even if not awarded under the terms of this policy. Similarly, if an Executive Director is appointed following a merger or acquisition of another company, any legacy pay arrangements may be honoured.

Fees for newly appointed Non-Executive Directors will be set in line with the approved policy.

Consideration of Shareholder views

The Committee considers an open and constructive dialogue with investors to be important to establishing a successful remuneration policy which is considered fair and transparent by both Executive Directors and Shareholders. Therefore, the Committee will seek to engage proactively with major Shareholders and Shareholder bodies whenever any material changes are being proposed to the remuneration policy or to how the current policy will be operated.

The Committee Chair will inform major Shareholders of such changes in advance and will offer a meeting to discuss details as required. The Committee also welcomes investor feedback and will consider views raised at the AGM and at other times throughout the year.

Consideration of employment conditions elsewhere in the Group

The Committee does not consult with employees directly on matters of Executive Director remuneration. However, the Committee is aware of the disconnect which can be created if Executive Director remuneration is set in isolation and therefore is updated during the year with details of the pay and employment conditions in the wider workforce. In particular the Committee is made aware of general salary increases, general benefit provision and the proposed level of annual bonuses. The Committee is also responsible for reviewing the proposed participants of the PSP.

Governance

Annual Report on Remuneration

Remuneration payable to each Director for service in 2015

The table below sets out the remuneration for each Director in 2015 and the prior year, 2014. The disclosures are based on full financial years (1 January to 31 December) and no account has been taken of the Company's Admission to the Main Market part way through 2015.

		Fees/ salary	Benefits[1]	Pension[2]	Bonuses[3]	Long-term Incentive[3]	Total
Executive Directors							
Dean Godwin	**2015**	**221,250**	**5,912**	**–**	**–**	**–**	**227,162**
	2014	184,086	1,585	–	–	–	185,671
Spencer Daley	**2015**	**162,500**	**4,810**	**–**	**–**	**–**	**167,310**
	2014	148,333	1,585	–	–	–	149,918
Philip Godley[5]	**2015**	**160,000**	**3,859**	**–**	**–**	**–**	**163,859**
	2014	164,611	3,859	–	–	–	168,470
Non-Executive Directors[4]							
Rupert Robson	**2015**	**100,000**	**–**	**–**	**–**	**–**	**100,000**
	2014	–	–	–	–	–	–
Andy Pomfret	**2015**	**56,250**	**–**	**–**	**–**	**–**	**56,250**
	2014	–	–	–	–	–	–
Nicola Palios	**2015**	**33,750**	**–**	**–**	**–**	**–**	**33,750**
	2014	–	–	–	–	–	–

1. Benefits comprise the value of group income protection insurance, life assurance, private medical cover and payments in lieu for untaken holiday prior to listing.
2. No pension contribution was provided by the Company in 2014 or 2015.
3. There was no bonus plan in operation or PSP award capable of vesting in 2014 and 2015.
4. The Non-Executive Directors were appointed on 26 March 2015.
5. Additional benefits for Philip Godley relate to a secondment package for a period of work in Luxembourg during 2014.

2015 Performance Share Plan grants

As disclosed in the Prospectus, no PSP awards were granted to Executive Directors in 2015.

Directors' interests in shares

Following the move from a private to a listed company in April 2015, the Executive Directors have significant shareholdings in the Company, very significantly in excess of the minimum shareholding requirement of 200% of base salary, as follows:

	Legally owned	Subject to Extended Restriction Period	**Total (as at 31 December 2015)**	Share ownership guideline met?
Executive Directors				
Dean Godwin	2,128,766	2,128,766	**2,128,766**	Yes
Spencer Daley	1,047,194	1,047,194	**1,047,194**	Yes
Philip Godley	1,728,838	1,728,838	**1,728,838**	Yes
Chairman and Non-Executive Directors				
Rupert Robson	12,500	n/a	**12,500**	n/a
Andy Pomfret	50,000	n/a	**50,000**	n/a
Nicola Palios	5,000	n/a	**5,000**	n/a

As part of the terms of the IPO, the Executive Directors agreed to a restricted sale agreement which permitted a maximum sale of 30% of the shareholding, with an extended restricted sale period that only allows 25% of the remaining shareholding to be sold on each anniversary of the listing over the next four years. In addition, there is further provision whereby should the Executive Director cease employment during this period all unreleased remaining shares, at the time of exit, will be restricted from sale until 72 months have elapsed from the listing date. Unreleased shares can be recovered in part or in full in the event of the Executive Director failing the 'capability' process or if he commits an act of gross misconduct.

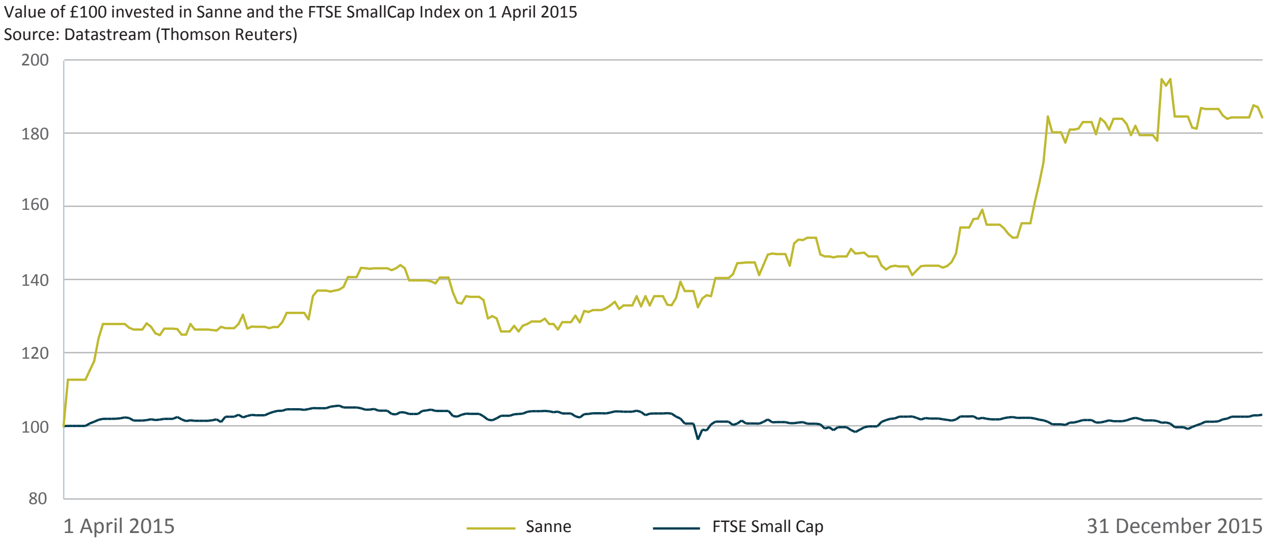
Payments to past Directors

There were no payments to past Directors of the Company in the year under review.

Performance graph and Chief Executive Officer's total remuneration history

The graph below illustrates the Company's Total Shareholder Return (TSR) performance relative to the FTSE Small Cap Index. This was chosen as it represents a broad based Index of which the Company is a constituent.

Performance is shown from Admission on 1 April 2015 (using the 200p offer price as the base) to 31 December 2015. The graph shows the value of £100 invested in the Company and £100 invested in the Small Cap index and their respective performance over that period.



The table below details the Chief Executive Officer's remuneration in 2015. In subsequent reports the table will expand until it shows ten years of data:

	2015
Total remuneration	227,162
Annual bonus outcome (% of max)	n/a
PSP vesting (% of max)	n/a

There was no bonus plan in operation or PSP award capable of vesting in 2015.

Percentage increase in the remuneration of the Chief Executive Officer (unaudited)

The table below shows the change in the Chief Executive Officer's remuneration compared to the change in remuneration of all full-time employees across the Group who were employed throughout 2014 and 2015:

	Base salary	Benefits[1]	Annual Bonus
Chief Executive Officer	20.19%	273.00%	n/a
Employees	2.99%	0.00%	n/a

1. Benefits increase is attributable to payments in lieu for untaken holiday prior to listing.

Annual Report on Remuneration

continued

Relative importance of spend on pay (unaudited)

The following table sets out the percentage change in overall spend on pay, distributions to Shareholders and profit in 2015 compared to 2014:

	2015 versus 2014
Staff costs	+15.6%
Distributions to Shareholders*	n/a
Profit before tax and exceptional items	+79%

* No comparison is provided as the Company was not listed in 2014.

Implementation of the Remuneration Policy for 2016

Basic annual salary

Salaries were reviewed and increased upon Admission. While the general salary increase budget for the wider workforce is 3%, the Committee has decided not to make any increases to Executive Directors' salaries in 2016 in light of the increases applied at Admission. Current salaries are therefore:

- Dean Godwin, Chief Executive Officer, £235,000 per annum.
- Spencer Daley, Chief Financial Officer, £165,000 per annum.
- Philip Godley, Chief Operating Officer, £165,000 per annum.

Pension arrangements

No pension contribution will be provided in 2016 for the current Executive Directors.

Benefits

Executive Directors are entitled to benefits as outlined in the Policy Table.

Annual bonus plan

The annual bonus measures are reviewed annually and reflect the key financial, strategic and operational priorities of the Group.

The annual bonus opportunity for Executive Directors for 2016 shall be 100% of salary and bonuses will be based on a sliding scale of very challenging adjusted profit before tax targets. Adjusted profit before tax is one of the key financial metrics at Sanne and the targets have been set by the Committee after taking account of the Company's business plan and external expectations, with payment being made only in the case of exceptionally strong performance. The Committee considers that these targets are commercially sensitive, which means that they cannot be disclosed in advance. However, we will disclose the adjusted profit targets and performance against these targets in next year's remuneration report.

Half of any bonus will be payable in cash and the other half will be deferred in shares for a period of three years.

Performance Share Awards

PSP awards with a face value of 100% of salary will be granted to Executive Directors in 2016.

The Committee reviewed the choice of measures and in light of the Company's strategic outlook has set a stretching range of adjusted diluted EPS growth targets required to be achieved in the year ending 31 December 2018 as set out below:

Adjusted diluted EPS for FY 2018	Proportion of award vesting
Less than 15.0 pence	Zero
15.0 pence	25%
15.0 pence – 16.5 pence	25% - 62.5%
16.5 pence – 22.5 pence	62.5% - 100%
22.5 pence or more	100%

Vesting will be on a straight line basis between 15 pence and 16.5 pence and between 16.5 pence and 22.5 pence.

In determining the EPS range the Committee considered the following factors. First, in relation to the level of growth implied when compared to the 2015 year-end EPS figure, the Committee recognised that the 2015 EPS includes a lower level of corporation tax than is likely to apply in future years' EPS. Second, in relation to the definition of EPS used for this performance condition, this is in line with the definition of adjusted EPS used in our financial statements, which includes a cost for the amortisation of intangible assets and a charge for share based payments.

Reflecting good practice, a two year post-vest holding period will apply, creating a five year period between the grant of an award and the first opportunity to sell (the net of tax) vested shares.

Chairman and Non-Executive Directors' fees

The Chairman's fee for 2016 is £120,000.

The fees of Non-Executive Directors comprise a base fee of £60,000 p.a. and additional fees of £10,000 p.a. for chairing the Audit Committee and £5,000 p.a. each for chairing the Remuneration Committee and holding the Senior Independent Director position.

Approval

This report was approved by the Board on 18 March 2016 and signed on its behalf by:

Nicola Palios
Chair of the Remuneration Committee
18 March 2016

Governance

Directors' Responsibility Statement

"The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the Company."

The Directors are responsible for preparing the Annual Report and Consolidated Financial Statements for each financial year which shall be in accordance with applicable law and generally acceptable accounting principles. Under the law, the Directors are required by the Companies (Jersey) Law 1991, as amended to prepare financial statements for each financial period. The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company at the end of the financial year.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. In preparing the financial statements, the Directors are also required to:

- Properly select accounting policies and apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting policies have been followed, subject to any material departures discussed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Provide additional disclosures when compliance with the specific requirements IFRSs are insufficient to enable uses to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Annual Report and Consolidated Financial Statements, taken as a whole, are fair and balanced and understandable and provide the information necessary for Shareholders to assess the performance, strategy and business model of the Company.

The Directors confirm that they have complied with the above in preparing these financial statements. The Directors prepared unaudited interim reports covering the six month period ended 30 June 2015.

Statement as a result of the Disclosure and Transparency Rules of the Financial Conduct Authority:

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and its undertakings included in the consolidation taken as a whole; and
- The strategic report and Directors' report include a fair view of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This responsibility statement has been approved by the Board of Directors of Sanne Group plc on 18 March 2016 and is signed on its behalf by:

By Order of the Board

Dean Godwin	**Spencer Daley**
Chief Executive Officer	Chief Financial Officer
18 March 2016	18 March 2016

Auditor's Report

Independent Auditor's Report to the members of Sanne Group plc

Opinion on financial statements of Sanne Group plc

In our opinion the financial statements:

- **give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of the Group's profit 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 properly prepared in accordance with the Companies (Jersey) Law, 1991.**

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 3 to the financial statements, in addition to applying IFRSs as adopted by the European Union, the Group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 3 to the financial statements and the Directors' statement on the longer-term viability of the Group contained within the Strategic Report.

We have nothing material to add or draw attention to in relation to:

- the Directors' confirmation on page 22 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 23 to 25 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in note 3 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and
- the Directors' explanation on page 25 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Governance

Auditor's Report

continued

Risk	How the scope of our audit responded to the risk
Revenue recognition – valuation of accrued income At the year-end there is a significant amount of time which has been spent working on client matters which has not been billed, resulting in accrued income (£1,069,000). The accrued income is required to be stated at the amount which is recoverable. There is a high level of judgement applied by management in assessing and determining the value of the accrued income. These judgements are set out in the critical accounting judgements and key sources of estimation uncertainty accounting policy in note 4.	We have evaluated the design and implementation of controls around the quarterly billing process specific to the valuation of accrued income. For a sample of clients for which accrued income has been recognised, we have reviewed the level of bills raised and recovered post year-end. For those amounts not billed or recovered post year-end, we have challenged management's judgement and rationale around the recoverability of the amounts and obtained evidence to support the judgements to the extent required, such as a review of the historical payment patterns and amounts invoiced of the sampled clients.
Valuation of trade receivables The value of trade receivables at the year-end is £17,716,000. There is a significant level of judgement involved in determining the valuation of trade receivables, based on management's expectation of recoverability which takes into consideration a range of factors. These judgements are set out in the critical accounting judgements and key sources of estimation uncertainty accounting policy in note 4.	We have evaluated the design and implementation of controls around the quarterly billing process specific to the valuation of trade receivables. For a sample of trade receivables, we have reviewed the post year end bank statements to test the recoverability of the amounts stated at the year-end. From that sample, for the amounts not recovered post year end, we have challenged management's judgement and rationale around the recoverability of the amounts and obtained evidence to support the judgement to the extent required, including an assessment of specific client circumstances. We have also reviewed the level of credit notes raised post year-end and, on a sample basis, we have assessed the rationale for the credit notes being raised and reviewed any impact on trade receivables from the credit notes.

Risk	How the scope of our audit responded to the risk
IPO transaction reporting Sanne Group plc listed on the London Stock Exchange on 1 April 2015. The listing gave rise to a number of complex accounting transactions including the acceleration of the share based payment expenses, share swap transactions, preference share cancellations and fee capitalisation that related to the issuance of new shares, detailed in notes 20 and 21. The level of judgement involved in these transactions and the complexity of them gives rise to a risk of material misstatement.	We have evaluated the design and implementation of controls around the accounting for these transactions. We reviewed and challenged management's accounting papers and related accounting records which set out the accounting treatment applied in relation to the complex transactions and assessed these against the requirements under International Financial Reporting Standards ("IFRSs"), the accounting standards applied by the Group. We obtained and assessed legal documentation in respect of the transactions recorded and substantively tested a sample of the costs and other inputs, including the determination of the value of the share awards, to the recorded transactions.
Impairment of intangible assets In previous years there have been a number of acquisitions by entities within the Group of both client lists and client contracts which are recognised as intangible assets to the value of £7,712,000 as at the year-end. The initial valuation of those intangibles was determined in the year of acquisition; however, continual judgement is applied by management in estimating the useful lives of the intangible assets and therefore the period over which they should be amortised. There are a number of assumptions which are made in making these judgements which are set out in note 4. In addition, there is judgement involved in determining whether or not an indicator of impairment exists and this must be factored into the valuation of the intangible assets.	We have evaluated the design and implementation of controls around the valuation of intangible assets. We obtained and critically assessed the appropriateness of management's determination of the useful economic lives of the intangible assets and the amortisation method used. We also reviewed management's procedures for identifying indicators of impairment, including the results of the assessment and how the matters identified were factored into the valuation of the intangible assets. In reviewing and assessing the above, we challenged management on certain key matters expected to be included in the assessments such as client attrition rates, level of revenue from lost clients and the level of new work from existing client relationships.

The description of risks above should be read in conjunction with the significant issues considered by the Audit and Risk Committee discussed on page 48.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Governance

Auditor's Report

continued

Our application of materiality	We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group to be £710,000 (2014: £600,000). We have used 5% of normalised profit before tax as the benchmark for determining materiality; in 2014 a benchmark of 7.5% was used of the profit before tax. We consider the costs related to the IPO and related refinancing as items which are not expected to reoccur. We have excluded those costs on the basis of their nature in order to normalise profit before tax. We agreed with the Audit and Risk Committee ("the Committee") that we would report to the Committee all audit differences in excess of £14,200 (2014: £12,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit	We identified significant components based on their overall contribution towards the total Group profit before tax. We identified additional significant components based on their operational significance within the Group.

Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	Under the Companies (Jersey) Law 1991 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; or • proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or • the financial statements are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (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 acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit and Risk Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Other matter	In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the Company. As a Jersey company, Sanne Group plc is not required to prepare the Directors' Remuneration Report in accordance with the UK Companies Act 2006 but has elected to do so voluntarily.
Respective responsibilities of Directors and Auditor	As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.
Scope of the audit of the financial statements	An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

Andrew Isham, BA, FCA

for and on behalf of Deloitte LLP
Chartered Accountants and
Recognized Auditor
Jersey

18 March 2016

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Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Revenue		45,638	35,583
Direct costs		(15,981)	(13,429)
Gross profit	6	**29,657**	**22,154**
Other operating income		129	264
Operating expenses		(23,867)	(11,426)
Operating profit		**5,919**	**10,992**
Exceptional items included within operating expenses	9	(9,777)	(277)
Operating profit before exceptional items		15,696	11,269
Other gains and losses		(145)	10
Finance costs	7	(3,410)	(3,241)
Finance income	8	49	71
Profit before tax		**2,413**	**7,832**
Exceptional items included within operating expenses and finance costs	9	(12,068)	(277)
Profit before tax and exceptional items		14,481	8,109
Tax	10	(849)	(1,657)
Profit for the year		**1,564**	**6,175**
Earnings per share ("EPS") per ordinary share (expressed in pence per ordinary share)			
Basic & diluted	11	1.4	6.1
Adjusted basic & diluted	11	12.4	6.3

All profits in the current and preceding year are derived from continuing operations

The notes on pages 79 to 103 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 £'000	2014 £'000
Profit for the year	1,564	6,175
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations	(36)	(184)
Total comprehensive income for the year	1,528	5,991

The notes on pages 79 to 103 are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Assets			
Non-current assets			
Intangible assets	14	7,712	9,385
Equipment	15	1,647	1,774
Total non-current assets		9,359	11,159
Current assets			
Trade and other receivables	17	18,549	5,933
Cash and bank balances		19,445	12,591
Accrued income		1,069	8,446
Total current assets		39,063	26,970
Total assets		48,422	38,129
Equity			
Share capital	20	1,130	50
Share premium	20	44,770	–
Own shares	21	(122)	–
Retranslation reserve		(220)	(184)
Retained earnings		(26,573)	(29,286)
Total equity		18,985	(29,420)
Non-current liabilities			
Preference shares		–	18,939
Borrowings		17,695	42,630
Total non-current liabilities	22	17,695	61,569
Current liabilities			
Trade and other payables	23	3,211	2,677
Current tax liabilities		1,383	1,591
Provisions	24	134	–
Deferred revenue	25	7,014	1,712
Total current liabilities		11,742	5,980
Total equity and liabilities		48,422	38,129

The notes on pages 79 to 103 are an integral part of these Consolidated Financial Statements.

The financial statements were approved by the Board of Directors and authorised for issue on 18 March 2016. They were signed on its behalf by:

Dean Godwin
Chief Executive Officer

Spencer Daley
Chief Financial Officer

Consolidated Statement of Changes in Equity

As at 31 December 2015

	Notes	Share capital £'000	Share premium £'000	Own shares £'000	Retranslation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014		**51**	**–**	**–**	**–**	**4,186**	**4,237**
Profit for the year		–	–	–	–	6,175	6,175
Other comprehensive income for the year		–	–	–	(184)	–	(184)
Total comprehensive income for the year		**–**	**–**	**–**	**(184)**	**6,175**	**5,991**
Premium on redemption of share capital		–	–	–	–	(34,954)	(34,954)
Dividends		–	–	–	–	(4,951)	(4,951)
Own shares acquired in the year		(1)	–	–	–	–	(1)
Share based payments		–	–	–	–	258	258
Balance at 31 December 2014		**50**	**–**	**–**	**(184)**	**(29,286)**	**(29,420)**
Profit for the year		–	–	–	–	1,564	1,564
Other comprehensive income for the year		–	–	–	(36)	–	(36)
Total comprehensive income for the year		**–**	**–**	**–**	**(36)**	**1,564**	**1,528**
Issue of share capital (SHL)	20	22					22
Conversion of Preference shares (SHL)	20	18,899	–	–	–	–	18,899
Own shares acquired in the year (SHL)	20	(18,971)	–	–	–	–	(18,971)
Issue of share capital	20	1,133	45,836	–	–	–	46,969
Cost of share issuance	20	–	(1,066)	–		–	(1,066)
Dividend payments	13	–	–	–	–	(1,579)	(1,579)
Share-based payment transactions	26	–	–	–	–	2,728	2,728
Net buyback of own shares (SGPLC)	21	(3)	–	(122)	–	–	(125)
Balance at 31 December 2015		**1,130**	**44,770**	**(122)**	**(220)**	**(26,573)**	**18,985**

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Operating profit		**5,919**	**10,992**
Adjustments for:			
Depreciation of equipment		861	625
Amortisation of intangible assets		1,611	1,546
Share-based payment expense		2,736	258
Disposal of equipment		6	6
Increase in provisions		134	–
Operating cash flows before movements in working capital		**11,267**	**13,427**
Increase in receivables		(5,239)	(3,909)
Increase in deferred revenue		5,302	19
Increase in payables		1,066	799
Cash generated by operations		12,396	10,336
Income taxes paid		(1,057)	(1,088)
Net cash from operating activities		**11,339**	**9,248**
Investing activities			
Interest received		49	81
Purchases of equipment		(741)	(1,365)
Acquisition of subsidiaries		–	(1,728)
Net cash used in investing activities		**(692)**	**(3,012)**
Financing activities			
Dividends paid		(1,579)	(4,605)
Premium on redemption of share capital		–	(34,954)
Interest paid on preference shares		(256)	(1,036)
Interest on bank loan		(1,271)	(1,810)
Proceeds on issue of shares	20	28,056	–
Costs of share issuance	20	(1,066)	–
Proceeds on issue of preference shares		–	10,550
Redemption of preference shares		–	(13,173)
Redemption of ordinary shares		(178)	(15)
Redemption of bank loans		(45,000)	–
New bank loans raised		17,627	42,380
Net cash used in financing activities		**(3,667)**	**(2,663)**
Net increase in cash and cash equivalents		**6,980**	**3,573**
Cash and cash equivalents at beginning of year		**12,591**	**9,202**
Effect of foreign exchange rate changes		(126)	(184)
Cash and cash equivalents at end of year		19,445	12,591

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. General information

Sanne Group plc (formerly Album Group plc) (the "Company"), incorporated in Jersey on 26 January 2015, is a registered public company limited by shares with a Premium Listing on the London Stock Exchange. The registered office and principal place of business is 13 Castle Street, St Helier, Jersey. The principal activity of the Company and its subsidiaries (collectively the "Group") is fund, company and trust administration.

In the opinion of the Directors there is no ultimate controlling party.

These financial statements are presented in pounds sterling as that is the currency of the primary economic environment in which the majority of the Group companies operate. Foreign operations are included in accordance with the policies set out in note 3.

2. Adoption of new and revised Standards

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

Standard	Effective date
• IFRS 9 Financial Instruments	1 January 2018
• IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
• IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• IFRS 14 Regulatory Deferral Accounts	1 January 2016
• IFRS 15 Revenue from Contracts with Customers	1 January 2018
• IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
• IAS 27 (amendments) Equity Method in Separate Financial Statements	1 January 2016
• IAS 1 (amendments) Disclosure Initiative	1 January 2016
• IFRS 10, IFRS 12 and IAS 28 (amendments)	1 January 2016
• Annual improvements to IFRS: 2012-2014 Cycle	1 January 2016
• IFRS 16 Leases	1 January 2019

The Directors of the Company (the "Directors") do not expect that the adoption of the standards listed above will have an impact on the financial statements of the Group in future years, except as follows:

- IFRS 9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS 15 will impact revenue recognition from clients; and
- IFRS 16 will impact the accounting treatment of leases entered into.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed, although the Directors feel it will not be material to reported results.

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

3. Significant accounting policies

Basis of preparation

On 1 April 2015, the Company obtained control of the entire share capital of Sanne Holdings Limited ("SHL") via a share exchange, and thus control of the Group. There were no changes in rights or proportion of control exercised as a result of this transaction.

Although the share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of the pre-existing group, formally headed by SHL which is not considered a Business Combination under IFRS3. As a result, the comparatives for 31 December 2014 presented in these financial statements are the consolidated results of SHL. For the impact on the earnings per share see note 11.

The consolidated balance sheet at 31 December 2014 reflects the share capital structure of SHL. The consolidated balance sheet at 31 December 2015 presents the legal change in ownership of the Group, including the share capital of Sanne Group plc and the effects of the share exchange transactions.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have also been prepared in accordance with IFRS as issued by the IASB.

The financial statements have been prepared on the historical cost basis with fair value being applied to derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) during each year. Control is achieved where the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial results of the subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Under Article 105(11) of the Companies (Jersey) Law 1991, the Directors of a holding company need not prepare separate financial statements (i.e. Company only financial statements). Consolidated financial statements for the Company are not prepared unless required to do so by the members of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and, in the Directors' opinion, the Company meets the definition of a Holding company. As permitted by law, the Directors have elected not to prepare separate financial statements.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have reviewed the Group's financial projections and cash flow forecasts and believe, based on those projections and forecasts, that it is appropriate to prepare the consolidated financial statements of the Group on the going concern basis. Accordingly, they have adopted the going concern basis of accounting in preparing the consolidated financial statements.

3. Significant accounting policies continued

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date.

The transactions that saw the Company obtain control of the Group were dealt with as a group reconstruction outside the scope of IFRS 3: Business combinations.

Intangible assets

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, separately intangible assets acquired in a business combination are reported at costs less accumulated amortisation and any impairment losses.

Contract intangibles

Contract intangibles consist of the recognition of the legal relationships gained through acquisition. On initial recognition the values are determined by relevant factors such as business product life cycles, length of notice, ease of movement and general attrition. This class of intangibles are amortised over their useful lives using the straight-line method, which is estimated at seven years, based on management's expectations and client experience. The amortisation charge for the year is included in the consolidated income statement under 'operating expenses'.

Customer intangibles

Customer intangibles consists of the recognition of value attributed to the customer lists through acquisition. On initial recognition the values are determined by relevant factors such as the Company's growth pattern and ability to cross-sell to existing clients. Subsequently, this class of intangibles are amortised over their useful lives using the straight-line method, which is estimated at ten years, based on management's expectations and client experience. The amortisation charge for the year is included in the consolidated income statement under 'operating expenses'.

Interest income

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Rendering of services

Revenue is recognised in the consolidated statement of comprehensive income at the point in time when the Group has the right to receive payment for its services, on an accruals basis.

Accrued income

Accrued income represents the billable provision of services to clients which has not been invoiced at the reporting date.

Accrued income is recorded based on agreed fees billed in arrears and time based charges at the agreed charge out rates in force at the work date, less any specific provisions against the value of accrued income where recovery will not be made in full.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

3. Significant accounting policies continued

Deferred revenue

Fees in advance and up-front fees in respect of services due under contract are time apportioned to the respective accounting periods, and those billed but not yet earned are included in deferred revenue in the consolidated balance sheet.

Leases

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

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

In the event that lease incentives are received on entering into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations with a functional currency other than pounds sterling are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity in the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Earnings per share

The Group presents basic and diluted earnings per share. In calculating the weighted average number of shares outstanding during the period any share restructuring is adjusted by a factor to make it comparable with the other periods.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax.

Current tax

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

3. Significant accounting policies continued

Deferred tax

Deferred tax is accounted for using the balance sheet liability method which represents the temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and tax purposes. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Equipment

Equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

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

Computer equipment	25% to 33% per annum
Fixtures and equipment	20% per annum

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

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

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value.

All financial assets, other than cash and cash equivalents and derivatives, are classified as 'loans and receivables'.

Loans and receivables

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

3. Significant accounting policies continued

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Impairment of financial assets

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

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

Financial liabilities and equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities at Fair Value through Profit and Loss ("FVTPL") or other financial liabilities. The Group does not hold any financial liabilities at FVTPL.

Other financial liabilities

Other financial liabilities, including borrowings and preference shares, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition. Preference shares were typically redeemed as soon as cash is available and on this basis the interest was expensed on a straight-line basis. The Group has no preference shares at 31 December 2015.

Accrued interest is recorded separately from the associated borrowings within current liabilities.

Derivative financial instruments and embedded derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

3. Significant accounting policies continued

Own shares

Own shares represent the shares of the Company that are held in treasury or by employee share ownership trusts. Own shares are recorded at cost and deducted from equity. When shares vest unconditionally, are cancelled or are reissued, they are transferred from the own shares reserve at their weighted average cost.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by the expected future cash flows at a pre-tax rate that reflects current market assessments of the risks specific to the liability. Onerous lease provisions are measured at the lower of the net cost to fulfil, or to exit the contract, discounted as appropriate.

Fiduciary activities

The assets and liabilities of trusts and companies under administration and held in a fiduciary capacity are not included in these consolidated financial statements.

Share-based payments

Sanne Holdings Limited

Employees of the Group received remuneration in the form of share-based payment transactions, whereby eligible employees render services as consideration for equity instruments (equity settled transactions). The issuance was immediate but subject to a five year call option on the equity, considered to be a vesting period.

The cost of equity-settled transactions is recognised in operating expenses, together with a corresponding increase in retained earnings, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in operating expenses. The equity settled transactions are fair valued at the grant date and the expense recognised over the duration of the vesting period.

The remaining value of all SHL share awards were fully amortised ahead of the completion of the Initial Public Offering ("IPO") upon their exchange for ordinary shares in Sanne Group plc on 1 April 2015.

Sanne Group plc – share gift

In recognition of their efforts in bringing the Company to the Main Market of the London Stock Exchange, shares were gifted to employees. This was viewed as an equity settled share-based payment and the gifts were measured at fair value at the date of grant, being the market value. The shares had no vesting period and were fully expensed upon grant to operating expenses. See note 26.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

3. Significant accounting policies continued

Exceptional items

Exceptional items are disclosed and described separately in the consolidated financial statements where it is necessary to do so to provide a better understanding of the financial performance of the Group. Further details of the nature of exceptional items are given in note 9.

Direct costs

Direct costs are defined by management as the costs of the income generating divisions including staff payroll, marketing and travel attributable to the division in relation to the delivery of services and supporting growth.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Revenue recognition and accrued income

The Group recognises accrued income within revenue and as a receivable for amounts that remain unbilled at the year end, recorded at the recoverable amount. The recoverable amount of accrued income is assessed on an individual basis using the judgement of management, and takes into account an assessment of the client's financial position, the aged profile of the accrued income and an assessment of historical recovery rates.

Initial recognition and useful life of intangible assets

The Group's management team have assessed each acquisition in the consolidated financial statement period to identify the intangible assets that were acquired in each transaction that qualify for separate recognition.

The valuation method used to value contract and customer intangibles is a multi-period excess earnings method. The intangibles are amortised over their useful economic life ("UEL"). For the contract intangibles, UEL has been assessed to be seven years which has been estimated as the average period for which services are typically provided to contracted client entities. For the customer intangibles, UEL has been assessed to be ten years.

Evaluation of impairment of intangible assets

The Group actively looks for signs of impairment by reviewing the financial performance of the acquired books of business. While every effort is made to evaluate it correctly there is a high level of judgement in the original and continuing assumptions that underpin the values. In making its judgement management considers income generated against the original business case, internal and external factors affecting economic life and growth assumptions. No signs of impairment were detected and no value in use calculations were performed.

The carrying value of intangible assets at 31 December 2015 was £7,712k (2014: £9,385k).

Trade and other receivables

Sanne provides services to customers on credit terms with a mix of advance and arrears billing. Certain debts due to the Company will not be paid due to the default of a small number of our customers. Our estimates of doubtful debts, based on our historical experience, are used in determining the level of debts that we believe will not be collected. These estimates consider significant indicators of their recoverability being insolvency/closure, customer liquidity and general creditworthiness issues as identified by management.

4. Critical accounting judgements and key sources of estimation uncertainty continued

Provisions

The Company has identified an unrequired property. Although efforts are being made to sub-let this space, it has not been possible to date. Provision has been made for the cost of vacant possession which may subsequently be adjusted for any income arising from any sub-lease or reassignment if new tenants are found.

IPO transaction reporting

The process of listing and the share transactions that bought the Company into the Group gave rise to legal and accounting complexities. Judgement was called for in allocation of costs between share issuance and operating expenses. Redemption of the different share classes and crystallisations of share based payments and the requirements to refinance the loan position also gave rise to complexities.

A summary of the transaction can be seen in note 20.

5. Significant events and transactions

On 1 April 2015, the Company was successfully admitted to the London Stock Exchange achieving a premium listing for ordinary shares at £2.00 per share with 102,000,000 shares allocated to the existing owners. The placement of 14,000,000 new ordinary shares raised £27 million (net of costs) which the Company used to repay the loan financing; see note 22.

6. Segmental reporting

All divisions engage in trust and corporate administration; declared revenue is generated from external clients.

The Group has seven reportable segments under IFRS 8: Debt, Real Estate, Private Equity, Corporate and Institutional, Executive Incentives, Private Client and Treasury following the business service lines representing its main services and type of clients. Businesses acquired named Delorean and Ariel are now fully integrated having restated the positions in prior years to aid comparison. No client represents more than 10% of revenue.

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

For the year ended 31 December 2015	Debt £'000	Real Estate £'000	Private Equity £'000	Corporate and Institutional £'000	Executive Incentives £'000	Private Client £'000	Treasury £'000	Total £'000
Revenue	13,835	10,177	6,567	4,026	4,764	5,846	423	45,638
Direct costs	(4,424)	(3,789)	(2,630)	(1,468)	(1,373)	(1,932)	(365)	(15,981)
Gross profit	9,411	6,388	3,937	2,558	3,391	3,914	58	29,657
	68%	63%	60%	64%	71%	67%	14%	65%
Other operating income								129
Operating expenses								(23,867)
Operating profit								5,919

For the year ended 31 December 2014	Debt £'000	Real Estate £'000	Private Equity £'000	Corporate and Institutional £'000	Executive Incentives £'000	Private Client £'000	Other[1] £'000	Total £'000
Revenue	11,522	6,286	4,187	3,958	4,137	5,352	141	35,583
Direct costs	(4,296)	(2,598)	(2,088)	(1,333)	(1,374)	(1,681)	(59)	(13,429)
Gross profit	7,226	3,688	2,099	2,625	2,763	3,671	82	22,154
	63%	59%	50%	66%	67%	69%	58%	62%
Other operating income								264
Operating expenses								(11,426)
Operating profit								10,992

1. Revenue and costs from all other activities is aggregated in and included in "Other".

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

6. Segmental reporting continued

Geographical information

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

	2015 £'000	2014 £'000
Jersey	32,116	27,311
Rest of Europe	12,693	8,206
Rest of world	829	66
Total revenue	**45,638**	**35,583**

7. Finance costs

	2015 £'000	2014 £'000
ICG Interest	624	1,675
ICG amortised loan fees:		
– amortised	94	250
– expensed on loan redemption (note 9)	2,291	–
HSBC interest	348	–
HSBC amortised loan fees	53	–
Movement in the fair value of interest rate cap	–	135
Interest on preference shares (note 22)	–	1,181
Total finance costs	**3,410**	**3,241**

During the year the loan from Intermediate Capital Group ("ICG") was repaid and refinancing undertaken with HSBC. Details can be found in note 22.

8. Finance income

	2015 £'000	2014 £'000
Interest income on bank deposits	**49**	**71**

9. Exceptional items

	2015 £'000	2014 £'000
Within operational expenses:		
Initial Public Offering ("IPO") (i)	6,870	–
Share Based Payment (ii)	2,770	–
Other (iii)	137	277
	9,777	277
Within finance costs:		
Loan restructuring (iv)	2,291	–
Total exceptional items	**12,068**	**277**

The above reflect expenses which are not representative of underlying performance.

(ii) In the period ended 31 December 2015, the Group expensed fees relating to the IPO of £6,870k.

(iii) The shared based payments includes £1,810k acceleration of SHL charges due to the IPO. The one-off share gift resulted in a charge of £926k with a £34k charge in respect of employers social security charges; see note 26.

(iv) The other current year items include the costs of prospective acquisitions and prior year numbers relate to acquisition costs incurred in the Delorean and Ariel acquisitions.

(v) As part of the restructure at the time of the IPO, loan issuance costs of £2,291k were written off; see note 22.

10. Tax

	2015 £'000	2014 £'000
The tax charge comprises:		
Current period:		
Jersey income tax	805	1,215
Other foreign tax	417	442
Total current tax	1,222	1,657
Adjustments in respect for prior periods:		
Jersey income tax	(293)	–
Other foreign tax	(80)	–
Tax on profit on ordinary activities	**849**	**1,657**

The difference between the total current tax shown above and the amount calculated by applying the standard rate of Jersey income tax to the profit before tax is as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	**2,413**	**7,832**
Tax on profit on ordinary activities at standard Jersey income tax rate for financial services companies of 10% (2014: 10%)	241	783
Effects of:		
Expenses not deductible for tax purposes	564	230
Non-deductible amortisation	183	155
Depreciation in excess of capital allowances	43	–
Net foreign exchange income	(27)	1
Non-deductible charitable donations	–	–
Foreign taxes not at Jersey rate	218	488
Prior year adjustments	(373)	–
Total current tax	**849**	**1,657**

Income tax expense computations are based on the jurisdictions in which profits were earned at prevailing rates in the respective jurisdictions.

The Company is subject to Jersey income tax at the standard rate of 0%; however, the majority of the Group's profits are reported by Sanne Fiduciary Services Limited, a Jersey incorporated trading company whose principal activity is provision of trust, fund and company administration. Sanne Fiduciary Services Limited is therefore subject to Jersey income tax at the rate applicable to financial services companies of 10%.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

10. Tax continued

Reconciliation of effective tax rates	2015 £'000	2014 £'000
As per Consolidated income statement:		
Tax charge	849	1,657
Profit before tax	2,413	7,832
Effective tax rate	*35.2%*	*21.2%*
Adjusted for:		
Tax charge	849	1,657
Prior period adjustments	373	(373)
Tax charge for the year	1,222	1,284
Profit before tax	2,413	7,832
Exceptional items	12,068	277
Profit before tax and exceptional items	14,481	8,109
Less exceptional items deductible for tax purposes		
Deductible acquisition costs	–	(117)
Deductible IPO costs	(2,103)	–
Loan restructuring	(2,291)	–
Share based payments	(2,770)	–
Normalised profit subject to tax	7,317	7,992
Normalised effective tax rate	*16.7%*	*16.1%*

11. Earnings per share

	2015 £'000	2014 £'000
Profit for the period	1,564	6,175
Non-underlying items:		
Exceptional operating expenses	9,777	277
Exceptional finance costs	2,291	–
Adjusted earnings	13,632	6,452

	2015 £'000	2014 £'000
Weighted average numbers of ordinary shares in issue	109,496,601	102,000,000
Basic and diluted earnings (pence)	1.4	6.1
Adjusted earnings per share (pence)	12.4	6.3

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

As explained, the Group's financial statements reflect the continuation of the pre-existing group previously headed by Sanne Holdings Limited. To aid comparability following the Group's reconstruction and share reorganisation, the number of ordinary shares issued to the original Shareholders has been used to best indicate the share capital in existence at that time and provide earnings information on a consistent basis.

12. Profit for the year

	2015 £'000	2014 £'000
Profit for the year has been arrived at after charging/(crediting):		
Net foreign exchange losses/(gains)	145	(10)
Depreciation of equipment	861	625
Loss on disposal of equipment	6	–
Auditor's remuneration for audit services	374	123
Auditor's remuneration for other services		
Tax	–	4
IPO	494	–
Software	136	–
Amortisation of intangible assets (see note 14)	1,611	1,546
Staff costs	19,593	16,945
Impairment loss recognised on trade receivables (see note 17)	435	156
Reversal of impairment on trade receivables	–	(152)
Premises expense	2,476	1,551

13. Dividends

	2015 £'000	2014 £'000
Amounts recognised as distributions to equity holders in the year:		
Dividends paid in cash – Sanne Holdings Limited	–	4,628
Dividends paid as preference shares in specie – Sanne Holdings Limited	–	323
Interim for the current year – Sanne Group plc	1,579	–
Total dividends	**1,579**	**4,951**
Proposed final dividend	**6,327**	**–**

The proposed final dividend is subject to approval at the forthcoming AGM and has not been included as a liability in these financial statements. These dividends are shown net of the 10% Jersey tax credit.

	2015 Pence per share	2014 Pence per share
Dividend per share ("DPS"):		
Interim for the current year	1.4	–
Final proposed for the current year	5.6	–
Pro forma dividend	–	4.9
Total dividend per share	**7.0**	**4.9**

	2015	2014
Weighted average numbers of ordinary shares in issue	109,496,601	102,000,000

The Group's financial statements reflect the continuation of the pre-existing group previously headed by Sanne Holdings Limited. To aid comparability following the Group's reconstruction and share reorganisation the number of ordinary shares issued to the original Shareholders has been used to best indicate the share capital in existence at that time and provide dividend information on a consistent basis.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

14. Intangible assets

	Contract £'000	Customer £'000	Total £'000
Cost			
At 1 January 2014	8,922	1,160	10,082
Acquired during the period	1,578	82	1,660
At 31 December 2014	10,500	1,242	11,742
Acquired during the period	–	–	–
Exchange difference	(70)	(9)	(79)
At 31 December 2015	**10,430**	**1,233**	**11,663**
Amortisation			
At 1 January 2014	743	68	811
Charge for the period	1,425	121	1,546
At 31 December 2014	2,168	189	2,357
Charge for the period	1,488	123	1,611
Exchange difference	(15)	(2)	(17)
At 31 December 2015	**3,641**	**310**	**3,951**
Carrying amount			
At 31 December 2015	**6,789**	**923**	**7,712**
At 31 December 2014	8,332	1,053	9,385

The method of valuation and subsequent review is outlined in note 1; no triggers of impairment were detected. Contract intangibles are amortised over seven years and customer intangibles amortised over ten years.

15. Equipment

	Computer equipment £'000	Fixtures and equipment £'000	Total £'000
Cost			
At 1 January 2014	2,056	605	2,661
Additions	1,034	331	1,365
Disposals	(404)	(18)	(422)
Exchange differences	2	(1)	1
At 31 December 2014	2,688	917	3,605
Additions	521	220	741
Reclassifications	2	(2)	–
Disposals	(522)	(6)	(528)
At 31 December 2015	2,689	1,129	3,818
Accumulated depreciation			
At 1 January 2014	1,251	370	1,621
Charge for the year	518	107	625
Disposals	(397)	(18)	(415)
Exchange differences	–	–	–
At 31 December 2014	1,372	459	1,831
Charge for the year	678	183	861
Reclassifications	(1)	1	–
Disposals	(520)	(2)	(522)
Exchange differences	1	–	1
At 31 December 2015	**1,530**	**641**	**2,171**
Carrying amount:			
At 31 December 2015	**1,159**	**488**	**1,647**
At 31 December 2014	1,316	458	1,774

As at 31 December 2015 £495k of computer equipment and £365k of fixture and equipment is fully depreciated.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

16. Subsidiaries

Detailed below is a list of subsidiaries of the Company as at 31 December 2015 which, in the opinion of the Directors, principally affects the profit or the net assets of the Group. All of these subsidiaries are 100% owned by the Group, with 100% of voting power held and coterminous accounting reference dates. They all engage in the provision of trust, nominee and company services or provide related support services.

Subsidiaries	Country of incorporation
Sanne Capital Markets Ireland Limited	Ireland
Sanne Fiduciary Services (UK) Limited	England and Wales
Sanne Fiduciary Services Limited	Jersey
Sanne Finance Limited	Jersey
Sanne Financial Management Consulting (Shanghai) Co Ltd	China
Sanne Fund Administration Limited	Jersey
Sanne Group (Guernsey) Limited	Guernsey
Sanne Group (Luxembourg) SA	Luxembourg
Sanne Group (UK) Limited	England and Wales
Sanne Group Administration Services (UK) Limited	England and Wales
Sanne Group Asia Limited	Hong Kong
Sanne Holdings Limited	Jersey
Sanne International Limited	Jersey
Sanne Trustee Company UK Limited	England and Wales
Sanne Trustee Services Limited	Jersey

17. Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	18,304	5,520
Allowance for doubtful debts	(588)	(422)
	17,716	5,098
Other debtors and prepayments	833	835
Total trade and other receivables	**18,549**	**5,933**

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The Group considers all receivables over 60 days to be past due.

17. Trade and other receivables continued

Allowances against doubtful debts are recognised against receivables with reference to these indicators:

- Insolvency or closure of the client's business;
- Client liquidity issues; and
- General creditworthiness, including past default experience of the client.

Receivables as disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there are no significant indicators of their irrecoverability.

There are two clients who across multiple contracting entities represent more than 5% of the total balance of trade receivables.

Institutional Client A	8.22%
Institutional Client B	6.35%

The Directors consider that the carrying value of trade and other receivables is approximately equal to their fair value.

Movement in the allowance for doubtful debts:	2015 £'000	2014 £'000
Balance at the beginning of the year	422	1,217
Impairment losses recognised	435	156
Amounts written off during the year as uncollectible	(64)	(264)
Amounts recovered during the year	(205)	(535)
Impairment losses reversed	–	(152)
Total allowance for doubtful debts	**588**	**422**

Ageing of past due but not impaired receivables	2015 £'000	2014 £'000
61–90 days	170	612
91–120 days	1,104	1,067
121–180 days	26	155
180+ days	32	681
Total	**1,332**	**2,515**

Ageing of impaired receivables	2015 £'000	2014 £'000
<31 Days	26	0
61–90 days	–	–
91–120 days	7	63
121–80 days	–	8
180+ days	555	351
Total	**588**	**422**

During the year the Group successfully rolled out a new time recording and client billing system. As a result of this the Group has been able to make efficiencies in the invoicing process, enabling improvement in the working capital cycle. Invoices relating to the fourth quarter of 2015 were raised and processed in December 2015, by contrast the client invoices billed and relating to the fourth quarter of 2014 were raised and processed in January 2015.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

18. Net cash/debt (non-GAAP metric)

	2015 £'000	2014 £'000
Bank Loan (see note 22)	(17,695)	(42,630)
Revolving credit facility – drawn	–	–
Trapped cash [(i)]	(599)	(3,528)
Less: Cash and cash equivalents	19,445	12,591
Total net (cash)/debt	1,151	(33,567)

The Group had undrawn borrowings at 31 December 2015 of £7,000k (2014: nil). See note 22.

(i) Trapped cash represents the minimum cash balance to be held to meet regulatory capital requirements.

19. Operating lease arrangements

	2015 £'000	2014 £'000
The Group as lessee:		
Total lease payments under operating leases recognised as an expense	1,632	1,065

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

	2015 £'000	2014 £'000
Within one year	1,301	1,098
In the second to fifth years inclusive	2,909	2,810
After five years	1,030	399
	5,240	4,307

Operating lease payments represent rentals payable by the Group for office properties. Leases are negotiated for a variety of terms over which rentals are fixed with break clauses and options to extend for a further period at the then prevailing market rate. Any lease incentives are spread over the term of the lease. The break dates for the lease agreements vary.

20. Share capital

	2015 £'000
Authorised	
500,000,000 ordinary shares of £0.01 each	5,000
Called up, issued and fully paid	
115,721,402 ordinary shares of £0.01 each	1,130
(112,944,512 plus 2,776,890 Sanne Group Employees' Share Trust shares)	

Movements in share capital during the year ended 31 December 2015:		2015 £'000
Balance at 1 January 2015		50
Issue of shares – SHL	(i)	22
Conversion of Preference shares to ordinary shares	(ii)	18,899
Balance prior to capital transaction		18,971
Issue of shares – Sanne Group plc	(iii)	–
Share exchange agreement – SHL	(iv)	(18,971)
Share exchange agreement – Sanne Group plc	(iv)	1,020
Primary raise	(v)	140
Own shares	(vi)	(27)
Repurchase under restricted sale agreement	(vii)	(3)
Balance at 31 December 2015		1,130

20. Share capital continued

(i) On 13 March 2015 Sanne Holdings Limited issued 22,000,000 non-voting ordinary shares Class F at a value of £0.001 each.

(ii) On 26 March 2015 all the issued non-voting and ordinary shares of SHL were converted to ordinary shares in the ratio of 1 new ordinary share for every 1000 shares, previously issued and all the issued preference shares were converted to ordinary shares also at a ratio of 1:1. Issued share capital increased to 18,970,610 ordinary shares of £1 each.

(iii) Sanne Group plc (formally Album Group plc) was incorporated on 26 January 2015 with an authorised share capital of £10,000 divided into 10,000 shares of £1 each, 2 of which were issued on incorporation at par.

On 27 March 2015, the 10,000 ordinary shares of £1.00 each in the share capital of the Company were subdivided into 1,000,000 shares of £0.01 each in the share capital of the Company and, following such subdivision, the authorised share capital was increased from £10,000 divided into 1,000,000 shares of £0.01 each to £5,000,000 divided into 500,000,000 shares of £0.01 each.

(iv) On 1 April 2015 the Company entered into a share exchange agreement with Sanne Holdings Limited and their shareholders at that time (the "Original Shareholders") pursuant to which the existing share capital was transferred to the Company in exchange for the Company issuing 102,000,000 ordinary shares of £0.01 each to the Original Shareholders (the "Share Capital Reorganisation"). This gave rise to issued share capital of £1,020k and share premium of £17,951k.

(v) Immediately following completion of the Share Capital Reorganisation, the Company issued 14,000,000 ordinary shares of £0.01 each in the capital of the Company and the Original Shareholders sold, in aggregate, 56,776,006 ordinary shares in the capital of the Company (the shares issued and the shares sold, together, the "Ordinary Shares") by way of an offer to certain institutional and other investors. On 1 April 2015 the Ordinary Shares were admitted to the Official List of the UK Listing Authority with a Premium Listing and approval to trade on the Main Market of London Stock Exchange Plc. The primary raise resulted in additional issued share capital of £140k and share premium of £27,860k, raising cash proceeds of £28,000k less share issuance costs of £1,066k.

(vi) 2,776,890 ordinary shares (2% of the issued share capital) are held by Sanne Group Employees' Share Trust and have been treated as treasury shares in accordance with IAS 32 Financial Instruments: Presentation.

(vii) The Company holds 278,598 treasury shares; see note 21.

When consolidated and adjusted for the Company's Own shares held by the Group, the above transactions gave rise to the share premium of £45,836k, after the deduction of share issuance costs the closing share premium was £44,770k.

21. Own shares

	Shares	2015 £'000	2014 £'000
Sanne Group Employees' Share Trust	2,776,890	125	–
Treasury	278,598	(3)	–
Total	3,055,488	122	–

Sanne Group Employees' Share Trust

During the year, Sanne Group Employees' Share Trust received ordinary shares in SHL. On IPO these were converted to 2,998,249 ordinary shares in the Company and held for the benefit of employees. At 31 December 2015, 2,776,890 ordinary shares were unallocated and excluded from the EPS (note 11) and these financial statements.

These are held by the trust to fulfil the Group's future obligations.

Treasury shares

On 2 September 2015 the Company purchased 186,500 ordinary shares under a restrictive sale agreement moving them to treasury shares for a total consideration of, in aggregate, £1. On 17 November 2015, a further 92,098 ordinary shares of £0.01 each in the Company were also purchased under another restrictive sale agreement to be held in treasury for a total consideration of, in aggregate, £1.

These are held by the Company for later reissue, with a usage yet to be determined.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

22. Non-current liabilities

	2015 £'000	2014 £'000
Preference shares (i)	–	18,939
Bank loan (ii)	17,695	42,630
Total non-current liabilities	**17,695**	**61,569**

(i) As part of the IPO restructure the Group settled the preference shares converting them to ordinary shares.

(ii) As part of the restructure at the time of the IPO the Group settled the secured bank loan with Intermediate Capital Group ("ICG") totalling £45 million over a seven year term. The associated capitalised loan issue costs totalling £2.3 million have been written off, having previously been amortised over the seven year term. To partially fund the repayment the Group has taken out a replacement loan with HSBC Plc for £18 million (drawn) with an extra £7 million (undrawn) available on a revolving credit facility. Covenants attached to the loan monitor interest cover and leverage, with leverage defining the margin above LIBOR (0.569%). When debt is greater than 1 x EBITDA then the margin will be 1.5%. When debt is greater than 2 x EBITDA then the margin will be 2.15%. Undrawn funds are charged at 40% of the interest charge. £313k of capitalised loan cost are being amortised over the five year term, which ends on 26 March 2020. An accordion facility for a further £15 million is available at no cost, but remains undrawn.

23. Trade and other payables

	2015 £'000	2014 £'000
Trade creditors	407	27
Other payables	278	696
Other taxes and social security	1,186	771
Accruals	1,340	1,183
Total trade and other payables	**3,211**	**2,677**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying value of the trade payables approximates to their fair value.

24. Provisions

	2015 £'000	2014 £'000
Total provisions	**134**	–

The above provision relates to the abandonment of the previous London office. £182k is provided in regards of rent, service charge and council tax payments until 7 January 2017 and included in operating expense with no allowance made for sub-lease or assignment income. The amount provided has been offset by rent paid in advance of £49k.

25. Deferred revenue

	2015 £'000	2014 £'000
Total deferred revenue	**7,014**	**1,712**

The deferred revenue arises in respect of fees invoiced to clients in advance in respect of service contracts.

26. Share based payments

	2015 £'000	2014 £'000
Sanne Holdings Limited (i)		
2,450,000 F Non-voting Ordinary shares in SHL	1,075	–
Amortisation of SHL award costs	735	258
Sanne Group plc (ii)		
Share Gift award	918	–
Foreign exchange	8	–
Total share based payments	**2,736**	258

(i) Sanne Holdings Limited

The Group operated an equity-settled share based remuneration arrangement for certain "qualified" persons. The aim of the scheme was to allow persons meeting certain criteria to receive a proportion of value added to the business without dilution of shares issued to existing E class shareholders (as further detailed in the Company's prospectus). Accordingly, different share classes with defined income and capital rights were created from time to time.

The allocation of shares and the determination of who was a qualified person was made by a related party, Consus Limited ("Consus"), in its absolute discretion. Consus held shares of the parent company for allocation to qualified persons. The Directors of Consus were also Directors of other entities within the Group or representatives of Shareholders during the period.

When shares were allocated, qualified persons entered into a Share Rights and Call Option agreement with Consus giving Consus the unrestricted right to call the shares for nominal value during a period of five years if the holder was no longer deemed a qualified person.

The fair value of the shares issued was calculated using a discounted cash flow model. The key inputs to the calculation included expected dividends according to the income rights of each share class based on a three-year earnings projection, adjusted to reflect an estimated 5% annual dilution of dividend. The discount factor of 12% was determined based on the Group's weighted average cost of capital.

These shares were subsequently exchanged for ordinary shares of Sanne Group plc on 1 April 2015 upon completion of the IPO. The remaining value of all share awards were fully amortised on completion of the IPO.

(ii) Sanne Group plc

Sanne Group Employees' Share Trust

Gift award

On 30 November 2015, 255,179 shares were gifted to employees as beneficiaries. These shares were awarded to the beneficiaries in recognition of their efforts in bringing the Company to the Main Market of the London Stock Exchange. As such they have no vesting period and individuals can request their sale within given windows outside the close period. The market value on grant date of £3.61 per share was charged in full to operating expenses.

All awards were granted for nil consideration.

27. Financial instruments

Capital risk management

For the purpose of the Group's capital management, capital includes bank loans, preference shares, issued share capital and all other equity reserves attributable to the equity holders of the parent company. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

As disclosed in note 22, in 2015 the Group took a loan which requires it to meet cash flow, leverage and interest cover covenants. In order to achieve the Group's capital risk management objective, the Group aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the lender to immediately call the loan.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

27. Financial instruments continued

In line with the loan agreement, the Group tests compliance with the financial covenants on a quarterly basis and considers the results in making decisions affecting dividend payments to Shareholders or issue of new shares.

Individual regulated entities within the Group are subject to regulatory requirements to ensure adequate capital and liquidity to meet local requirements in Jersey, UK, Guernsey and Luxembourg, which are monitored monthly to ensure compliance. There has been no breach of applicable regulatory requirements in the year.

Categories of financial instruments	2015 £'000	2014 £'000
Financial assets		
Cash and bank balances	19,445	12,591
Loans and receivables	18,785	13,664
Financial liabilities		
Financial liabilities recorded at amortised cost		
Bank loan	17,695	42,630
Preference shares	–	18,939
Trade and other payables [(i)]	2,025	1,706

(i) Excludes other taxes and social security but includes accrued interest payable.

Financial risk management objectives

The financial risk management policies are discussed by the management of the Group on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy. Management set policies which seek to minimise the potential adverse effects affecting the financial performance of the Group. Management provide necessary guidance and instructions to the employees covering specific areas, such as market risk (foreign exchange and interest rate risk), credit risk, liquidity risk, and in investing excess cash. The Group does not hold or issue derivative financial instruments for speculative purposes.

Market risk

The Group's activities expose it to the financial risks of changes in interest rates. The Group has entered into an interest rate cap agreement to mitigate the exposure to changes in market interest rates detailed below.

The Group's activities expose some currency risk through overseas operations with a functional currency other than pounds sterling and to a lesser extent when contracting with clients in currencies other than pounds sterling. There has been no significant change to the manner in which these risks are managed and measured.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by the use of an interest rate cap contract. As at 31 December 2015, the Group had an interest rate cap in place with a notional amount of £22.5 million and a strike rate of three month Libor at 2.5%.

The interest rate cap expires in 2017. As at 31 December 2015, the fair value of the interest rate cap is £nil (2014: £22k), measured at the present value of future cash flows discounted using the applicable yield curves derived from quoted interest rates.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

27. Financial instruments continued

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the floating rate liabilities. The analysis is prepared assuming the amount of liability outstanding at balance sheet date was outstanding for the whole year.

The Group considers a reasonable interest rate movement in LIBOR to be 25 basis points based on historical changes to interest rates. If interest rates had been higher/lower by 25 basis points and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would decrease/increase by £47k (2014: £19k).

Foreign currency risk management

The Group manages exposure to foreign exchange rates by carrying out the majority of its transactions in the functional currency of the Group company in the jurisdiction in which it operates. The Group entities maintain assets in foreign currencies sufficient for regulatory capital purposes in each jurisdiction. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are as follows:

	Assets		Liabilities	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Euro	5,580	2,247	2,479	1,019
USD	2,009	180	22	51
Hong Kong Dollar	67	105	45	50
	7,656	2,532	2,546	1,120

Foreign currency risk management sensitivity analysis

The Group's sensitivity to foreign currency relates primarily to the monetary assets and liabilities denominated in EUR. The effect of a 10% strengthening in the EUR:GBP exchange rate as at 31 December 2015, with all other variables held constant, would have resulted in an increase in equity of £310k (2014: £195k). A 10% weakening in EUR:GBP exchange rate as at 31 December 2015, with all other variables held constant, would have resulted in a decrease in equity of £282k (2014: £177k).

The Group's sensitivity to monetary assets and liabilities denominated in USD on a 10% strengthening in the USD:GBP exchange rate as at 31 December 2015, with all other variables held constant, would have resulted in an increase in equity of £199k (2014: £13k). A 10% weakening in USD:GBP exchange rate as at 31 December 2015, with all other variables held constant, would have resulted in a decrease in equity of £181k (2014: £12k).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's principal exposure to credit risk arises from the Group's receivables from clients.

Trade receivables consist of a large number of clients, spread across diverse industries and geographical areas. The carrying amount of financial assets recorded in the historical financial information, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The Group manages credit risk by review at take-on and on an ongoing basis around:

- Risk of insolvency of closure of the client's business;
- Client liquidity issues; and
- General creditworthiness including past default experience of the client, and client types.

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. Regulation in most jurisdictions also requires the Group to maintain a level of liquidity so the Group does not become exposed.

The Group manages liquidity risk to maintain adequate reserves by regular reporting around the working capital cycle using information on forecast and actual cash.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

27. Financial instruments continued

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	< 3 months £'000	3-12 months £'000	1-5 years £'000	> 5 years £'000	Total £'000
31 December 2015					
Bank loans(i)	116	349	19,528	–	19,993
Trade payables and accruals(ii)	1,908	–	–	–	1,908
	2,024	**349**	**19,528**	**–**	**21,901**
31 December 2014					
Bank loans(i)	616	1,849	9,996	48,327	60,788
Preference shares(iii)	284	852	4,545	18,939	24,620
Trade payables and accruals(ii)	1,033	–	–	–	1,033
	1,933	**2,701**	**14,541**	**67,266**	**86,441**

For the purpose of the above liquidity risk analysis, the amortised cost has been adjusted for:

(i) The future interest payments not yet accrued and the repayment of capital upon maturity.

(ii) The accrued bank loan interest payable at the balance sheet date.

(iii) The accrued preference share interest payable at the balance sheet date. The preference shares as debt instruments are perpetual. The repayment of the principle has been classified as being over five years. The related interest has only been included in each of the maturity bands in the table up to five years and no amounts are reflected after that period in recognition of their perpetuity.

Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities approximate their fair values.

28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group's other significant related parties are:

- Key management personnel defined as the Board of Directors of the principal operating entities, Sanne Group plc, Sanne Holdings Limited and Sanne Fiduciary Services Limited, and other key individuals responsible for planning and controlling the activities of the Group;
- IFX Sartura Limited Partnership, Inflexion 2012 Co-Investment Fund LP and Inflexion 2012 Co-Investment Fund (No.2.) LP (together "Inflexion") were considered key Shareholders during the year; and
- Santisima Limited ("Santisima") were considered key Shareholders during the year. The Directors of Santisima were also Directors of other entities within the Group during the year.

Further information in relation to the significant related parties detailed above can be found in the Company's prospectus.

At 31 December 2015 neither Inflexion nor Santisima were considered related parties.

The holdings of related parties immediately following the IPO share exchange, disclosed in note 20, were as follows: Inflexion: 50,756,879 ordinary shares; Santisima: 12,334,384 ordinary shares; Key Management Personnel: 20,554,971 ordinary shares. As part of the share exchange agreement, payments of £3.5 million and £1 million were made to Inflexion and Santisima respectively.

28. Related party transactions continued

The remuneration of key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2015 £'000	2014 £'000
Short-term employee benefits	2,555	2,356
Share Based Payments (see note 26)	452	116
Total short term payments	3,007	2,472
Other		
– Ordinary Dividends	185	1,052
– Interest on 6% Preference Shares	–	95
Total other payments	185	1,147

29. Post balance sheet events

Chartered Corporate Services ("CCS")

On 29 February 2016 the Group acquired 100% of the issued share capital of Castlewood Corporate Services Limited and Castlewood CS Holdings Limited, companies incorporated in Ireland and together trading as CCS.

Due to the proximity of the acquisition to the year-end, the calculation of deferred consideration, acquired intangible assets and fair value reviews have not yet been completed.

IDS Fund Services ("IDS")

On 14 March 2016 the Group entered into an agreement to acquire IDS Fund Services, a company headquartered in South Africa, which provides outsourced investment administration services to the asset management industry, particularly focused on hedge fund clients. The total consideration is based on a multiple of EBITDA for the year ended 29 February 2016 and is subject to audit of IDS's financial statements, estimated at ZAR 276.3 million (approximately £12.6 million at current exchange rates).

Sanne will acquire the whole of the issued share capital of IDS Fund Services Holdings (PTY) Limited for an initial cash consideration of ZAR 201.6 million (£9.2 million) and expected deferred cash consideration of ZAR 74.7 million (£3.4 million), dependent on IDS's final audited EBITDA for the year ended 29 February 2016.

Due to the proximity of the acquisition to the year-end, the calculation of acquired intangible assets and fair value reviews have not yet been completed.

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