19 March 2021

Sanne Group plc
(the **Group**, **Sanne** or the **Company**)

Preliminary Results for the year ended 31 December 2020

Sanne, a leading global provider of alternative asset and corporate services, announces its results for the year ended 31 December 2020.

	2020	2019	Change	Constant currency change[3]
Underlying[1]				
Net revenue[2]	£169.7m	£157.5m	7.7%	7.3%
Operating profit	£48.0m	£43.0m	11.7%	8.4%
Profit before tax	£44.9m	£38.7m	16.0%	9.4%
Diluted earnings per share	25.4p	21.3p	19.2%	12.2%
Free cash flow attributable to equity holders[4]	£33.6m	£35.1m	(4.5%)	n.a.
Operating profit margin	28.3%	27.3%	100bps	n.a.
Statutory				
Turnover[2]	£174.9m	£159.7m	9.5%	9.0%
Operating profit	£23.9m	£14.3m	67.6%	56.8%
Profit before tax	£20.5m	£9.6m	114.9%	90.0%
Diluted earnings per share	11.1p	3.8p	192.1%	150.0%
Final dividend per share	14.7p	14.1p	4.3%	

1. Underlying results for the year have been presented after the exclusion of non-underlying items, third-party fund management fees and discontinued activities. Further details of non-underlying items can be found in note 9 of the consolidated financial statements. A detailed reconciliation of alternative profit measures is provided in the Alternative Profit Measures definitions section.
2. Net revenue comprises turnover less third-party fund management fees. More detail is provided in the CFO's Review.
3. Constant currency represents the 2020 performance based on applicable 2019 FX rates to eliminate movements due to FX.
4. Free cash flow attributable to equity holders is the total cash generated in the year before acquisitions, capital expenditure, financing activities and cash non-underlying costs.

Highlights:

Robust financial performance, with strong profit growth despite the impact of the COVID-19 pandemic:

- Revenue growth of 7.3%[3] , positive across all regions, with organic growth of 5.8%[3]
- Underlying operating profit growth of 8.4%[3]
- Continued underlying operating profit margin improvement of 100bps to 28.3% driven by management actions
- Strong cash generation with underlying cash conversion of 99.5%
- Resilient new business wins, with pick-up in Q4, resulting in annualised new business revenue of approximately £22.5 million secured in 2020 (2019: £24.5 million)
- Final dividend of 9.9 pence (14.7 pence total), reflecting the Board's confidence in the future of the Group and consistent with the Group's progressive dividend policy

Continued progress on organic growth strategy:

- Implementation of new technology strategy with a range of innovative new client-facing services and tools launched
- New product offerings introduced, including compliance and regulatory services, to support both new and existing clients
- Well-invested platform enabled uninterrupted shift to remote working across the Group in response to COVID-19

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Strategic activity to augment the Group platform and strengthen the client proposition:

- Acquisitions of Inbhear in Ireland and Cayman, and of Avalon in Cayman, and the lift-out of Deutsche Bank's Trust Company in Japan all completed in the period, broadening jurisdictional reach and scale, and already generating value for the Group
- Acquisition of PEA to provide the Group's first presence in the Scandinavian region and additional scale in Guernsey signed in the year and completed in Q1 2021
- New minority investment in Alternative Assets Accounting Software Inc., a US-based data analytics and software business focused on delivering market-leading analytics and data services to closed-ended GP and LP clients
- Disposal of legacy Jersey-based Private Client business to refine the Group's focus on Alternative Assets and corporate services
- Successful refinancing with a 40% increase in the Group's facilities, increasing committed funding to £210 million with a £100 million accordion

Outlook

- While the uncertainty caused by the COVID-19 pandemic remains, the signs of market progress first seen in Q4 have continued into 2021, with a catch-up in delayed fund closings and an increase in new business wins
- The Board remains confident in delivering a FY 2021 performance at least in line with its previous expectations as well as returning to double digit organic revenue growth rates
- The continued high demand for private asset alternatives, and the strengths of the Sanne business model, platform and expertise, give the Board confidence in the Group's medium and long-term prospects

Martin Schnaier, Chief Executive Officer of Sanne Group plc, said:

"Sanne has delivered a robust financial performance in 2020 and continued to make progress against our strategic priorities. We have further enhanced our offering to clients through the rollout of new products and investment in technology, in addition to broadening our global footprint and capabilities with five acquisitions.

"Looking ahead, whilst the COVID-19 pandemic remains ongoing, we are encouraged by the positive trends we have seen in recent months. The long-term prospects for the alternative assets industry remain highly attractive and the strong platform we have built means that Sanne is ideally positioned as markets improve."

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The Company will be hosting a virtual investor and analyst presentation at 9.30am (GMT) this morning. A webcast will be provided and is available by registering at the following link: www.sannegroup.com/investors
A dial-in facility is also available, and the details are as follows:

Dial-in numbers:	UK: +44 33 0606 1122 ITFS: https://public.speakservecloud.com/dial-in-numbers/ee9d2673-7e37-4058-889c-e4a9ff59f4a7
Room number:	878505
Participant PIN:	4297

A PDF copy of the 2020 Full Year results presentation will be available to download on Sanne's Investor Relations results and presentation page after the live webcast has ended.

Notes:
Sanne is a leading global provider of alternative asset and corporate services. Established for over 30 years and listed on the Main Market of the London Stock Exchange and a member of the FTSE 250 index, Sanne employs more than 1,900 people worldwide and administers structures and funds that have in excess of £465 billion of assets.

Key clients include alternative asset managers, financial institutions, family offices, ultra-high net-worth individuals and corporates.

Sanne operates from a global network of offices located in leading financial jurisdictions, which are spread across the Americas, Europe, Africa and Asia-Pacific.
www.sannegroup.com

THE ANNOUNCEMENT MAY CONTAIN "FORWARD-LOOKING STATEMENTS". FORWARD-LOOKING STATEMENTS SOMETIMES USE WORDS SUCH AS "AIM", "ANTICIPATE", "TARGET", "EXPECT", "ESTIMATE", "INTEND", "PLAN", "GOAL", "BELIEVE", "SEEK", "MAY", "COULD", "OUTLOOK" OR OTHER WORDS OF SIMILAR MEANING. BY THEIR NATURE, ALL FORWARD-LOOKING STATEMENTS INVOLVE RISK AND UNCERTAINTY BECAUSE THEY RELATE TO FUTURE EVENTS AND CIRCUMSTANCES WHICH ARE BEYOND THE CONTROL OF THE COMPANY. AS A RESULT, THE ACTUAL FUTURE FINANCIAL CONDITION, PERFORMANCE AND RESULTS OF THE COMPANY MAY DIFFER MATERIALLY FROM THE PLANS, GOALS AND EXPECTATIONS SET FORTH IN ANY FORWARD-LOOKING STATEMENTS. ANY FORWARD-LOOKING STATEMENTS MADE HEREIN SPEAK ONLY AS OF THE DATE THEY ARE MADE AND THE COMPANY DOES NOT ASSUME OR UNDERTAKE ANY OBLIGATION OR RESPONSIBILITY TO UPDATE ANY OF THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS ANNOUNCEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, EXCEPT TO THE EXTENT LEGALLY REQUIRED.

Chairman's Statement

Sanne has delivered a robust performance in 2020 despite the unprecedented challenges for both the Group and our clients amidst the enduring global COVID-19 pandemic. I am proud of how the Group and its employees have adapted to these challenges, maintaining uninterrupted services to clients and supporting our employees and suppliers throughout.

Whilst the pandemic caused a slowdown in new fund activity amongst our core clients during the year, the Group has demonstrated its resilience with continued organic revenue growth, albeit at lower levels than in prior years. Despite this, great progress has been made in improving the Group's margins and as a result, we have delivered strong profit growth in the year, with underlying diluted earnings per share 19.2% higher than the previous year.

The year also saw us continuing to innovate and invest, both organically and inorganically, in order to enhance our client proposition and ensure we are well positioned to thrive when the market fully recovers.

Operational update
Sanne began to see the impact of the COVID-19 pandemic on its business as early as January 2020 in some of our APAC offices. There has been a significant amount of work undertaken in the year to cope with the far-reaching implications of the pandemic on our operations and I am pleased to be able to say that these efforts have ensured Sanne has continued to provide high quality service to our clients. Our people and operations have successfully adapted to life under the new and constantly changing conditions without any adverse impact on our service and without the need to rely on government or other support schemes. This is in no small part due to the investments we have made in our operating platform and our focus on developing high quality and robust processes and procedures across the Group in recent years.

The pandemic has had a large impact on capital deployment, new funds raised, and transactions undertaken across almost all of our client groups. At the same time, end-of-life attrition was broadly in line with prior years as we saw revenues fall away from structures wound-up in 2019 and the early part of 2020. These combined effects in the year have inevitably resulted in a slowing of our revenue growth. However, constant currency organic revenue growth of 5.8% is testament to the resilience of our business model even in the toughest markets.

Despite the slower market conditions, we have successfully delivered 11.7% underlying operating profit growth and 67.6% reported operating profit growth in the year. It has been pleasing to see the changes undertaken over the prior 18 months, addressing the operational challenges of early 2019, have been a large factor in this strong profit growth.

Strategic progress

Sanne has continued to invest for profitable growth, both organically and inorganically, throughout the year.

Enhancing our use of technology has been a major strategic focus for the Group during the year. Having recruited Sanne's first ever Chief Technology Officer at the beginning of the year, we started the roll-out of a new Group-wide technology strategy aimed at harmonising how we manage data and processes to drive efficiencies and maximise our operational flexibility. The technology strategy also aims to build on the significant amounts of internal development capability at Sanne to ensure that we can lead the industry in technology-led services for our clients. We have also entered into a development partnership with, and acquired a minority stake in, Alternative Assets Accounting Software Inc., an innovative US-based business aimed at creating further industry leading data management, reporting and analytics tools.

Inorganically, we have completed three acquisitions in the year and entered into an agreement for a fourth which has completed in early 2021. These acquisitions have added three new offices for Sanne in Cayman, Sweden and Denmark, providing the Group with local presence to better take advantage of large local alternative fund markets. These acquisitions have also provided us with increased scale and capability in our Ireland, Guernsey and Japan offices. We are pleased with the value these new additions are already adding to the Group.

In July 2020 we divested our legacy Private Client business in Jersey, following a competitive trade sale process. This has sharpened the Group's focus on its core strengths within the Alternative markets, which we believe have excellent long-term growth potential supported by structural growth trends.

With over 90% of the Group revenues now generated from alternative assets funds and the remainder from delivering complementary services to corporate clients, Sanne is well positioned to leverage its technology and service development on maintaining its reputation for market-leading quality service.

Dividend

Sanne remains well placed to continue delivering a resilient financial performance and capture the growth potential in our markets. Reflecting our confidence in this, the Board is recommending a final dividend of 9.9 pence per ordinary share (2019: 9.4 pence), taking the total dividend for the year, including the interim dividend of 4.8 pence per share, to 14.7 pence per share (2019: 14.1 pence in total).

Our people

People are at the heart of Sanne and remain our most valuable asset, and we have prioritised their health and safety throughout 2020. The year brought many challenges for our workforce, but the resilience, determination and performance of our whole team has been outstanding. Not only have our people continued to deliver high quality service and go the extra mile for our clients, but they have done so whilst coping with the need for constant change in rules governing travel and working conditions across all our offices. I am particularly proud to see that in a year where Sanne has been able to trade so resiliently, whilst adapting to remote working across all offices at various points in time, we have not needed to reduce headcount or use furlough schemes. In fact, our people have responded with an unprecedented level of charitable activity to support those in our communities less fortunate than ourselves. I would like to extend my thanks to everybody for their efforts during the year.

2020 has also been a busy year as we have looked to advance our connectivity and engagement with the workforce. This has been particularly important as we have hired over 400 new people into the business this year, many of whom have never stepped foot into a Sanne office or met with their team face to face. Our total headcount has grown to over 1,900 with almost all of those spending the majority of 2020 in remote working conditions.

We have sought to engage more closely with the workforce in a number of ways. This has included increased channels of communication across the Group and new virtual events and facilities for staff to directly engage with the Board and senior management.

The Workforce Advisory Panel, established last year, has also been busy focusing on a wide range of topics in the Group and directly engaging with the Board. During 2020, we have also seen the establishment of Sanne's Diversity and Inclusion Committee. Sanne is a highly diverse business today and this committee, made up of employee representatives from across the Group, reports directly to the CEO to help us promote diversity and inclusion initiatives into all areas of our operations.

The Board has also continued to expand its diverse range of skills and backgrounds. During the year we appointed Sophie O'Connor to the Board who will take over from Andy Pomfret as the chair of the Audit Committee when he retires from the Board in May 2021. I would also like to take this opportunity to thank Andy Pomfret for his considerable contribution to the Board since joining at IPO. Following the year end, we have also appointed Fernando Fanton to the Board, who brings with him a wealth of technology knowledge and experience to the Board.

Environmental, Social and Governance (ESG) – Our role in society

We continue to view ESG as an imperative part of how Sanne operates. Environmental and social considerations are embedded in our corporate values and commercial operations, and robust governance, transparency and accountability principles underpin our approach across all areas of business.

In 2020 we established our ESG and sustainability policy framework and set ambitious long term environmental and social policy objectives, including carbon offsetting targets. Environmental and social considerations are therefore embedded in our corporate values and commercial operations. Robust governance, transparency and accountability principles also underpin our approach across all areas of business.

We appointed a new Global Head of ESG in the year, who is responsible for coordinating and managing much of the Group's framework in relation to ESG. We entered 2020 seeking to establish a robust baseline, quantifying our environmental and social impact across our operations including carbon offsetting targets. Further detail of this is set out in the ESG section of this annual report.

As a professional services provider, our most material contributors to our environmental and carbon footprint are business travel and utilities consumption, both representing essential components of our business operations. As a result of the various restrictions arising from the COVID-19 pandemic, we have seen a significant reduction in the Group's carbon footprint during the year. Whilst some of these changes are not immediately sustainable, as we will need to resume certain levels of travel and office use, we are committed to making Sanne a carbon neutral company.

Looking ahead

The demand for alternative asset investments is as high today as we have ever seen it, and we are encouraged by the trends that we have seen in the latter months of 2020 and the first two months of 2021. That, coupled with increasing regulatory requirements and complexity and the propensity for asset managers to seek an outsourced solution for administration, are powerful long-term drivers for our market.

The capabilities and global platform that we have built, and strengthened further during 2020, position Sanne well to make the most of these opportunities. Notwithstanding the short-term challenges that have arisen as a result of the global COVID-19 outbreak, the Board continues to look to the future with confidence.

Rupert Robson
Chairman

Chief Executive Officer's Statement

The Group has delivered a robust performance in 2020, with strong profit growth and continued high levels of cash generation in the year despite a number of external challenges adversely impacting our addressable markets, in particular the COVID-19 pandemic and uncertainty arising from both Brexit and the US elections. A key focus during 2020 has been on the health, safety and wellbeing of our people, whilst adapting to remote working and the various restrictions arising as a result of the pandemic. Despite those challenges, the business has remained focused on ensuring uninterrupted support and quality service delivery for our clients and we have also made significant strategic progress, continued to deliver new business and invested for growth.

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2020 performance

£'000	**2020**			2019		
	Revenue	**Gross Profit**	**Margin**	Revenue	Gross Profit	Margin
EMEA	63,519	35,603	56.1%	58,659	35,409	60.4%
APM	36,233	25,275	69.8%	34,302	23,422	68.3%
NA	29,562	15,432	52.2%	26,897	13,659	50.8%
CI	40,374	24,240	60.0%	37,659	21,522	57.1%
Total	**169,688**	**100,550**	**59.3%**	**157,517**	**94,012**	**59.7%**

	2020	2019	Growth	Constant Currency Growth
Underlying operating profit	**£48.0m**	**£43.0m**	**11.7%**	**8.4%**
Underlying diluted EPS	**25.4p**	**21.3p**	**19.2%**	**12.2%**

Growth rates	Revenue		Gross Profit	
	Growth	Constant Currency Growth	Growth	Constant Currency Growth
EMEA	8.3%	7.6%	0.5%	-1.7%
APM	5.6%	5.3%	7.9%	6.8%
NA	9.9%	9.7%	13.0%	14.2%
CI	7.2%	6.9%	12.6%	11.6%

During 2020, Sanne experienced growth in difficult circumstances. Although we remain very confident that the substantial, long term market opportunity remains for alternative assets, the extraordinary events of 2020 have had a temporary impact on our business across all regions. We saw a sharp slowdown in new funds being raised by our clients, during Q2 and Q3 in particular, in addition to clients delaying the formal closing of many funds on which we had already been appointed. As a consequence, we have experienced a longer than average period of time between winning new fund business and the fund closing and starting to generate revenue. These delays, combined with normal levels of end-of-life attrition, have resulted in slower year-on-year total revenue growth of 7.3% and organic net revenue growth of 5.8% (both on a constant currency basis). It remains a testament to the resilience of our markets, business model and leading competitive proposition that, despite the culmination of these adverse factors, particularly in the reported revenues for the second half, we continue to deliver organic revenue growth across all regions.

It is pleasing to report that we made good progress in improving gross profit margins in 2020, following the actions taken at the start of the year to realign client revenues and costs under the jurisdictional reporting model. In particular, we saw gross profit margin improvements of 290bps and 150bps in the Channel Islands (CI) and Asia Pacific & Mauritius (APM) respectively, as well as 140bps in North America (NA). The APM and NA margins achieved this despite being held back by the new Japan and Cayman offices respectively, where margins have been lower as we ramp up these fast-growing new regions. Both offices are expected to deliver margins in line with the rest of their region in 2021. The margin in EMEA was impacted in 2020 by the reduced revenue in the Hedge business and increased costs in Luxembourg following the revenue realignment exercise which we discussed in the 2019 annual report as well as the requirement to invest in our Irish business ahead of being awarded our new specialised depositary licence.

Underlying operating profit has seen good growth in the year of 11.7% and of 8.4% on a constant currency basis. This has been helped by a 100bps increase in the Group's underlying operating profit margin to 28.3% in the year, driven by the decisive actions we took in the second half of 2019 and at the start of 2020 to address certain operational challenges. This increased profitability has been delivered despite some headwinds in the year such as increased year end provisions for untaken leave as well as the business carrying the overhead costs related to the discontinued operations for much of the year.

The annualised value of recurring new business wins in the year was £22.5 million, marginally down on the prior year (2019: £24.5 million) but very encouraging given the prevailing market conditions. The business saw a notable pick-up in wins during the fourth quarter of the year and whilst many of these new wins were funds that had been delayed from earlier in the year, this pick-up, combined with a number of funds won earlier in 2020 and finally closing during Q4, gives the business an encouraging exit revenue run-rate into 2021. Whilst it remains too early to call a full recovery in the fundraising environment, the high levels of demand for closed-ended alternative asset investment strategies provide us with confidence in the sustainability of the medium and longer term structural growth drivers in our markets.

We continue to deliver very strong cash performance, with underlying operating cash generation of 99.5%, ahead of our 90% guidance. As such, the underlying free cash flow attributable to equity holders was £33.6 million for 2020. This performance is particularly pleasing to see given the impact the COVID-19 pandemic has had on liquidity and cash generation more generally across the economy.

Enhancing our capabilities through innovation and technology
We have continued to make good progress against our core strategic goals, investing to further strengthen our client offering and competitive position. Technology and innovation have remained key priorities this year and this will continue in 2021. We have implemented a new technology strategy for the business to position Sanne as the leading and most flexible service provider in the closed-ended fund markets. This strategy is focused on improving efficiency in our processes and systems as well as building a scalable and fully integrated data architecture across all regions, product areas and third-party systems to allow us to deliver the same levels of high quality service more effectively across all our clients and areas of specialism.

This work has also involved us continuing to invest in new technology development capability within the Group which has been critical in the development of a range of new client-facing applications, analytics services and reporting tools such as our new integrated client portal Sanne.Live. We continue to leverage our technology centre of excellence in Belgrade as well as building a new development centre in Madrid. The delivery of these innovative services at the forefront of the market has also been facilitated through external investments and partnerships. The Sanne Spotlight product developed with Colmore was rolled out to clients for the first time in the second half of the year and has seen a material amount of positive client feedback. This new product offering is acting not just as an additional revenue opportunity but as a significant differentiator in competitive tender processes. Similarly, we have entered into a partnership and investment agreement with Alternative Assets Accounting Software Inc., a US-based technology firm that is working with us to develop exciting new technology products aimed at servicing both the fund investor and fund manager markets.

The Product Development team have also been instrumental in driving service innovation. By investing in senior specialists across each of our target markets and specialised services of Private Equity, Real Assets, Private Debt, Loan Agency, Hedge, Corporate, Regulatory Services, Technology and Capital Markets we have been able to roll out new service offerings. These have included new compliance and regulatory services to support both existing clients as well as new client wins. It has been particularly important in a year of such significant uncertainty and change to have credible, market-leading figures interacting with our key clients, prospective clients and market intermediaries.

As Sanne continues to build upon its reputation as a leader in our industry, we have refreshed our branding to reflect the tangible evolution of the business during the past year and highlighting our focus on providing our clients with local service excellence on a global, scalable platform. The new branding communicates a differentiated, technological evolution of our service proposition, enhanced service quality and further ambitions for the exciting opportunities that lie ahead for all our stakeholders. Client and employee feedback has been positive, with many noting this better reflects Sanne's evolution to a scaled, industry-leading platform focused on high quality client service.

Expanding our geographic footprint
We have continued to be active in expanding our geographic reach and delivering on our inorganic growth strategy in 2020. The Group now has operations across 22 locations and operates at scale in all key jurisdictions to support our clients.
Our expansion over the years has enabled the Group to remain largely agnostic to the risks posed by political events such as Brexit and in a good position to capitalise on the additional complexity and fund flows these changes can drive.

During the first half of the year, we completed the Inbhear Fund Services acquisition which provided the Group its first jurisdictional footprint in Cayman and enhanced our existing Irish service offering in Dublin. We have seen continued good performance from this business since acquisition and a healthy amount of cross selling from other parts of the business.

In the second half of the year, we completed two further acquisitions of Avalon Trust & Corporate Services Limited in Cayman and the lift-out of Deutsche Bank's trust company operations in Japan. In both cases the acquisitions added critical mass and a high-quality client list to our newest offices as well as adding trust services to our local offerings. In Cayman we have seen a good level of new business activity as a result of this new location which has given access to a large new target market. In Japan, we are seeing our new office start to gain significant traction in the local market. As an office that started with the roll-out of Real Estate fund administration, we are providing Private Debt and Loan Agency services to new client wins in the second half of the year. We are seeing a significant level of demand for Sanne's services in a local market historically dominated by the large local banking players.

In Q4 we successfully entered into an agreement to acquire Private Equity Administrators (PEA). PEA is a leading independent private equity administration business, which adds two new locations to Sanne in Sweden and Denmark, as well as doubling the size of our existing Guernsey operation. This is a strategically important addition to the Group and establishes a physical footprint in the Scandinavian region where there is a large market for capital focused on the alternative assets space. I am delighted to have seen this acquisition complete in the first quarter of 2021 and we are already seeing very encouraging cross-selling opportunities to assist PEA's clients across Sanne's existing markets.

2020 also saw us dispose of our legacy Jersey Private Client operation. This has been an important step in tightening our strategic focus on our core markets and allows the Group to concentrate on its strengths.

We continue to see many potential acquisition opportunities across our markets. Sanne has a track record of targeting and integrating high quality strategic acquisition opportunities to build out the client service offering and proposition as well as expanding our physical footprint. We will continue to be disciplined in our approach to, and assessment of, acquisitions.

Strengthening our operational platform

We continue to invest in our global operating platform to enable Sanne to be agile and responsive in support of our clients whilst maintaining best-in-class processes and controls in a highly regulated industry. 2020 has demonstrated the strength and resilience of our operating platform as we have adapted to the varied implications and challenges of the COVID-19 without adverse impact on our operations and service delivery. 2020 has also been a period of opportunity for us to look at ways we can enhance our client and employee proposition by rolling out more remote and virtual services.

We made significant progress in 2020 and we see exciting new opportunities for Sanne to continue to execute our new technology and data strategy roll out in 2021 and beyond. Our clients and our people will materially benefit from our enhanced technology capabilities.

Outlook

As we announced in January 2021, new business wins started to increase strongly in Q4 of 2020. Moreover, new business already won in 2019 and 2020 but delayed by COVID-19 began closing and commencing revenue generation. This followed a period of disruption caused by COVID-19 that led to a delay in fundraisings and closings as well as a general reduction in transaction levels. This momentum in new business wins has continued in the first two months of the current year.

Taking into account the ongoing restrictions due to COVID-19, as well as the expected progress in vaccinations globally and anticipated recovery of funds activity, the Board is confident that the Group will perform at least in line with its previous expectations in 2021, as well as returning to double-digit organic revenue growth rates.

The Group firmly believes that it is well-positioned to capture the significant growth opportunities in its markets. The medium and long-term structural growth drivers for the industry remain strong and the Group is confident that its continued investment in its client proposition, technology-led services and operational platform will enable it to maximise its significant potential and create substantial value for its shareholders.

Martin Schnaier
Chief Executive Officer

Strategy Review

The vision of the Group is to be one of the world's leading providers of outsourced alternative asset and corporate administration services.
The Group looks to partner with top tier alternative asset managers, financial institutions and global corporates, who require a high-touch professional service due to the bespoke nature of their investment products and activities. These products and activities have become increasingly complex and cross-jurisdictional requiring co-ordinated support across a global platform supported by industry experts in private equity, private debt, capital markets and real assets.

Client-driven

Sanne executes this strategy by offering "local excellence on a global platform". It has built a platform spanning 22 locations with over 1,900 employees that is preeminent in its core markets and is relied upon by over 1,950 clients with AuA totalling in excess of £465 billion. Clients choose Sanne not only because of its depth of resource, but also because of its client-centric approach, which focuses relentlessly on delivering quality support.

This client-centric approach is predicated on a professional services philosophy and is backed up by the assurance of its listing on the London Stock Exchange, which provides a credible governance framework for a business with over £465 billion in assets under administration. Listing also means that Sanne can take a long-term approach with clients requiring stability of service over 10-year-plus cycles in an industry where the competitive landscape is dominated by short-term propositions.

Structural market growth

Sanne's continuing growth has stemmed from the combined effects of investor demand for alternative investment strategies, ever increasing regulatory complexity and the rise in outsourcing by asset managers increasing the size of our addressable markets. The trend towards outsourcing services to a firm such as Sanne is a result of increasing sophistication among clients in relation to outsourcing together with a desire to rationalise supply chains by using fewer, larger and more capable administrators. In this environment, we believe that Sanne is uniquely placed to meet growing industry needs and is determined to develop a sustainable product that helps facilitate global investment in a responsible manner.

Organic growth

The Group's growth strategy is focussed on a series of core initiatives:

1 Drive differentiated, best-in-class client offerings through high-touch and technology enabled services.
This involves investing in the best people and training programmes, developing efficient and best-in-class processes; investing in new technology-led services and propositions; rolling out new capabilities relevant to specific product groups and adding new services that are relevant to our client base.

2 Increase our share of wallet within existing asset manager client groups, as well as targeting new ones.
This involves cross selling more services to each fund; capturing new fund launches by existing clients; servicing larger client groups across all their alternative investment product strategies and all their operating jurisdictions; displacing competitors as clients seek to rationalise their supply chain; and targeting "new-new" asset manager clients on to the Sanne platform either through competitive process or encouraging first time outsourcing.

3 Roll out our services and product offerings at scale across the entire global footprint.
This involves ensuring that we offer all product verticals in every location to which they are relevant to the Group's common high standards.

4 Add new geographic markets to the Group's footprint in line with client requirements.
This involves opening offices across new locations to access new markets and clients.

5 Invest in resilient and scalable operating platforms and technology to support our client service offering.
This involves continuing to build robust capability across Group Service areas such as risk, compliance, human resources and finance as well as investing in technology and systems to improve efficiency and capability and develop processes to ensure scalability and efficiency in our processes.

Inorganic growth

6 Sanne has a proven track record of identifying, acquiring and successfully integrating specialist firms where this enhances the value proposition of the Group and its services.

This activity is essentially relationship-driven and uses Sanne's capital resources to fund acquisitions, strategic investments and partnerships to augment or accelerate growth across one or more organic growth initiatives. These transactions are always undertaken in a responsible manner after careful due diligence to ensure a shared vision and minimise any risks to the Group. Sanne does not specifically target inorganic growth for its own sake.

Sanne has a track record of targeting and integrating high quality strategic acquisition opportunities to build out the client service offering and proposition as well as expanding our physical footprint.

Segmental Review

The Group's four reporting segments are structured geographically as: Europe, Middle East and Africa (EMEA); Channel Islands (CI); North America (NA); and Asia-Pacific & Mauritius (APM). The Group provides its core offerings of fund administration services to alternative assets funds and corporate administration across all of its segments.

Unless otherwise stated, all growth rates discussed in the segmental reviews are on a constant currency basis.

Europe, Middle East and Africa (EMEA)

	2020(£'000)	2019(£'000)	Growth	Constant currency growth
Revenue	**63,519**	**58,659**	**8.3%**	**7.6%**
Alternatives	61,600	56,413		
CPC	1,919	2,246		
Gross profit	**35,603**	**34,509**	**0.5%**	**(1.7%)**
Margin	**56.1%**	**60.4%**		

Sanne's EMEA segment operates across Luxembourg, Ireland, the United Kingdom, Spain, France, the Netherlands, Malta and South Africa. This division provides services across all our closed-ended investment strategies (Private Debt & Capital Markets, Real Estate, Private Equity and Loan Agency, including Depositary) as well as the Group's open-ended Hedge and corporate clients.

EMEA saw robust revenue growth of 7.6% in 2020 despite the COVID-19 pandemic creating significant headwinds in the South African Hedge fund business and a material slowdown in both new business wins and won mandates closing.

Growth in the period was most significant in Private Equity which saw revenues up around 50% from high quality new mandate wins across the UK and Luxembourg in particular. The region also saw good progress in Loan Agency and Real Assets. Loan Agency benefited as the economic implications of the pandemic resulted in a strong year for refinancing activity. Real Estate fund revenues grew despite a notable drop in transactional activity and market activity as the business saw good pre-COVID-19 wins come onto the platform. Performance was more subdued across the other investment strategies.

The South African business, which has traditionally been largely a Hedge administration platform, saw a significant decline in revenue as material new mandates won in 2019 that were expected to offset the 2019 client attrition failed to ramp up assets under management as expected due to the pandemic. This has a particularly large hit to revenue given the revenue model for hedge fund administration is largely directly linked to assets under management. Despite this, the business has had significant success in winning new closed ended mandates many of which came onto the platform late in Q4. As a result the region should be well set to return to growth in 2021.
The segment's margin in the year has been disproportionately impacted by the delay in revenues in the Hedge business as this product offering is highly operationally geared.

This has combined with elevated costs in Luxembourg as we right-size the jurisdiction has led to a dilution of the margin. The year has been one of bedding in new management in Luxembourg in particular. Actions to address these margin issues have been successful through the second half and resulted in a second half margin improvement compared with the first half of 2020.

EMEA also benefited from the integration of Inbhear in Ireland. Following completion of the acquisition at the end of April, the business has seen a good performance and the integration process is progressing well.

Channel Islands (CI)

	2020(£'000)	2019(£'000)	Growth	Constant currency growth
Revenue	**40,374**	**37,659**	**7.2%**	**6.9%**
Alternatives	29,587	27,628		
CPC	10,787	10,031		
Gross profit	**24,240**	**21,522**	**12.6%**	**11.6%**
Margin	**60.0%**	**57.1%**		

Note: The table above does not include results for discontinued activities in the period

Sanne's CI segment operates in both Jersey and Guernsey. The segment provides services across all our closed-ended investment strategies. (Private Debt, Capital Markets, Real Assets and Private Equity) albeit, not Loan Agency. The segment also includes the majority of the services to corporate clients. In the year, Sanne disposed of its Private Client business in Jersey that had traditionally formed part of the segment. Whilst that disposal completed on 1 July 2020, the results of that business are presented as discontinued activities and not included in the results for the segment shown in the table.

Revenues from the new CI segment saw organic growth in the period of 6.9%. Revenue growth was slightly stronger across the closed ended alternatives products in the year with Private Debt in particular performing well with good new mandates. Like the rest of the world, the global pandemic slowed new business activity and transaction volumes, particularly across the existing Real Assets which makes up around a quarter of the segment. The region has also continued to see some headwinds as uncertainty around Brexit since the vote in 2016 has seen asset managers favour Luxembourg over the Channel Islands as a domicile destination.

Despite the external factors though, we have seen good progress in the region with investment in the local management teams and business development resource showing good progress. This investment in management along with the revenue reallocation exercise to better match client revenues to the relationship teams in Jersey has resulted in the region seeing a good improvement in margin in the year.

The acquisition of PEA, which has completed after the year end, should be another growth driver for the segment into 2021 as it doubles the current scale of the Group's Guernsey business.

Asia Pacific and Mauritius (APM)

	2020(£'000)	2019(£'000)	Growth	Constant currency growth
Revenue	**36,233**	**34,302**	**5.6%**	**5.3%**
Gross profit	**25,275**	**23,422**	**7.9%**	**6.8%**
Margin	**69.8%**	**68.3%**		

Sanne's APM segment operates across Hong Kong, Singapore, China, Japan, India and Mauritius. This segment provides services across all core products areas.

The segment delivered revenue growth of 5.3% in the year. The APM segment was the first part of the Group to be impacted by the global pandemic and consequential slow down and delays in new business and fund closings. Despite the Asia Pacific offices seeing the start of the slow down sooner, the recovery of activity has been broadly in line with the rest of the business towards the very end of the year. The Hong Kong and China offices saw very low growth in the period with the Hong Kong office having seen a slow end to 2019 as well due to the civil unrest in the jurisdiction. Likewise, the Mauritian office saw very low growth as its key end market of India was particularly badly hit by the pandemic and saw a sharp decline in foreign investment for a large portion of the year.

The offices in Singapore and Japan however continued to see strong double digit growth. Whilst our Singapore office did see a sharp slowdown in activity for a period of the year and similar delays to the closing of new mandates, it still successfully delivered double digit growth underpinning the strong growth potential in the local market that continues to show good recovery. In its second year of operation the Japan office saw very strong growth from a small base as we establish our presence in a very large market for closed ended alternatives. The Japanese office has seen a strong win rate of new asset managers, particularly in the final quarter of the year as the investment in the region shows rewards. The lift-out of Deutsche Bank's Trust Company in the region further augmented the local presence in Q4 and has had a very strong start in the Group.

Margins in the segment saw good improvement overall despite the Japan jurisdiction only breaking even in the fourth quarter as it scales up.

North America (NA)

	2020(£'000)	2019(£'000)	Growth	Constant currency growth
Revenue	**29,562**	**26,897**	**9.9%**	**9.7%**
Gross profit	**15,432**	**13,659**	**13.0%**	**14.2%**
Margin	**52.2%**	**50.8%**		

Sanne's NA segment primarily services closed ended alternative fund clients in North America. The segment originated with the acquisition of FLSV Fund Administration Services LLC (FAS) in late 2016 and has been augmented in the year with the establishment of the Group's first presence in Cayman as a result of the acquisition of Inbhear followed by the acquisition of Avalon which has brought greater scale and regulatory capability to the jurisdiction.

Despite the sluggish fund raising activity that we saw impact the broader market and our clients in the year, the segment delivered revenue growth of 9.7%. The segment also successfully delivered margin improvement in the period which resulted in double digit gross profit growth for the region.

In the region Sanne continues to be predominantly focused on the Private Equity sector, however, 2020 has seen the business successfully diversify winning some Private Debt and Hedge mandates. Travel restrictions delayed the launch of the Group's loan agency offering in the region, but this has commenced in the second half and shows encouraging signs. The North American market continues to present one of the largest and fastest growing market opportunities for the Group and Sanne remains focused at expanding the physical footprint further across the country.

Chief Financial Officer's Review

Net revenue grew by 7.3% in 2020 to £169.7 million (2019: £157.5 million) at constant currency. Underlying operating profit has grown 8.4% at constant currency to £48.0 million (2019: £43.0 million) as the Group has successfully improved underlying operating profit margin to 28.3% from 27.3% in 2019 despite the external market conditions.

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Turnover for the year was up 9.5% to £174.9 million (2019: £159.7 million) due to the growth in net revenue and third-party fund management fees. Statutory operating profit for the year was £23.9 million, up 67.6% from £14.3 million in 2019. This reflected a significant drop in exceptional one-off costs.

Underlying diluted EPS saw growth of 12.2% on the prior year at constant currency and 19.2% at actual currency to 25.4 pence (2019: 21.3p). Diluted EPS saw growth of 192.1% to 11.1 pence (2019: 3.8 pence). The Group delivered strong cash returns in the year, generating underlying free cash flow attributable to equity holders of £33.6m. This performance represents an adjusted underlying operating cash conversion of 99.5% (2019: 105.5%).

Income statement

The Group reports key items in the income statement such as revenue, operating profit and diluted earnings per share as well as presenting certain alternative performance measures (APMs) such as organic revenue growth rates and underlying profit measures to allow an additional understanding of the results for the year. In order to provide a clear reconciliation of performance, the Group's statutory results and APMs are presented below and an explanation of each of the APMs used is provided at the end of the Chief Financial Officer's Review.

	2020 (£'000)	2019 (£'000)	Change %	Constant currency % change
Turnover from continuing operations	174,874	159,707		
Less: Third-party fund management fees	(5,186)	(2,190)		
Net revenue	**169,688**	**157,517**	**7.7%**	**7.3%**
Gross profit	**100,550**	**94,012**	**7.0%**	**5.9%**
Margin	59.3%	59.7%		
Overheads and other operating income	(52,514)	(51,024)		
Underlying operating profit from continuing operations	**48,036**	**42,988**	**11.7%**	**8.4%**
Margin	28.3%	27.3%		
Non-underlying items	(24,095)	(28,707)		
Operating profit	**23,941**	**14,281**	**67.6%**	**56.8%**
Net finance cost and other gains and losses, excl. non-underlying	(3,159)	(4,273)		
Non-underlying finance cost	(253)	(457)		
Profit before tax	20,529	9,551		
Taxation	(4,362)	(4,007)		
Profit after tax from continuing operations	**16,167**	**5,544**		
Discontinued operations	8,679	3,330		
Profit for the year	**24,846**	**8,874**		
Underlying diluted EPS	**25.4p**	**21.3p**		
Reported diluted EPS	**11.1p**	**3.8p**		

Turnover and net revenue

In 2020 we have separated out third-party fund management fees for the first time. These relate to asset management fees for a small number of funds that are clients of the Group's AIFM Management Company in Luxembourg. These revenues are the management fees for the asset manager in each fund's case, but contractually are paid by the fund entity to Sanne's management company before being dispersed to the relevant asset manager. This has started occurring as a result of new engagement structures through the management company that result in these fees being recognised as turnover for Sanne under IFRS 15. Given these revenues are not economically Sanne's, we have separated these out. Prior to 2020, these amounts were not material but, given strong growth of management fees in 2020, it is deemed appropriate to split these out and refer to net revenue as the relevant income for Sanne.

Net revenue in the year increased by 7.3% on a constant currency basis and 7.7% on an actual basis to £169.7 million (2019: £157.5 million). Organic revenue growth in the period, stripping out the contribution from the three acquisitions that completed in the year, was 5.8% on a constant currency basis.

Turnover for the year grew by 9.0% on a constant currency basis and 9.5% on an actual basis in the first half when the third-party asset manager fees are included.

	2020(£'000)	2019(£'000)	Growth %	Constant currency growth %
Turnover	**174,874**	**158,707**		
Third-party pass through revenue	**(5,186)**	**(2,190)**		
Net revenue	**169,688**	**157,517**	**7.7%**	**7.3%**
Inbhear revenues	1,658	–		
Avalon revenues	437	–		
DBTC revenues	384	–		
Organic revenue	**167,209**	**157,517**	**6.2%**	**5.8%**

Note: See the Alternative Profit Measures section for further explanation of this organic growth calculation methodology.

Gross profit

Gross profit for the year was £100.6 million (2019: £94.0 million). The gross profit margin was 59.3%, broadly flat on the prior period result of 59.7% and flat on the first half. This result reflects a combination of the negative margin impact that arose as a result of issues seen in the South African Hedge business, the depressed Luxembourg margin and the continued increase in investment in the Group's Product and Business Development teams. In the South African Hedge business, the direct cost base is largely fixed, so the drop in revenues has a notable impact on gross margin. These headwinds have been offset by improvements to resourcing controls and resulting margin improvement following the reallocation of client revenues at the end of 2019 across the CI, APM and NA reporting segments which in turn better aligned client revenues and relationships with the costs to service them.

Overheads

The Group's operating model involves client-focused service teams being supported by centralised and integrated Group Services functions including information technology, risk and compliance, human resources, premises, finance and head office. All costs for these functions are included in the Group's overheads. The table below provides a reconciliation of overheads and further details on the definition is provided in the alternative profit measures section.

Overhead costs in 2020 were £52.7 million (2019: £51.2 million), which represented 31.0% of net revenue for the year compared with 32.5% in 2019 and 31.9% in the first half of 2020. The year-on-year improvement has been driven by management actions in the second half of 2019 to improve cost controls across certain overhead functions. The Group's overheads include the costs required to support the discontinued operations.

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	2020(£'000)	2019(£'000)
Operating expenses	**76,760**	79,916
Non-underlying items within operating profit from continuing operations	**(24,095)**	(28,707)
Overheads	**52,665**	**51,209**

Non-underlying costs and gains

Non-underlying items within profit measures include share-based payments where they relate to acquisitions; acquisition and integration costs; amortisation and impairment of intangible assets; and other costs not representative of the Group's core business. It also contains gains similarly not representative of the Group's core business such as the gain on disposal of the Jersey based Private Client business in the year, which was a £7.7 million gain in 2020. For further detail on non-underlying items, please see note 9 in the financial statements.

Non-underlying items decreased 16.1% in 2020
to £24.1m (2019: £28.7 million). The main drivers behind this decrease have been the £6.3m of earn-out costs and £2.4m of intangible impairment cost in 2019 not repeating in 2020. The largest items within non-underlying costs are the amortisation of acquired intangible assets (£15.7m) and acquisition-related items (£6.4m), together representing 90.7% of total non-underlying costs in 2020.

Operating profit

Underlying operating profit is a key measure of the Group's performance. Underlying operating profit in 2020 was up 8.4% in constant currency on the prior year at £48.0 million (2019: £43.0 million). This reflected a 100bps underlying operating profit margin improvement in the year. Statutory operating profit grew 67.6% in the year to £23.9 million (2019: £14.3 million) as a result of the decrease in net non-underlying charges in the year.

Finance cost

The Group's net finance cost was slightly down year on year at £4.3 million (2019: £4.7 million). Costs in relation to the Group's revolving credit facility (interest costs and amortised loan fees) and IFRS 16 lease interest costs were both broadly flat year on year. 2019, however, had seen an increased cost as a result of £0.5m of loan fees being written off in the year. The write-off of these loan fees was treated as non-underlying in 2019.

Taxation

The Group's underlying effective tax rate for the year was 17.4% (2019: 19.6%). The year-on-year decrease was driven by the ability to utilise some brought-forward losses in the UK businesses. As with prior years there has been significant non-underlying expenditure impacting on the effective tax rate and, when adjusted for non-underlying items, the statutory effective rate for the year for the total Group was 21.2% (2019: 42.0%). The drop in non-underlying items in 2020 has resulted in a smaller difference between the underlying and statutory effective tax rates for the year.

Diluted underlying earnings per share

Underlying diluted earnings per share was up 19.2% to 25.4 pence (2019: 21.3 pence) in the year. Reported diluted earnings per share were up 192.1% to 11.1 pence (2019: 3.8 pence).

Dividend

The Board continues to adopt a progressive dividend policy where it seeks to increase the absolute value of the dividend each year, subject always to maintaining a sufficient level of dividend cover. Accordingly, the Board is recommending a final dividend of 9.9 pence per ordinary share (2019: 9.4 pence). The final dividend will be payable on 26 May 2021 to shareholders on the register at close of business on 30 April 2021.

Together with the interim dividend of 4.8 pence per share, this gives a total dividend for the year of 14.7 pence per share (2019: 14.1 pence in total).

Cash flow and working capital

2020 has been another year of strong cash performance from the Group despite the external market conditions with underlying operating cash conversion of 99.5% (2019: 105.5%). Underlying free cash flow attributable to equity holders also increased to £33.6 million in the year.

This is down 4.5% on the prior year owning in part to the exceptionally strong underlying operating cash conversion in 2019 and in part to this being a metric that includes cash flows from both continuing and discontinued operations and 2020 only benefited from six months of discontinued operations contribution. The main movements in the cash flow are summarised in the table below.

Capital expenditure in the year comprised equipment and software purchases and software development costs. The purchase of equipment and software largely relates to office fit-out costs in the Group.

The payment of £3.2 million of deferred consideration in 2020 (included within the "non-underlying movements in accruals" in the cash flow and working capital table) relates entirely to the earn-out payment for AgenSynd, which was settled in the first half of the year.

	2020 £'000	2019 £'000
Underlying operating profit from continuing and discontinued operations	**49,071**	**46,688**
Depreciation (equipment and IFRS16)	8,664	8,180
Other (includes share based payments and movements in provisions)	(488)	449
Change in working capital	(2,720)	3,151
Underlying operating cash flows	**54,527**	**58,468**
IFRS16 lease cost adjustment	(6,536)	(6,364)
Non underlying movement in accruals	845	(2,852)
Adjusted underlying operating cash flows	**48,836**	**49,252**
Underlying cash conversion as % of continuing underlying operating profit	*99.5%*	*105.5%*
Capital exp. (equipment and software)	(4,276)	(4,190)
Income taxes paid	(7,557)	(7,641)
Loan to minority investment	(820)	–
Net finance cost	(2,632)	(2,293)
Underlying free cash flow attributable to equity holders	**33,551**	**35,128**

Capital management and financing

At 31 December 2020, the Group's gross debt was £133.5 million (2019: £129.6 million), and the Group had gross cash balances of £57.1 million (2019: £51.5 million). At 31 December 2020, the cash ring-fenced for regulatory liquidity requirements ("trapped cash") was £13.4 million (2019: £10.1 million). As a result, the year end net debt, excluding trapped cash, was £89.8 million (2019: £88.2m). This reflected the strong operating cash generation seen in the year and comes after the funding of the earn-out payment for AgenSynd, the acquisitions of Inbhear, Avalon and the Deutsche Bank Trust Company and dividends paid to shareholders.

The Group considers its relevant leverage ratio to be the Group's net debt divided by underlying earnings before interest, taxation, depreciation and amortisation but then deducting the depreciation from finance leases under IFRS 16 (EBITDA after lease depreciation). This ratio seeks to use comparable metrics ignoring lease liabilities. This leverage ratio was 1.8x at the period end (2019: 1.9x).

The net debt to EBITDA ratio is calculated on a pre-IFRS 16 basis for the purposes of the Group's banking covenants and also allows the Group to include a full, last twelve months contribution for acquisitions even where they have not been owned by Sanne for the whole of the period. It also removes trapped cash from the available cash balances. Calculating the net debt to EBITDA ratio on the same basis as the Group's banking covenant results in a leverage ratio of 1.8x at 31 December 2020.

The capital management and financing table below sets out how capital has been generated and used in 2020. The Group's approach to capital allocation is to seek to invest the cash generated by the business to earn the best return for the Group's principal stakeholders. Given the low capital requirements to fund organic growth, the principal use of capital has been to fund acquisitions and shareholder dividends. Management aims to do this whilst maintaining a Group net debt to EBITDA after lease depreciation ratio of up to 2.0x. However, the Group's banking covenants are set materially higher with the option to increase this for a period of time so that the Group has additional funding headroom were it to be appropriate to use it.

	£'m
Cash generated	**2020**
Free cash flow before capital expenditure	31,831
Proceeds from disposal of discontinued operations	8,638
Total	**40,469**

	£'m
Cash used	**2020**
Acquisition related	(12,086)
Dividends	(20,583)
Capital expenditure	(4,276)
Net debt movement	(3,524)
Total	**(40,469)**

Post year-end refinancing of debt facilities

Following the year end, Sanne successfully refinanced its debt facilities increasing committed facilities by around 40% to £210 million whilst keeping key commercial terms broadly in line with the old facility. The new facility also extends the maturity to 18 March 2023 with extension options of up to two years.

The new debt facility is a multi-currency committed £210 million revolving credit facility with an uncommitted accordion facility of £100 million. Sanne is now supported by a syndicate of 6 international banks.

This new facility provides Sanne with significant flexibility and increased capacity to support the continued growth of the Group, particularly in support of the Group's acquisition strategy.

Foreign exchange

The Group's results are exposed to translation risk from the movement in currencies. Overall, the average movement from currencies has increased net revenue and underlying operating profit by £0.7 million and £1.4 million respectively. During the year ended 31 December 2020 the key individual exchange rates have moved, as shown in the table below.

	At 31 December			**Annual average**		
Per £ Sterling	**2020**	2019	%	**2020**	2019	%
Euro	1.1166	1.1813	5.5%	1.1266	1.1407	1.2%
US Dollar	1.3651	1.3263	(2.9%)	1.2914	1.2769	(1.1%)

Discontinued activities
On 1 July 2020, Sanne disposed of its Jersey-based Private Client business. The results for this business are included in these financial statements as discontinued operations under IFRS 5 with further details in note 11.

James Ireland
Chief Financial Officer

Alternative Performance Measure definitions

The Group uses alternative performance measures (APMs) to provide additional information on the underlying performance of the business. Management use these key measures to assess the underlying performance of the Group's business and the adjusted performance enables further comparability between reporting periods.

Changes since 2019
In the Group's 2019 Annual Report and Accounts additional APM's were included looking at total group performance. These were included to provide additional context on performance in the year the Jersey Private Client business was first presented as a discontinued operation.

These APMs are no longer considered relevant as the Jersey Private Client business has been deemed a discontinued operation for the entire period. The one exception to this is the underlying operating profit from continuing and discontinued activities. The only new APM now reported on is net revenue.

The APMs used to manage the Group are as follows:

APM	Definition	Rationale	Reconciliation
Net Revenue	Net revenue is a new APM in 2021 and comprises turnover less third-party fund management fees.	These third-party fund management fees relate to asset management fees for a small number of funds that are clients of the Group's AIFM Management Company in Luxembourg. These revenues are the management fees for the asset manager in each funds case, but contractually are paid by the fund entity to Sanne's management company before being disbursed to the relevant asset manager. Sanne has started recognising these third-party fees as turnover under IFRS 15 because of new engagement structures through the management company. Given these revenues are not economically Sanne's we have sought to separate these out and believe that net revenues are a more accurate reflection of the income that Sanne earns for its services to the relevant fund entity. 2021 is the first year these third-party fund management fees have been considered sufficiently significant that this APM is	A reconciliation of this APM is shown on the face of the income statement.

APM	Definition	Rationale	Reconciliation
		considered necessary to give an accurate picture of Sanne's income.	
Organic Revenue Growth	Organic revenue growth is net revenue growth excluding any benefit from acquisitions.	Organic revenue growth measures are a key performance indicator for the growth of the business excluding the impacts of any acquisitions undertaken. This provides an indication on how well the business is expanding without the deployment of further capital.	Organic revenue growth is calculated by excluding revenue from any acquisition made in the year. Where an acquisition was made part way through the prior year, the current year contribution will be reduced on a pro-rata to include only the same number of months as had been included in the prior year. A reconciliation is included in the CFO's Review.
Constant Currency Growth	The year on year percentage change excluding the effects of change in foreign exchange rates.	Constant currency metrics give a better reflection of the period on period performance of the business by ignoring the impact of currency movements that are outside the Group's control.	Overall, the average movement from currencies has increased net revenue and underlying operating profit by £0.7 million and £1.4 million respectively. Therefore constant currency metrics can be arrived at by removing these amounts.
Overheads	The Group's cost for all functions and operations that support the client-focused service teams.	These costs measure the cost of supporting the delivery of client-service, revenue-generating teams.	The Group's overheads are the difference between operating profit and gross profit, less non-underlying items included within operating profit from continuing operations and less other operating income.
Underlying Profit Measures	Underlying profit measures are used to present the period on period performance of the Group excluding one-off or non-trading related income and costs. Underlying profit measures include underlying operating profit from continuing operations, underlying profit before tax from continuing operations, underlying diluted earnings per share and underlying operating profit margin.	Underlying profit measures provide an important period-on-period comparison of profits arising from the Group's core activities, undisturbed by exceptional or one off incomes and costs.	These are arrived at by adjusting reported profit measures for non-underlying items as disclosed in note 9 of these financial statements. Underlying operating profit margin is arrived at by dividing underlying operation profit from continuing operations by net revenue.
Underlying Operating Cash Flow	Underlying operating cash flow represents the cash generated by total operations in the year, adding back the cash charges within non-	Underlying operating cash flow provides an important measure of how much cash has been created by the operations of the business in the period, excluding	A reconciliation is included in the CFO's Review.

APM	Definition	Rationale	Reconciliation
	underlying items and reducing for the total cash out flow in relation to the Group's leases that have been accounted for under IFRS 16.	the cash flows associated with non-underlying items, financing activities and investing activities.	
Underlying Operating Cash Conversion	Underlying operating cash conversion is the underlying operating cash flow as a percentage of underlying operating profit from continuing and discontinued operations.	This measures the Group's cash-generative characteristics from its operations and is used to evaluate the Group's management of working capital.	A reconciliation is included in the CFO's Review.
Underlying Free Cash Flow Attributable to Equity Holders	Free cash flow attributable to equity holders represents our underlying free cash flow prior to any acquisitions, refinancing or share capital cash flows.	It is a key measure of cash earned for the shareholders of the Group that can be used to provide cash returns or be invested in the future growth of the business.	A reconciliation is included in the CFO's Review.
Underlying Effective Tax Rate	The underlying effective tax rate is determined as the reported tax rate for the Group adjusted for the tax effects of non-underlying costs.	The underlying effective tax rate best reflects the applicable tax payable in relation to the underlying performance of the Group.	A reconciliation is provided in note 10 to these financial statements for the underlying effective tax rate.
Net Debt	This refers to the Group's net indebtedness that is calculated by taking the Group's gross debt balance and reducing it by gross cash balances.	Net debt acts as an important benchmark for the level of third party funding the Group utilises after netting off cash gross cash balances held on the balance sheet.	A reconciliation of net debt is provided in note 25 of the financial statements.
Underlying operating profit from continuing and discontinued operations	The aggregate underlying profit generated by the entire Group in the year including both continuing and discontinued operations.	This APM provides a measure to the total operating profit generated in the year from all operations beneficially owned by shareholders before deducting non-underlying costs.	This APM is calculated by adding together underlying operating profit from continuing operations as well as the profit before income tax expense from discontinued operations disclosed in note 11 of the financial statements.

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Consolidated Income Statement

For the year ended 31 December 2020

	Note	2020 £'000	2019[1] £'000
Turnover	6	174,874	159,707
Third-party fund management fees		(5,186)	(2,190)
Net Revenue[2]		169,688	157,517
Direct costs[2]		(69,138)	(63,505)
Gross profit		**100,550**	**94,012**
Other operating income		151	185
Operating expenses		(76,760)	(79,916)
Operating profit		**23,941**	**14,281**
Comprising:			
Underlying operating profit from continuing operations	9	48,036	42,988
Non-underlying items within operating profit from continuing operations	9	(24,095)	(28,707)
		23,941	14,281
Other gains and losses		804	(216)
Finance costs	7	(4,324)	(4,672)
Finance income	8	108	158
Profit before tax		**20,529**	9,551
Comprising:			
Underlying profit before tax from continuing operations	9	44,877	38,715
Non-underlying items within profit before tax from continuing operations	9	(24,348)	(29,164)
		20,529	**9,551**
Tax	10	(4,362)	(4,007)
Profit after tax from continuing operations		**16,167**	**5,544**
Discontinued operations	11	8,679	3,330
Profit for the year		**24,846**	**8,874**
Comprising:			
Underlying profit for the year	9	37,992	34,448
Non-underlying items within profit for the year	9	(13,146)	(25,574)
		24,846	8,874
Earnings per ordinary share ("EPS") from continuing operations (expressed in pence per ordinary share)			
Basic	12	11.1	3.8

Diluted	12	11.1	3.8
Underlying basic	12	25.5	21.6
Underlying diluted	12	25.4	21.3

1 Certain staff costs amounting to £1.2 million for the year ended 31 December 2019 have been reclassified and moved from Direct Costs to Other Operating expenses. This change did not affect the profit for the period. See note 5 for more detail.
2 Net Revenue comprises revenue less third-party fund management fees. Direct costs comprise direct costs of £74.3 million (2019: £65.7 million) less third-party fund management fees of £5.2 million (2019: £2.2 million).

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Profit for the year		24,846	**8,874**
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit and loss:			
Actuarial loss on defined benefit retirement obligation	34	(419)	(67)
Income tax relating to items not reclassified		95	10
Revaluation and exchange rate differences of equity investments	20	(234)	(715)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		(830)	(10,663)
Total other comprehensive expense for the year		**(1,388)**	**(11,435)**
Total comprehensive income/(expense) for the year		**23,458**	**(2,561)**
Comprising:			
Total comprehensive income/(expense) for the year from continuing operations		14,779	(5,891)
Total comprehensive income for the year from discontinued operations		8,679	3,330
Total comprehensive income/(expense) for the year		23,458	(2,561)

Consolidated Balance Sheet
As at 31 December 2020

	Note	**2020 £'000**	2019 £'000
Assets			
Non-current assets			
Goodwill	16	188,478	180,414
Other intangible assets	17	38,160	45,388
Equipment	18	8,971	9,984

	Note		
Minority equity investment	20	8,765	8,632
Financial asset at amortised cost	21	830	–
Right-of-use asset	22	33,724	32,733
Contract assets	24	66	–
Deferred tax asset	29	9,008	8,324
Total non-current assets		**288,002**	**285,475**
Current assets			
Trade and other receivables	23	53,713	47,941
Cash and cash equivalents		57,119	51,454
Contract assets	24	8,244	6,460
Disposal group held for sale	11	–	2,979
Total current assets		**119,076**	**108,834**
Total assets		**407,078**	**394,309**
Equity			
Share capital	26	1,474	1,466
Share premium	26	207,190	203,423
Own shares	27	(562)	(1,166)
Shares to be issued	33	3,006	7,723
Retranslation reserve		(13,964)	(13,134)
Accumulated losses		(18,751)	(26,487)
Total equity		**178,393**	**171,825**
Non-current liabilities			
Borrowings	28	133,549	129,572
Deferred tax liabilities	29	15,165	15,931
Provisions	30	2,936	2,024
Defined benefit retirement obligation	34	1,086	684
Lease liability	22	34,405	33,549
Total non-current liabilities		**187,141**	**181,760**
Current liabilities			
Trade and other payables	31	15,059	14,472
Current tax liabilities		2,661	3,301
Provisions	30	359	451
Contract liabilities	32	18,542	17,634
Lease liability	22	4,923	4,291
Disposal group held for sale	11	–	575
Total current liabilities		**41,544**	**40,724**
Total equity and liabilities		**407,078**	**394,309**

sanne

Martin Schnaier
Chief Executive Officer

James Ireland
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Note	Share capital £'000	Share premium £'000	Own shares £'000	Shares to be issued £'000	Retranslation reserve £'000	Accumulated Losses £'000	Total Equity £'000
Balance at 1 January 2019		**1,460**	**200,270**	**(1,470)**	**12,278**	**(2,471)**	**(17,955)**	**192,112**
Profit for the year		–	–	–	–	–	8,874	8,874
Other comprehensive expense for the year								
Actuarial loss on the defined benefit retirement obligation		–	–	–	–	–	(67)	(67)
Income tax relating to items not reclassified		–	–	–	–	–	10	10
Revaluation and exchange rate differences of equity investments		–	–	–	–	–	(715)	(715)
Exchange differences on translation of foreign operations		–	–	–	–	(10,663)	–	(10,663)
Total comprehensive expense for the year		–	–	–	–	**(10,663)**	**8,102**	**(2,561)**
Issue of share capital – acquisitions	26	6	3,153	–	(3,159)	–	–	–
Dividend payments	15	–	–	–	–	–	(20,029)	(20,029)
Share-based payments	33	–	–	–	2,337	–	–	2,337
Shares vested		–	–	559	(3,733)	–	3,395	221
Net buyback of own shares	27	–	–	(255)	–	–	–	(255)
Balance at 31 December 2019		**1,466**	**203,423**	**(1,166)**	**7,723**	**(13,134)**	**(26,487)**	**171,825**
Profit for the year		–	–	–	–	–	24,846	24,846
Other comprehensive expense for the year								
Actuarial loss on defined benefit retirement obligation		–	–	–	–	–	(419)	(419)
Income tax relating to items not reclassified		–	–	–	–	–	95	95
Revaluation and exchange rate differences of equity investments		–	–	–	–	–	(234)	(234)
Exchange differences on translation of foreign operations		–	–	–	–	(830)	–	(830)
Total comprehensive income for the year		–	–	–	–	**(830)**	**24,288**	**23,458**
Issue of share capital – acquisitions	26	8	3,767	–	(3,096)	–	–	679
Dividend payments	15	–	–	–	–	–	(20,583)	(20,583)
Share-based payments	33	–	–	–	2,978	–	–	2,978
Shares vested		–	–	638	(4,599)	–	4,031	70
Net buyback of own shares	27	–	–	(34)	–	–	–	(34)

Balance at 31 December 2020	1,474	207,190	(562)	3,006	(13,964)	(18,751)	178,393

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Operating profit from:			
Continuing operations		23,941	14,281
Discontinued operations		8,783	3,700
Operating profit including discontinued operations		32,724	17,981
Adjustments for:			
Depreciation of equipment	18	2,869	2,867
Depreciation of right-of-use asset	22	5,795	5,313
Lease liability interest	22	(1,530)	(1,607)
Amortisation of other intangible assets	17	15,677	16,487
Amortisation of contract assets	24	10	–
Impairment of other intangible assets	17	–	2,425
Impairment of right-of-use asset	22	497	–
Share-based payments expense	33	2,978	2,377
Disposal of equipment		175	64
Increase in provisions	30	–	(147)
Impairment loss recognised on trade receivables	23	1,458	–
Defined benefit retirement obligation		5	(68)
Gain on disposal of discontinued operations	11	(7,748)	–
Gain on bargain purchase	35	(38)	–
Deferred consideration and remuneration		(3,153)	4,242
Operating cash flows before movements in working capital		**49,719**	**49,934**
Increase in receivables		(5,750)	(3,492)
Increase in contract liabilities		292	1,874
Increase in payables		2,738	4,769
Cash generated from operations		46,999	53,085
Income taxes paid		(7,557)	(7,641)
Net cash generated from operating activities		**39,442**	**45,444**
Investing activities			
Interest income on bank deposits	8	98	158
Purchases of equipment	18	(1,954)	(3,914)

Software development costs paid	17	(2,322)	(276)
Payment of deferred consideration		–	(28,638)
Acquisition of subsidiaries	35	(11,699)	–
Acquisition of minority equity investment	20	(387)	(9,347)
Proceeds from disposal of discontinued operations	11	8,638	–
Financial assets at amortised cost granted	21	(820)	–
Net cash used in investing activities		**(8,446)**	**(42,017)**
Financing activities			
Dividend payments	15	(20,583)	(20,029)
Bank loan interest	7	(2,632)	(2,293)
Net buyback of own shares		(34)	(255)
Shares vested		(8)	–
Capitalised loan cost	28	(29)	(1,711)
Redemption of bank loans	28	(12,302)	(85,850)
New bank loans raised	28	14,821	132,060
Lease liability payments		(5,006)	(4,757)
Net cash (used in)/generated from financing activities		**(25,773)**	**17,165**
Net increase in cash and cash equivalents		**5,223**	**20,592**
Cash and cash equivalents at the beginning of the period		51,454	32,411
Effect of foreign exchange rate changes		442	(1,549)
Cash and cash equivalents at the end of the period		**57,119**	**51,454**
Cash flows from continuing operations		(5,836)	17,029
Cash flows from discontinued operations	11	11,059	3,563
Net increase in cash and cash equivalents		**5,223**	**20,592**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. General information

Sanne 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 IFC 5, St Helier, Jersey JE1 1ST. The principal activity of the Company and its subsidiaries (collectively the "Group") is the provision of alternative asset and corporate administration services.

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

These consolidated financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out in note 3.

The accounting policies have been applied consistently in the current and prior year, other than as set out below.

2. Adoption of new and revised Standards

Standards in issue not yet effective

Certain new accounting standards and interpretations have been published, that are not yet effective for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards, listed below, are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(a) Annual Improvements to IFRS Standards 2018-2020 Cycle
(b) Covid-19-Related Rent Concessions – amendments to IFRS 16
(c) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
(d) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
(e) Reference to Conceptual Framework – Amendments to IFRS 3
(f) Classification of Liabilities as Current or Non-current – Amendments to IAS 1
(g) IFRS 17 Insurance Contracts – amendments to IFRS 17
(h) Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37

New and revised standards effective for the year

In the current year, the Group applied a number of amendments to IFRSs and new interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements. The most significant of these standards are set out below.

(a) Definition of Material – amendments to IAS 1 and IAS 8
(b) Definition of a Business – amendments to IFRS 3
(c) Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
(d) Revised Conceptual Framework for Financial Reporting

3. Significant accounting policies

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 consolidated financial statements have also been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) to the extent that such standards have been endorsed by the European Union.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. 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 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 at least the next 12 months from the date of approval of these consolidated financial statements. 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. The Directors have assessed the potential impact that COVID-19 may have on its ability to continue as a going concern. The assessment gave the Directors reasonable reassurance that the Group will be able to continue as a going concern. The Group has healthy cash inflows through a good pipeline of existing and new customers; the Group also has finance facilities available. The assessment included an analysis of the Group's current financial position, ability to trade, principal risks facing the Group, and the effectiveness of its strategies to mitigate the impact. This was all assessed especially in light of the impact that COVID-19 had on global markets. Accordingly, they have adopted the going concern basis of accounting in preparing the consolidated financial statements. Further detail is contained in the viability statement included in the Audit Committee report on page 52 of the Annual Report and Accounts.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and

the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred and as non-underlying items within operating expenses.

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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) concerning the facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss, as non-underlying items within operating expenses.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually or if indicators of impairment are identified. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Refer to note 16.

Other intangible assets

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

The Group performs assessments at the end of each reporting period, in order to identify any possible indicators of impairment this is a separate assessment from the annual goodwill impairment review. Should there be any indicators of impairment, the Group estimates the recoverable amount of the asset and if an impairment should be recognised.

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. These intangibles are amortised over their useful lives using the straight-line method, which is estimated at four to eight 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" and is considered to be a non-underlying cost.

Customer intangibles

Customer intangibles consist 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 Group's growth pattern and ability to cross-sell to existing clients. Subsequently, these intangibles are amortised over their useful lives using the straight-line method, which is estimated at four to 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" and is considered to be a non-underlying cost.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the recognition criteria are met.

Software as a service ("Saas") agreements are assessed to determine if the agreement includes or may include an intangible asset. Costs incurred to obtain or develop the intangible asset are capitalised if the asset is an identifiable, non-monetary asset without physical substance that is under the Group's control and from which it is probable that expected future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably. Costs are capitalised until the asset is ready for use as intended by management. At this point in time, cost capitalisation will cease.

The costs related to software under development are categorised between research and development expenditure. Research expenditure and development expenditure that do not meet the recognition criteria are recognised as expenses when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation commences when the asset is ready for use as intended by management. Amortisation is recognised to write off the cost of assets less their residual values over their useful lives. This is done using the straight-line method over a seven-year period for developed computer software.

Finance income

Finance income is recognised using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, unless the assets subsequently became credit impaired. In the latter case, the effective interest rate is applied to the amortised cost of the financial asset. Finance income is recognised on an accrual basis.

Revenue recognition

Revenue is measured at the transaction price. The transaction price is the amount of consideration that the Group expects to receive in exchange for the services rendered.

Rendering of services

Revenue is based on and charged on three principal elements per the contracts with customers, 1) Assets under management (open-ended funds) where revenue is charged as a percentage of the assets under management, 2) Assets under management (closed-ended funds) where fees are also charged as a percentage of assets under management, 3) Service-based fees where the revenue is charged based on an agreed fee structure for various services being provided. All revenue is recognised over time as the services are rendered and clients benefit from these services.

The Group provides a number of services to its customers, ranging from trust/fiduciary services to accounting and administrative activities. As the revenue recognition under IFRS 15's "five step model" is identical for all Sanne's services, the five step approach is applied as follows:

Step 1 – Identify the contract

Contractual agreements exist between Sanne and all clients which create enforceable rights and obligations.

Step 2 – Identify performance obligations

The services to the customer set out in the agreement are separately identifiable. Each service set out in the contract is distinct as each component can be performed and delivered separately. The different services have been identified as separate and distinct services, thus being separate performance obligations.

Step 3 – Determine transaction price

Service-based fees are based on either pre-set (fixed) fees which are based on the expected amount of work (time spent at the relevant charge-out rates) to be performed or on a variable agreement where it is based on the actual amount of work (time spent at the relevant charge-out rates) but only to be determined once the work is finalised. Determining the transaction price for these fees varies by the amount of time spent, supported by time sheets.

Step 4 – Allocate transaction price

The transaction prices are allocated to the performance obligations (the provision of the services) based on the stand-alone selling prices. The Group uses the best available data to determine a price for the services rendered which is based on time spent at a specific charge-out rate.

Step 5 – Recognise revenue

The Group concluded that the obligations are satisfied over time and recognises the revenue for these services on a time-spent basis as the performance obligations are satisfied over time.

Contracts with customers make provision for annual transaction price increases, generally in line with a relevant local inflation measure. These increases do not change the performance obligations, and the increased prices are applied prospectively when revenue is recognised.

Revenue is recognised in the subsidiary where the contract with customers is based. The segmental reporting is presented based on the jurisdiction in which the specific client relationships are owned and managed. Therefore, the revenue stated in the segmental reporting is presented based on the jurisdiction where revenue is generated but may not be the same as the contracted jurisdiction.

Contract assets

Contract assets represent the billable provision of services which have been rendered and where performance obligations have been met but clients have not been invoiced at the reporting date. Contract assets are recorded based on agreed fees to be billed in arrears and time spent as performance obligations are met, based on charge-out rates in force at the work date, less any specific provisions against the value of contract assets where recovery may not be made in full.

Costs incurred in obtaining a contract are capitalised if these costs are directly linked to obtaining a contract. Costs that would have been incurred regardless of the contract being obtained are expensed. Capitalised costs are amortised over the shorter period of seven years and the useful life of the contract. The contract assets are assessed at reporting period for impairment by determining if the carrying amount is less than the remaining consideration that the entity expects to receive in exchange for the goods or services to which the asset relates, less the costs that relate directly to providing those goods or services that have not been recognised as expenses.

Contract liabilities

Contract liabilities represent fees billed in advance in respect of services under contract and give rise to a trade receivable when recognised. Contract liabilities are released to revenue on a time apportioned basis in the appropriate accounting period.

Leases

The Group assesses contracts entered into to determine if a contract is, or contains, a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period, in exchange for consideration. At initial recognition of a new lease, the lease liability is recognised as the present value of future payments, discounted using the incremental local borrowing rate (unless the interest rate implicit in the lease is available for use). A corresponding right-of-use asset is recognised on initial recognition and is measured at an amount equal to the lease liability, less any lease incentives and lease payments made before the commencement date, plus any initial direct costs and dilapidation costs.

The Group accounts for lease and non-lease components separately, unless these are not separable based on stand-alone prices. In such instances the Group makes use of the practical expedient to account for the lease and non-lease components as a single lease component.

Subsequently, the Group allocates lease payments between finance costs and the lease liability. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term.

The Group made use of the practical expedient whereby leases in a class of underlying asset to which the right of use relates, with a lease term of 12 months or less are, accounted for as a short-term lease. Consequently, no lease liability or right-of-use asset is recognised thereon, and the lease payments are accounted for in the consolidated income statement on a straight-line basis.

The Group also made use of the 'low value asset' practical expedient and defines low value assets as those assets with a purchase price for a new and unused asset of £5,000 or less.

Foreign currencies

The separate 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 separate financial statements of the subsidiary 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 the consolidated income statement in the year in which they arise. Exchange differences arising from minority equity investments are recognised in the statement of comprehensive income when 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 exchange rates at the date of the transactions. 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 accumulated exchange differences in respect of that operation, attributable to the Group, are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income and accumulated in the translation reserve in the consolidated statement of changes in equity.

Defined contribution retirement benefit

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

Defined benefit retirement obligation

The Group has a defined benefit retirement obligation in Mauritius due to a regulatory requirement. The defined benefit retirement obligation is recognised in line with IAS 19.

The liability recognised in the consolidated balance sheet in respect of the defined benefit retirement obligation is the present value of the defined benefit retirement obligation at the end of the reporting period less the fair value of plan assets; however, the Group has no plan assets.

The defined benefit retirement obligation is calculated at half year and year end by independent, qualified actuaries using the projected unit credit method.

The present value of the defined benefit retirement obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating terms of the related defined benefit retirement obligation.

Defined benefit costs are categorised as follows:

- service cost
- net interest expense or income; and
- remeasurement

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS"). 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 other periods. For diluted EPS, the weighted average number of ordinary shares is adjusted assuming conversion of all dilutive potential ordinary shares.

Both basic and diluted EPS measures are shown for the statutory profit position, the Group has also presented an alternative version where profit is adjusted for non-underlying items to provide an additional understanding of the financial performance of the Group (note 12).

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 consolidated income statement as it excludes income or expenses that are taxable or deductible in other years and it excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period in which 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would result from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax for the year

Current and deferred tax is recognised in the consolidated income statement, except when related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Equipment

Equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Software that forms an integral part of the related hardware, where the hardware cannot operate without the specific software, is treated as equipment.

Depreciation is recognised to write off the cost of assets less their residual values over their useful lives, using the straight-line method, over the following periods:

Computer equipment	3 to 5 years
Computer software	3 years
Fixtures and equipment	5 to 24 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

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 (excluding goodwill)

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 are impaired. 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 ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset is the higher of its fair value less costs of disposal or the 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, limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. An impairment loss reversal is recognised immediately in profit or loss.

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

Financial assets
All financial assets are recognised and derecognised on 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 timeframe established by the market concerned, and are initially measured at fair value.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and call deposits held with banks.

Call deposits held with banks are redeemable in the favour of the Group within 24 hours' notice, without early payment penalties or interest forfeits. These call deposits have a maturity of three months or less from the date of acquisition.

Trapped cash represents the minimum cash balance to be held to meet regulatory capital requirements, as set out by relevant laws and regulations in the different jurisdictions. The trapped cash is determined based on certain rules that are different in each jurisdiction. Trapped cash is recognised as cash and cash equivalents.

Financial assets at amortised cost
The Group's business model is to collect the contractual cash flows from its financial assets, excluding equity investments not held for trading. The cash flows of these financial assets consist solely of payments of principal and interest. Therefore, these financial assets are classified at amortised cost. These financial assets are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Interest income is recognised by applying the effective interest rate, excluding short-term receivables when the recognition of interest would be immaterial. Refer to note 36 disclosing the financial assets categorised as financial assets at amortised cost.

Financial assets at fair value through other comprehensive income
The Group holds equity investments that are not held for trading. The Group has made the irrevocable election to carry the investments at fair value through other comprehensive income. On initial recognition, the investments are measured at fair value, plus transaction costs. Subsequently, these investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income, accumulating in retained earnings. Dividends on the equity investments are recognised in profit or loss. On disposal of the equity investments, the cumulative fair value gain or loss will not be reclassified to the consolidated income statement.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on its financial assets at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

When the expected credit loss for trade receivables is determined, the Group makes use of the simplified approach, whereby the loss recognised is equal to the lifetime expected credit losses. Lifetime expected credit losses represent the expected losses that may result from possible default events, and the probability of such an event occurring, over the lifetime of the financial asset. The expected lifetime credit losses of the trade receivables are estimated using a provision matrix. The matrix is based on the Group's historical credit loss experience, the most significant factor being the days past due. It is then adjusted for forward-looking factors specific to the trade receivables.

The carrying amount of a financial asset at amortised cost is reduced by the impairment loss directly except for trade receivables, where the carrying amount is reduced through the use of an allowance account. Trade receivables that are considered uncollectible are 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 issued 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 as the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments are 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.

Financial liabilities
All financial liabilities are classified as at amortised cost. These liabilities are initially measured at fair value less transaction costs and subsequently using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments over the expected term of the financial liability, or, where appropriate, a shorter period. No interest is levied on financial liabilities that are short term and immaterial.

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

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Own shares/employee share trust

Own shares represent the shares of the Company that are held in treasury and by the Group's employee share ownership trust (which forms part of the Group's consolidated financial statements). 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. Any consideration paid or received by the Trust for the purchase or sale of the Company's own shares is shown as a movement in shareholders' equity.

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 as the expected future cash outflows discounted at a pre-tax rate that reflects current market assessments of the risks specific to the provision.

Prepayments

Prepayments are treated as current assets, and represents goods or services that the Group has paid for before the delivery thereof. The prepayment will be released to the relevant expense in the period to which the delivery of goods or services relates.

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

Employees of the Group receive bonus allocations in the form of share-based payments under Performance Share Plan, Restricted Stock Awards and Annual Performance Bonuses, whereby eligible employees render services as consideration for equity instruments (shares).

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in note 33.

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

The grant date fair value is estimated with reference to the market price of the Company's shares. The fair value of share plans containing market-based vesting conditions was determined using a valuation model that takes into account the share price at grant date, expected price volatility and a risk-free rate.

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.

Operating profit

The operating profit reflects the profit earned from the Group's business operations. It includes revenue and other operating income less direct and indirect costs. Furthermore, the operating profit comprises underlying and non-underlying items. Operating profit excludes finance costs, finance income and foreign exchange gains and losses.

Non-underlying items

Non-underlying items are disclosed and described separately in the consolidated financial statements where in the opinion of the directors, it is appropriate to do so to provide further information regarding the financial performance of the Group.

The Group's core business is the administration, reporting and fiduciary services it provides in various jurisdictions. All acquisition, and integration, related costs are disclosed as non-underlying as these fall outside the core business of the Group. Certain Restricted Share Award grants form part of the non-underlying items as they are used as a tool to retain key personnel relating to the acquisitions and recruit senior management to support the acquisitions. Amortisation of contract and customer intangible assets recognised through the acquisitions is also included as non-underlying. These charges are based on judgements about the value and economic life of assets that, in the case of items such as customer relationships, would not be capitalised in normal operating practice. Therefore, excluding the amortisation of intangible assets from underlying earnings allows the income and costs of both organically generated and acquired contracts to be presented on a like-for-like basis. Any impairment losses are also deemed to be outside of the course of ordinary business. Certain expenses that are also deemed to be one-off in nature are classified as non-underlying items, and costs are assessed regularly to determine if they are non-underlying in nature, note 9 provides further details on management's reason for regarding a cost as non-underlying. Gains or losses from the disposal of subsidiaries or business lines are deemed non-underlying items.

All the non-underlying items are regarded as expense items outside the normal course of business and disclosed separately to assist Shareholders to better analyse the performance of the core business. Changes to the subsequent contingent consideration arising from prior and current period business combinations are included in non-underlying items.

Further details of the nature of non-underlying items are given in note 9.

Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs of disposal.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of the disposal group, but exceeding any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the disposal group is recognised at the date of derecognition.

The disposal group includes trade receivables, contract assets and contract liabilities and consequently does not attract depreciation, amortisation or interest payable.

Assets that are part of the disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements 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.

Classification of equity investment

In the prior year the Group obtained an equity investment in Colmore A.G. and applied its judgement in determining the classification of the equity investment. The Group does not hold controlling voting rights in Colmore A.G. The Group tested the requirements for significant influence. Sanne has representation on the board of directors however, due to a single board member holding the outright majority of shares, Sanne is not able to direct the daily operations or participate in policy making processes. Even though Sanne has entered into an agreement with Colmore A.G. to develop new software, Sanne does not deem this to be a material transaction. Sanne will also not be in a position to make changes to the managerial personnel of Colmore A.G. nor will it be providing essential technical information. During the current year, the Group granted an arm's length loan to Colmore A.G. (refer to note 21). The arm's length loan granted was in proportion to Sanne's shareholding in Colmore A.G. The loan granted did not change the Group's assessment of the classification of the investment in minority interest and Sanne cannot demonstrate significant influence. Subsequently the Group will carry the investment as an investment in equity rather than an investment in an associate. Therefore equity accounting will not be applied and instead the investment is measured at fair value through other comprehensive income. Refer to note 20 for related disclosure on the fair value measurement methodology applied.

Other judgements

Lease term

The Group made a judgement regarding the lease terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended. Exercising either the extension or termination options are case dependent and is an ongoing assessment. Therefore, should the Group apply an extension option, the lease liability and right–of–use asset would be increased. Should the Group terminate an agreement, both the lease liability and right–of–use asset would be derecognised.

Key sources of estimation uncertainty

Initial recognition of intangible assets

During the year, the Group acquired Inbhear Fund Services Limited, Avalon Trust & Corporate Services Limited and Deutsche Trust Company Limited (refer to note 35 for further details). These business combinations gave rise to the recognition of customer and contract intangibles. In valuing these intangible assets, the Multi–Period Excess Earnings Method (MEEM) was applied. This method requires various judgements to be made, of which the most significant is the number of years the customer base acquired is expected to generate revenue for the Group. The valuation was performed using seven years for the Inbhear Fund Services Limited and Avalon Trust & Corporate Services Limited acquisitions and five years for the Deutsche Trust Company Limited acquisition. These periods were based on management's best judgement and historical evidence.

The intangible assets recognised through the business acquisitions amount to £2.2 million, for Inbhear Fund Services Limited. For the acquisition of Avalon Trust & Corporate Services Limited the intangible assets recognised through the business acquisitions amount to £2.5 million. The acquisition of Deutsche Trust Company Limited resulted in the recognition of intangible assets to the value of £1.3 million. Refer to note 17 for further disclosure on intangible assets recognised and the sensitivity disclosure around the judgements and estimates made in determining the fair value of the asset at acquisition date.

Fair value measurement of investment in equity

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Group uses its judgement to select a variety of methods, and making assumptions that are mainly based on market conditions existing at the end of each reporting period. The key inputs in the fair value assessment are the weighted average growth rate, terminal growth rate and the WACC for the income approach and the trends analysis used in the market approach. Refer to note 20 for further disclosure relating to the fair value assessment.

Contract assets

The Group recognises contract assets within revenue and as a receivable for amounts that remain unbilled at the year end, recorded at the recoverable amount. The recoverable amount of contract assets 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 contract assets and an assessment of historical recovery rates. Refer to note 24 for further disclosure regarding estimation uncertainty.

Other estimates
Impairment testing
Goodwill
In the assessment of the annual impairment tests on goodwill, the following assumptions are deemed to be key sources of estimation: the revenue growth rate, the discount rate and the terminal growth rate. Management has assessed that no reasonably possible changes to any CGU would cause the aggregate carrying amount of that CGU to materially exceed its recoverable amount. Note 16 sets out these rates and sensitivities.

Probability of vesting of equity instruments granted in terms of share–based payment schemes
The cumulative expense recognised for the Group's share–based payment schemes reflects, in the opinion of the Directors, the number of equity instruments granted that will ultimately vest. At each reporting date, management adjusts the unvested equity instruments with the forfeited instruments. Management is of the opinion that this number, adjusted for future attrition rates, represents the most accurate estimate of the number of instruments that will ultimately vest.

5. Segmental reporting

The reporting segments engage in corporate, fund and private client administration, reporting and fiduciary services. Declared revenue is generated from external customers.

The chief operating decision maker is considered to be the Executive Directors of Sanne Group plc. Each segment is defined as a set of business activities generating a revenue stream determined by segmental responsibility and the management information reviewed by the Executive Directors. The Executive Directors evaluate segmental performance on the basis of gross profit, after the deduction of the direct costs of staff, marketing and travel. No inter segment sales are made.

The Group's consolidated financial statements for the year ended 31 December 2020 have four reportable segments under IFRS 8, namely EMEA, Asia–Pacific & Mauritius, Channel Islands and North America.

The Group classified its private client contracts and employee group held in Jersey as a discontinued operation due to significant contracts being designated as held for sale. This was regarded as a major business line in the past and forms part of the Channel Islands segment. Please refer to note 11 for additional details relating to the sale. The reporting of various client contracts and their related costs moved between segments during the 12 months ending 31 December 2020; the comparative numbers were also adjusted to reflect this change. The change in the segmental allocation of the contracts (and related costs) was driven by the reassessment of where the revenue is generated and the work performed. The most significant of these moves was between EMEA and Channel Islands. Certain staff costs (amounting to £1.2 million) relating to support teams shown as direct costs in the Group's Annual Report and Accounts for the year ended December 2019 have been reassessed and deemed to not directly contribute to generating revenue and as a result have been reclassified to operating expenses. This classification has been made for the year ended 31 December 2020 and the prior year.

For the year ended 31 December 2020	**Revenue £'000**	**Direct costs £'000**	**Gross profit £'000**
Segments			
EMEA[1]	63,519	(27,916)	35,603
Third–party fund management fees	5,186	(5,186)	–
Asia–Pacific & Mauritius	36,233	(10,958)	25,275
North America	29,562	(14,130)	15,432
Channel Islands[2]			
Continuing operations	40,374	(16,134)	24,240
Discontinued operations	2,006	(971)	1,035
Total	176,880	(75,295)	101,585

Other operating income	151
Operating expenses	(76,760)
Operating profit	24,976

For the year ended 31 December 2019	Revenue £'000	Direct costs £'000	Gross profit £'000
Segments			
EMEA[1]	58,659	(23,250)	35,409

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Third–party fund management fees	2,190	(2,190)	–
Asia–Pacific & Mauritius	34,302	(10,880)	23,422
North America	26,897	(13,238)	13,659
Channel Islands[2]			
Continuing operations	37,659	(16,137)	21,522
Discontinued operations	5,736	(2,036)	3,700
Total	165,443	(67,731)	97,712

Other operating income	185
Operating expenses	(79,916)
Operating profit	17,981

Geographical information

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

	2020 £'000	2019 £'000
Jersey and Guernsey[2]		
Continuing operations	35,389	36,451
Discontinued operations	2,006	5,736
Rest of Europe[1]	69,185	59,667
Mauritius	23,061	22,984
Americas	28,017	26,376
South Africa	3,252	4,852
Asia–Pacific	10,784	7,187
Total net revenue from continuing and discontinued operations	171,694	163,253
Third–party fund management fees	5,186	2,190
Total turnover from continuing and discontinued operations	**176,880**	**165,443**

The geographical revenue is disclosed based on the jurisdiction in which the contracting legal entity is based and is not based on the location of the client or where the work is performed. The geographic revenue split is therefore very different to the segmental reporting split.

1 The EMEA revenue and costs are shown as net revenue and net direct costs. This is because net revenue and net direct costs exclude the impact of third–party fund management fees, which are not considered relevant in allocating resources to segments. Third–party fund management fees relate to asset management fees for a small number of funds that are clients of the Group's AIFM Management Company in Luxembourg and are limited to the EMEA operations. Given these revenues are not economically the Group's, the Group sought to separate these and believe that net revenues are a more accurate reflection of the income that the Group earned for its services to the relevant fund entity.

2 The above mentioned amounts for the Channel Islands include the results from both the continuing and discontinued operations. Refer to note 11 for the total revenue and direct costs attributable to discontinued operations.

6. Turnover

	2020 £'000	2019[1] £'000
Disaggregation of revenue from contracts with customers		
Basis for fees charged		
EMEA		
– Assets under management (open-ended funds)	4,380	6,350
– Assets under management (closed-ended funds)	22,994	18,466
– Third party fund management fees	5,186	2,190
– Service-based fees	36,145	33,843

Asia-Pacific & Mauritius		
– Assets under management (closed-ended funds)	1,378	1,255
– Service-based fees	34,855	33,047
North America		
– Service-based fees	29,562	26,897
Channel Islands		
– Assets under management (closed-ended funds)	1,637	1,967
– Service-based fees	38,737	35,692
Total revenue from continuing operations	**174,874**	**159,707**

	2020 £'000	2019[1] £'000
Timing of revenue recognition		
Over time		
EMEA	68,705	60,849
Asia–Pacific & Mauritius	36,233	34,302
North America	29,562	26,897
Channel Islands	40,374	37,659
Total revenue over time	174,874	159,707
Total revenue from continuing operations	**174,874**	**159,707**

1 The reporting of various client contracts moved between segments during the 12 months ending 31 December 2020, affecting the comparative disclosure for the disaggregation of revenue from contracts with customers. The comparative amounts were adjusted to reflect this change. The change was driven by a reassessment of where the revenue is generated and the work performed. The most significant of these moves was between EMEA and Channel Islands.

7. Finance costs

	2020 £'000	2019 £'000
Bank loan interest	2,632	2,434
Amortised loan fees	162	174
Loan fees written off	–	457
Interest on lease liabilities	1,530	1,607
Total finance costs	**4,324**	**4,672**

Details regarding the bank borrowings can be found in note 28.

8. Finance income

	2020 £'000	2019 £'000
Interest income on bank deposits	98	158
Interest income on financial assets at amortised cost	10	–
Total finance income	**108**	**158**

9. Non-underlying items

	2020 £'000	2019 £'000
Operating profit from continuing operations	23,941	14,281

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Non-underlying items within operating profit from continuing operations:			
Share-based payments	(i)	1,951	1,777
Amortisation of other intangible assets	(ii)	15,677	16,487
Acquisition cost earn-out charges	(iii)	485	6,317
Acquisition and integration costs	(iii)	2,443	62
Gain on bargain purchase	(iv)	(38)	–
Impairment of other intangible assets	(v)	–	2,425
Impairment of right-of-use asset	(vi)	497	–
Onerous lease contract	(vi)	691	–
Settlement agreement costs and related legal fees	(vii)	1,326	1,039
Other	(iii)	1,063	600
Total non-underlying items included in operating profit from continuing operations		24,095	28,707
Underlying operating profit from continuing operations		**48,036**	**42,988**

		2020 £'000	2019 £'000
Profit before tax from continuing operations		20,529	9,551
Non-underlying items included in profit before tax from continuing operations:			
Total non-underlying items included in operating profit from continuing operations		24,095	28,707
Onerous lease contract	(vi)	16	–
Refinancing	(viii)	–	457
Foreign exchange loss on acquisition restructuring	(iii)	237	–
Total non-underlying items from continuing operations		24,348	29,164
Underlying profit before tax from continuing operations		44,877	38,715
Profit for the year[1]		24,846	8,874
Non-underlying items within profit for the year from discontinued operations:			
Gain on disposal of discontinued operations before tax	(ix)	(7,748)	–
Tax effect of non-underlying items		(3,454)	(3,590)
Total non-underlying items from continuing and discontinued operations		13,146	25,574
Underlying profit for the year[1]		**37,992**	**34,448**

1 This figure includes profit for the year after tax from both continuing and discontinued operations.

In the opinion of the directors, as explained below, the above disclosures reflect expenses which are not representative of the underlying performance and strategy of the Group.

(i) The share-based payments expense above only relates to the costs classified as non-underlying. For details on all the share-based payments (for underlying and non-underlying in aggregate) refer to note 33. All acquisition-related share-based payments ("RSA" plan) are awards granted as part of the mechanics of acquisitions to act as retention tools for key management and to recruit senior management to support the various acquisitions. These grants are thus not in the normal course of underlying business and are disclosed separately.

(ii) The amortisation charges relate to the amortisation of other intangible assets acquired through acquisitions. The amortisation of other intangible assets is directly linked to the acquisitions and is excluded from underlying cost because these charges are based on judgements about the value and economic life of assets that, in the case of items such as for example customer relationships, would not be capitalised in normal operating practice.

(iii) The Group has completed various acquisitions in the past two years. Acquisition and integration costs included deal advisory fees, one-off costs of integrating companies, accruals for cash earn-out payments and exchange rate gains/losses made during the integration period. Integration and deal costs relating to acquisitions for the year ending 31 December 2020 were £2.4 million. Also included is £0.5 million relating to the AgendSynd acquisition earn-out accrual which is expensed per IFRS 3 due to settlement being linked to continued employment. Acquisitions are outside the day-to-day activities of the Group's ongoing business. Therefore, these costs are disclosed as non-underlying to enable shareholders to assess the core ongoing performance of the Group. The majority of acquisition and integration costs are incurred in the first 2 years after acquisition. This could be longer depending on the nature of the costs. Costs incurred in relation to acquisition opportunities not yet executed or abandoned are disclosed as "Other".

(iv) On 1 April 2020, the Group acquired all the shares in Inbhear Management Services Limited as part of the wider Inbhear transaction. As with item (iii) above, acquisitions are outside the day-to-day activities of the Group's ongoing business. With the full consideration linked to continued employment, no consideration was paid for the acquisition and consequently a gain on bargain purchase was recognised. Refer to note 35 for further information.

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(v) The Group's South African hedge fund business, acquired in 2016, suffered a one-off loss of clients during 2019. The Sorato business also incurred an impairment in 2019. The source of the impairment related to customer contracts that were entered into before the acquisition that have terminated sooner than anticipated. As a result, the contract intangibles were impaired by £2.4 million in the prior year. Refer to note 17 for further information. As with the amortisation of other intangible assets, this cost was excluded from underlying cost as it does not form part of the Group's core business.
(vi) During the current year, the Group decided to make use of the break clause in its office lease agreement in the UK jurisdiction as the Group has moved into new premises in the UK. COVID-19 and material, prolonged building work and renovations to the building limited the Group's ability to sublease the building. It was also not possible to sublease the building in 2021 due to certain operational challenges outside the Group's control. Because the property is not in use, and the Group is not able to sublease it, the right-of-use asset was impaired as the asset became idle. This impairment is a non-underlying item to eliminate the effect of double counting premises expenses and to present only core premises expenses incurred. The Group provided for onerous lease costs. The premises rental costs are classified as lease components and the lease liability was modified for the change in lease term. Other costs payable by the Group, per the lease agreement, are classified as non-lease component costs and were provided for as onerous lease costs.
(vii) During the year ending 31 December 2020, the Group incurred fees amounting to £1.3 million for ongoing legal cases. The regulatory fine and fees for the year ending 31 December 2019 related to a settlement with the Jersey Financial Services Commission. The fine amounted to £381k and additional costs of £658k for legal fees incurred during the settlement process. This expense is excluded from underlying cost as it is a one-off cost.
(viii) On 1 March 2019, the Group refinanced its loan facility. The balance of the unamortised loan costs was written off and classified as non-underlying because the refinancing was done to support future acquisitions and is not part of the day-to-day operations of the Group.
(ix) During the year ended 31 December 2020, the Group disposed of its private client business, resulting in a gain on disposal of discontinued operations. Refer to note 11 for further details.

10. Tax

	2020 £'000	2019 £'000
The tax charge comprises:		
Current period	6,935	7,184
Adjustments in respect of prior periods	(321)	(32)
Total current tax expense	6,614	7,152
Deferred tax (note 29)		
Increase in deferred tax assets	(380)	(1,065)
Decrease in deferred tax liabilities	(1,863)	(1,710)
Total deferred tax credit	(2,243)	(2,775)
Total tax charge for the year	**4,371**	**4,377**

	2020 £'000	2019 £'000
The income tax expense is attributable to:		
Profit from continuing operations	4,362	4,007
Profit from discontinued operations	104	370
Deferred tax from other comprehensive income	(95)	-
	4,371	4,377

In addition to the amount charged to the consolidated income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	2020 £'000	2019 £'000
Deferred tax:		
Items that will not be reclassified subsequently to profit or loss:		
– Actuarial loss on defined benefit retirement obligation	(95)	(10)
Total income tax credited in other comprehensive expenses	**(95)**	**(10)**

The difference between the total current tax shown above and the amount calculated by applying the UK standard income tax rate of 19% (2019: 19%) to the profit before tax is as follows:

	2020 £'000	2019 £'000
Profit from continuing operations before tax	20,529	9,551
Profit from discontinued operations before tax	8,783	3,700
Profit on ordinary activities before tax	29,312	13,251

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Tax on profit on ordinary activities at standard UK income tax rate of 19% (2019: 19%)	5,569	2,518
Effects of amounts that are not taxable/deductible in calculating income tax:		
Income not taxable/expenses not deductible for tax purposes	(1,245)	531
Non-deductible amortisation	110	153
Depreciation in excess of capital allowances	24	173
Net foreign exchange income	-	10
Foreign taxes not at UK rate[1]	122	771
Deferred tax not recognised – taxable losses[2]	112	253
Adjustments in respect of prior periods	(321)	(32)
Total tax	**4,371**	**4,377**

1 With the UK tax rate at 19% (2019: 19%) the impact of the 2017 and 2018 acquisitions on the tax expense is significant as all the acquired jurisdictions have higher tax rates than 19% (2019: 19%).
2 Deferred tax not recognised refers to jurisdictions where management is doubtful that future deferred tax assets would be able to be utilised through taxable profits being realised in future.

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

The UK standard income tax rate is 19% (2019: 19%). Management has chosen to reconcile to this rate as the Company is a UK tax resident.

	2020 £'000	2019 £'000
Reconciliation of effective tax rates		
As per consolidated financial statements statement:		
Tax charge	4,371	4,377
Profit before tax from continuing and discontinued operations	29,312	13,251
Effective tax rate on continuing and discontinued operations	*14.9%*	*33.0%*
Effective tax rate on continuing operations	*21.2%*	*42.0%*
Effective tax rate on discontinued operations	*1.2%*	*10.0%*
Tax charge	4,371	4,377
Adjusted for:		
Prior period adjustments	321	32
Tax effect of non-underlying items	4,003	4,512
Deferred tax on US goodwill amortisation	(870)	(954)
Total adjustments	3,454	3,590
Underlying tax charge	**7,825**	**7,967**

	2020 £'000	2019 £'000
Profit before tax from continuing and discontinued operations	29,312	13,251
Non-underlying items	16,600	29,164
Profit before tax and non-underlying items	**45,912**	**42,415**
Underlying effective tax rate on continuing and discontinued operations	17.0%	18.8%
Underlying effective tax rate on continuing operations	17.4%	19.6%
Underlying effective tax rate on discontinued operations	1.2%	10.0%

The effective tax rate of 14.9% (2019: 33.0%) has decreased due to the recognition of assessed losses generated in the UK and US jurisdictions. The decrease in tax rate is further attributable to the recognition of the gain on disposal of the private client business treated as capital in nature. The underlying effective tax rate decreased to 17.0% (2019: 18.8%) and is attributable to the utilisation of group tax relief anticipated for the 2020 year. The underlying effective tax rate was calculated against the underlying

profit before tax after having excluded the tax effect of non-underlying expenses and the deferred tax in relation to the tax allowance for the amortisation of goodwill in the US.

		2020 £'000	2019 £'000
Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		589	2,647
	Potential tax benefit @ 19%	112	503

The unused tax losses were incurred by loss-making subsidiaries. These subsidiaries are not likely to generate taxable income in the foreseeable future, but can be carried forward indefinitely.

11. Discontinued operations

During the prior year, the Group made a strategic decision to sell the private client business in Jersey and initiated an active programme to locate a buyer. The revenue and direct costs are included in the Channel Islands reporting segment. The associated assets and liabilities were consequently presented as held for sale in the 2019 and 2020 financial statements. The acquisition, subject to the relevant regulatory approvals, was undersigned on 13 March 2020 whereby it was agreed that the designated clients and staff will transfer to JTC Plc. The transaction concluded on 1 July 2020 and the agreed-upon clients and staff members were transferred to JTC plc for a consideration of £9 million and an £0.4 million working capital adjustment. The sale of the business line was reported as a discontinued operation in the current year.

The group created a special purpose vehicle ("SPV") to facilitate the sale of the private client business. The SPV was under common control, as the entities involved in the transaction were all ultimately controlled by the same party both before and after the combination and the control was not transitory. The sale of the SPV to JTC plc after the creation of the SPV is not considered transitory control as the entity was created as a conduit to facilitate the lift-out of the private client business in the transaction.

The financial information relating to the discontinued operations is set out below:

	2020 £'000	2019 £'000
Revenue	2,006	5,736
Expenses	(971)	(2,036)
Profit before income tax expense	1,035	3,700
Income tax expense	(104)	(370)
Profit from discontinued operations after tax	931	3,330
Gain on disposal of discontinued operations after tax	7,748	–
Profit from discontinued operations	**8,679**	**3,330**

The following disclosure relates to the cash flows from the discontinued operations:

	2020 £'000	2019 £'000
Net cash inflow from operating activities	2,421	3,563
Net cash inflow from investing activities (inflow from the proceeds)	8,638	–
Net increase in cash generated by the disposal group	**11,059**	**3,563**

The following details relate to the gain on disposal of the discontinued operations:

	2020 £'000	2019 £'000
Cash consideration received	8,638	–
Trade and other payables	(55)	–
Carrying amount of net assets	(835)	–
Gain on sale of discontinued operations before tax	7,748	–
Income tax expense	–	–

Gain on disposal of discontinued operations after tax	**7,748**	–

The carrying amounts of assets and liabilities as at the date of sale (1 July 2020) were:

	2020 £'000
Contract assets	**850**
Trade receivables	**187**
Contract liabilities	**(202)**
Carrying amount of net assets	**835**

The disposal group disclosed in the prior period consisted of the trade receivables, contract assets and contract liabilities relating to the contracts. Due to the fact that internally generated customer relationships are prohibited from being recognised as assets, the Group did not account for these customer contracts as assets. The Group reclassifed the trade receivables, contract assets and contract liabilities relating to these clients as a disposal group held for sale in the prior period as these balances give a reasonable representation of the value that these customer contracts hold.

The following assets and liabilities were reclassified as a disposal group held for sale in relation to the discontinued operation as at 31 December 2020:

	2020 £'000	2019 £'000
Assets of disposal group classified as held for sale		
Contract assets	–	334
Trade receivables	–	2,645
Total assets of disposal group held for sale	**–**	**2,979**

	2020 £'000	2019 £'000
Liabilities of disposal group classified as held for sale		
Contract liabilities	–	(575)
Total liabilities of disposal group held for sale	**–**	**(575)**

2. Earnings per share

	2020 £'000	2019 £'000
Profit for the year	24,846	8,874
Non-underlying items:		
Non-underlying expenses before tax	16,600	29,164
Tax effect of non-underlying items	(3,454)	(3,590)
Underlying profit	**37,992**	**34,448**

Refer to note 9 for further detail on non-underlying items.

	Shares 2020	Shares 2019
Weighted average numbers of ordinary shares in issue	145,242,091	144,019,578
Effect of dilutive potential ordinary shares:		
Deferred consideration shares	–	636,652

Restricted Stock Awards	467,317	1,280,821
Performance Share Plan	43,009	49,501
Weighted average number of ordinary shares for the purposes of diluted EPS	**145,752,417**	**145,986,552**

Earnings per share-based on total operations	**2020**	2019
Basic EPS (pence)	17.1	6.2
Diluted EPS (pence)	17.1	6.1
Underlying basic EPS (pence)	26.1	23.9
Underlying diluted EPS (pence)	26.0	23.6

Earnings per share-based on continuing operations	**2020**	2019
Basic EPS (pence)	11.1	3.8
Diluted EPS (pence)	11.1	3.8
Underlying basic EPS (pence)	25.5	21.6
Underlying diluted EPS (pence)	25.4	21.3

Earnings per share-based on discontinued operations	**2020**	2019
Basic EPS (pence)	6.0	2.3
Diluted EPS (pence)	6.0	2.3
Underlying basic EPS (pence)	0.6	2.3
Underlying diluted EPS (pence)	0.6	2.3

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 average number of ordinary shares in issue during the period.

Diluted EPS takes into consideration the Company's dilutive contingently issuable shares as disclosed above. These arrangements have no impact on the earnings or underlying earnings figures used to calculate diluted EPS. The weighted average number of ordinary shares used in the diluted calculation including the number of shares expected to be issued to satisfy the awards when they become due and where the performance criteria, if any, have been deemed to have been met as at 31 December 2020.

Underlying basic EPS and underlying diluted EPS are calculated in the same way as basic EPS and diluted EPS with the only difference being that the earnings used are the underlying earnings, being the profit for the year adjusted for non-underlying items and the tax impact of non-underlying items.

13. Profit for the year

	2020 £'000	2019 £'000
Profit for the year has been arrived at after (crediting)/charging:		
Net foreign exchange (gains)/losses	(1,042)	216
Depreciation of equipment (see note 18)	2,869	2,867
Depreciation of right-of-use asset (see note 22)	5,795	5,313
Gain on disposal of equipment	175	36
Gain on bargain purchase (see note 35)	(38)	–
Gain on disposal of discontinued operations before tax (see note 11)	7,748	–
Auditor remuneration for audit services for the company and subsidiaries	1,254	860
Auditor remuneration for other services	568	143
Amortisation of other intangible assets (see note 17)	15,677	16,487

Amortisation of contract assets (see note 24)	10	–
Staff costs (see note 14)	91,327	84,463
Impairment loss recognised on trade receivables (see note 23)	1,458	82
Impairment loss recognised on other intangible assets (see note 17)	–	2,425
Facilities expense	2,822	2,726

14. Staff costs

	2020 £'000	2019 £'000
The aggregate payroll costs were as follows:		
Salaries and bonuses	76,719	72,805
Social security	6,228	5,148
Pension cost	828	620
Other benefits	4,385	3,513
Share-based payments (see note 33)	3,167	2,377
	91,327	84,463

The average number of full time employees analysed by category and segment:

	2020	2019[1]
Client services		
EMEA	596	489
Asia-Pacific & Mauritius	391	351
North America	170	150
Channel Islands	221	241
Group services	413	355
	1,791	**1,586**

Information in relation to aggregate Directors' remuneration is contained in the Directors' Remuneration Report of the Group's Annual Report and Accounts for the year which detail the remuneration payable to each Director for service in 2020.

1 Certain staff members moved between client services and Group service, as the functions they perform are deemed to be more overhead in nature than direct costs. Refer to note 5 for more details on the move between direct costs and overhead costs.

15. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the prior year	13,624	13,254
Interim for the current year	6,959	6,775
Total dividends	**20,583**	**20,029**
Proposed final dividend	14,591	**13,784**

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The proposed final dividend is subject to approval at the forthcoming AGM and has not been included as a liability in these consolidated financial statements. Dividends are declared in accordance with Jersey laws and can be distributed from all reserves.

	2020 Pence per share	2019 Pence per share
Dividend per share ("DPS"):		
Interim for the current year	4.8	4.7
Final proposed for the current year	9.9	9.4
Total dividend per share	**14.7**	**14.1**

	2020	2019
Weighted average number of ordinary shares in issue	145,242,091	144,019,578

16. Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill movements	**£'000**
At 1 January 2019	188,928
Exchange differences	(8,514)
At 31 December 2019	180,414
Inbhear Fund Services Limited	**4,432**
Sanne Trustees (Cayman) Limited	**2,799**
Sanne Group Japan Trust Company	**145**
Exchange differences	**688**
At 31 December 2020	**188,478**

During the year, the Group acquired Inbhear Fund Services Limited, Sanne Trustees (Cayman) Limited (previously known as Avalon Trust & Corporate Services Limited) and Sanne Group Japan Trust Company (previously known as Deutsche Trust Company Limited). Refer to note 35 for further detail.

The goodwill has been allocated to the following CGUs:

	2020 Carrying value £'000	2019 Carrying value £'000
Sanne South Africa	7,567	8,177
Sanne Netherlands	1,649	1,649
Sanne North Americas	40,224	41,400
Sanne Mauritius	55,452	57,076
Luxembourg Investment Solutions S.A. [1]	61,686	58,307
Sanne Luxembourg [1]	6,260	5,917
Sanne Spain	8,345	7,888
Sanne Ireland	4,521	–
Sanne Cayman Islands	2,647	–
Sanne Japan	127	–
	188,478	**180,414**

1 In the past the Luxembourg Investment Solutions S.A. ("LIS") and Compliance Partners S.A. ("CP") operations were managed as a single CGU. During the current year the CP and Sanne Group (Luxembourg) S.A. ("SGLUX") operations were legally merged into a single legal entity (Sanne Luxembourg), after obtaining regulatory approval, resulting in two CGUs, namely LIS and Sanne Luxembourg. This new legal entity is regarded to be a single CGU

as this is the smallest identifiable group of assets that can generate a cash inflow from clients the legal entity engages with and is managed separately as a stand-alone legal entity. In the prior year the two entities (CP and SGLUX) were operationally merged in assessing the Group's CGUs for testing. The goodwill acquired upon the purchase of LIS and CP was allocated to each of the CGUs that is expected to benefit from the synergies of the combination. Thus, when it was assessed that LIS and the new merged Luxembourg operations form two separate CGUs, it was evident that the allocation of goodwill must be reallocated to the two new CGUs. The allocation was done based on the weighting of the purchase consideration between the two legal entities as at acquisition date (LIS and CP).

In accordance with the Group's accounting policy, the carrying value of goodwill is not subject to systematic amortisation but is reviewed annually for impairment. The review assesses whether the carrying value of goodwill could be supported by the recoverable amount which is determined through value in use calculations for each CGU. The key assumptions applied in the value in use calculations are the discount rates and the projected cash flows.

The calculations of the recoverable amounts of all CGUs are based on key assumptions. The values of these assumptions are specific to each CGU. The future cash flows, on which the value in use calculations are based, take into consideration the impact that the recent COVID-19 pandemic has had on markets globally. The result of the goodwill impairment assessment undertaken is that each CGU maintained sufficient headroom. As a result, none of the CGUs are impaired.

The recoverable amount of each CGU is its value in use calculated using certain assumptions. The most significant assumptions are the cash flows (mainly driven by revenue growth and the cost margin), the discount rate and the terminal growth rate. The expected cash flows are based on a combination of the Group's budgeted and historic data. Refer to note 17 for details relating to the assessment performed on contract and customer intangible assets and the discount rate and other key assumptions used.

Discount rates

Management estimates the discount rates to be used in calculating the value in use using pre-tax rates that reflect current market assessments of the time value of money. In assessing the discount rate applicable to the Group, the following factors have been considered:
(i) Long Term treasury bond rate for the relevant jurisdiction;
(ii) Cost of equity based on an adjusted beta for the relevant jurisdiction; and
(iii) Risk premium to reflect the increased risk of investing in equities.

Projected revenue and costs

Projected revenue and costs are calculated with reference to each CGU's latest budget and business plan which are subject to a rigorous review and challenge process. Management prepares the budgets by assessing historic revenues from existing clients, the pipeline of new projects, historic pricing, and the required resource base needed to service new and existing clients, coupled with their knowledge of wider industry trends and the economic environment. Cash flows are projected for five years with a terminal value at the end of year five.

Projected revenue and costs are calculated using the prior period actual result, excluding lost client revenue. These results are compounded by the budgeted numbers. Growth rates used are specific to the CGUs and vary between 3% and 13% (2019: 1% and 13%). The expected revenue growth was adjusted to incorporate a downturn in future revenues due to the impact of COVID-19 on global markets and was based on conservative cash flow projections. The terminal growth rate applied after five years was based on the forecasted nominal GDP and inflation of the operating jurisdiction, accounting for the expected mid-term effect that COVID-19 may have on global markets.

Material movements have been seen in the weighted average revenue growth rates for Sanne Netherlands, Sanne South Africa and Sanne Spain. Sanne Netherlands saw strong client wins in the prior year; this is expected to slow down in the mid-term, resulting in a lower weighted average revenue growth rate. In the case of South Africa, the revised growth rate reflects the recent increase in client wins. Sanne Spain saw strong growth with continued new client wins from a small base. This is reflected in a higher weighted average revenue growth rate.

Key assumptions

The following discount rates (pre-tax WACC rates), weighted average revenue growth rates and terminal growth rates, have been used in the assessments. No material movements were identified in the WACC rates used between 2020 and 2019 other than for Sanne South Africa, which is due to the economic environment in which the CGU operates. Where the terminal growth exceeds the weighted average revenue growth rate, the Group made use of a conservative approach to the mid-term growth rate, whereas the terminal growth rate was based on external observable sources.

	Discount rate 2020	Discount rate 2019	**Weighted average revenue growth rate 2020**	Weighted average revenue growth rate 2019	**Terminal growth rate 2020**	Terminal growth rate 2019
Sanne South Africa	25%	19%	12%	4%	5%	6%
Sanne Netherlands	9%	9%	12%	19%	3%	3%
Sanne North Americas	9%	10%	10%	12%	3%	3%
Sanne Mauritius	12%	11%	4%	3%	6%	5%
Luxembourg Investment Solutions S.A.	7%	6%	11%	7%	4%	3%
Sanne Luxembourg [1]	7%	6%	11%	14%	4%	3%
Sanne Spain	10%	9%	13%	7%	3%	3%
Sanne Ireland	8%	–	8%	–	4%	–
Sanne Cayman Islands	9%	–	18%	–	3%	–
Sanne Japan	10%	–	15%	–	1%	–

1 Refer to the goodwill allocation for the discussion relating to the CP and Sanne Group (Luxembourg) S.A. merger.

Based on the value in use calculations, no CGU requires impairment.

Sensitivity to changes in assumptions

The impairment review of the Group is sensitive to changes in key assumptions, most notably projected cash flows and the pre-tax discount rate. Management has independently performed a sensitivity analysis on each CGU where the discount rate used was increased by between 0.5% and 1.0%, the expected mid-term growth decreased by between 1.0% and 3.0% and the expected cost margin increased by between 2.0% and 4.0%, with all other assumptions constant. None of the CGUs showed indications of impairment. Management believes that any reasonably possible change in the key assumptions, on which the recoverable amount of a CGU is based, would not cause the aggregate carrying amount to materially exceed the recoverable amount of any CGU.

17. Other intangible assets

	Contract £'000	Customer £'000	Developed computer software £'000	Software under development £'000	Total £'000
Cost					
At 1 January 2019	85,702	16,472	–	–	102,174
Additions due to software development	–	–	–	276	276
Impairments	(2,425)	–	–	–	(2,425)
Exchange difference	(3,110)	(635)	–	–	(3,745)
At 31 December 2019	80,167	15,837	–	276	96,280
Acquired during the year	4,928	1,050	–	–	5,978
Additions due to software development	–	–	–	2,322	2,322
Transfer between asset classes	–	–	1,191	(1,191)	–
Exchange difference	(729)	(171)	–	–	(900)
At 31 December 2020	**84,366**	**16,716**	**1,191**	**1,407**	**103,680**

	Contract £'000	Customer £'000	Developed computer software £'000	Software under development £'000	Total £'000
Accumulated amortisation					
At 1 January 2019	30,781	5,271	–	–	36,052
Charge for the year	13,870	2,617	–	–	16,487
Exchange difference	(1,378)	(269)	–	–	(1,647)
At 31 December 2019	43,273	7,619	–	–	50,892
Charge for the year	13,024	2,653	–	–	15,677
Exchange difference	(881)	(168)	–	–	(1,049)
At 31 December 2020	**55,416**	**10,104**	**–**	**–**	**65,520**
Carrying amount					
At 31 December 2020	**28,950**	**6,612**	**1,191**	**1,407**	**38,160**
At 31 December 2019	36,894	8,218	–	276	45,388

Annual amortisation on the contract and customer intangibles is recognised in operating expenses and is a non-underlying item.

Refer to note 35 for further details relating to the acquisitions of Inbhear Fund Services Limited, Sanne Trustees (Cayman) Limited (previously known as Avalon Trust & Corporate Services Limited) and Sanne Group Japan Trust Company (previously known as Deutsche Trust Company Limited). The intangible assets recognised through the business acquisitions amount to £2.2 million (using seven years as the expected useful life for the forecast of cash flows in the MEEM model), for Inbhear Fund Services Limited. If the valuation was performed using six years as the expected useful life in the model to determine the fair value of the assets, the fair value would be £0.2 million lower, and if the fair value estimate was performed over eight years, the asset value would be £0.2 million higher. For the acquisition of Avalon Trust & Corporate Services Limited the intangible assets recognised through the business acquisitions amount to £2.5 million (using seven years as the expected useful life for the forecast of cash flows in the MEEM model). If the valuation was performed using six years as the expected useful life in the model the asset value would be £0.3 million lower and if the fair value

was determined using eight years in the model as the forecast period, the fair value would be £0.3 million higher. The acquisition of Deutsche Trust Company Limited resulted in the recognition of intangible assets to the value of £1.3 million (using five years as the expected useful life for the forecast of cash flows in the MEEM model). If the valuation was performed using four years the fair value would be £0.2 million lower and if it was performed over six years it would be £0.2 million higher.

In the prior period, Sanne South Africa experienced a one-off loss of clients triggering an indicator for impairment. Sanne's South African contract intangibles were impaired by £2.3 million. An £84k impairment was recognised for the Sorato contract intangibles. The source of the impairment on the Sorato contract intangible related to customer contracts that were entered into before the acquisition that terminated sooner than anticipated. The impairments were included in the operating expenses on the consolidated income statement and are considered to be non-underlying items.

The method of valuation and subsequent review of the carrying value of intangible assets is outlined in note 3. Triggers for impairment are assessed by comparing the actual revenue results and cost margins in the current period to the forecast revenues and cost margins as at acquisition for the same period. Lower actual results are considered a to be a trigger for an impairment assessment.

As part of that subsequent review, triggers for impairment were detected and impairment assessments performed for the intangible assets relating to Ariel, IDS Group, CCS, LIS Group and AgenSynd Group. Triggers for impairment were not identified in the current year for Delorean, IFS Group, or Sorato.

The recoverable amount is determined using the fair value less costs of disposal method. The fair value less costs of disposal is determined using the multi-period-excess-earnings method (MEEM). This model requires the use of a post-tax discount rate. If the fair value less costs of disposal is lower than the carrying value of the intangible asset, the value in use is also determined. For the intangible assets with impairment indicators, the Group determined the recoverable amount using the value in use approach. A pre-tax WACC is used to discount pre-tax cash flows in the value in use assessments.

In the current year, the value in use method was used to determine the recoverable amount. In the prior year the fair value less costs of disposal method was used. This results in different discount rates used between the two financial years presented. The current year's discount rates are slightly different to the rates used in the goodwill impairment assessment due to the difference in cash flows that are discounted.

	Discount rate 2020	Discount rate 2019	**Remaining useful life 2020**	Remaining useful life 2019
Ariel *(Various jurisdictions)*	8%	7%	<1 year	1 year
CCS *(Sanne Ireland)*	8%	7%	2 years	3 years
IDS Group *(Sanne South Africa)*	20%	13%	3 years	4 years
AgenSynd Group *(Sanne Spain)*	11%	7%	5 years	6 years
LIS Group (LIS and CP)	6%	5%	4 years	5 years

Analyses of the carrying amounts of the intangible assets acquired are as follows:

Acquisition	Acquisition date	Amortisation period end	**Carrying amount 2020 £'000**	Carrying amount 2019 £'000
Contract intangible				
Delorean *(Various jurisdictions)*	1 June 2013	31 May 2020	–	540
Ariel *(Various jurisdictions)*	1 May 2014	30 April 2021	75	301
CCS *(Sanne Ireland)*	1 March 2016	28 February 2023	281	388
IDS Group *(Sanne South Africa)*	1 June 2016	31 May 2024	850	1,188
FLSV FAS *(Sanne North America)*	1 November 2016	31 October 2022	2,900	4,614
Sorato *(Sanne Netherlands)*	1 December 2016	30 November 2023	–	–
IFS Group *(Sanne Mauritius)*	1 January 2017	31 December 2022	12,741	19,666
LIS Group *(LIS and CP)*	6 February 2018	31 January 2023	5,946	8,318
AgenSynd Group *(Sanne Spain)*	3 September 2018	31 August 2025	1,638	1,879
Inbhear *(Sanne Ireland)*	1 May 2020	30 April 2027	1,663	–
Avalon *(Sanne Cayman Islands)*	1 October 2020	30 September 2027	1,870	–
DTC *(Sanne Japan)*	1 October 2020	30 September 2025	986	–
Total			**28,950**	**36,894**

Acquisition	Acquisition	Amortisation	**Carrying**	Carrying

	date	period end	amount 2020 £'000	amount 2019 £'000
Customer intangible				
Delorean *(Various jurisdictions)*	1 June 2013	31 May 2023	287	409
Ariel *(Various jurisdictions)*	1 May 2014	30 April 2024	27	29
CCS *(Sanne Ireland)*	1 March 2016	28 February 2023	229	317
IDS Group *(Sanne South Africa)*	1 June 2016	31 May 2024	579	809
FLSV FAS *(Sanne North America)*	1 November 2016	31 October 2022	553	880
Sorato *(Sanne Netherlands)*	1 December 2016	30 November 2023	25	34
IFS Group *(Sanne Mauritius)*	1 January 2017	31 December 2022	2,422	3,736
LIS Group *(LIS and CP)*	6 February 2018	31 January 2023	1,001	1,400
AgenSynd Group *(Sanne Spain)*	3 September 2018	31 August 2025	526	604
Inbhear *(Sanne Ireland)*	1 May 2020	30 April 2027	373	–
Avalon *(Sanne Cayman Islands)*	1 October 2020	30 September 2027	418	–
DTC *(Sanne Japan)*	1 October 2020	30 September 2025	172	–
Total			**6,612**	**8,218**

Software Intangibles

	Carrying amount 2020 £'000	Carrying amount 2019 £'000
Developed computer software	1,191	–
Software under development	1,407	276

When the Group enters into cloud computing agreements in the form of "software as a service" agreements, the Group determines if the agreement contains an intangible asset. This is done by assessing if the agreement provides the Group with a resource that it can control (i.e. if the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits). This is done by determining if the Group has the contractual right to take possession of the software during the hosting period without significant penalty and if it is feasible for the Group to run the software on its own hardware or contract with another party, unrelated to the supplier, to host the software. If both conditions are met, the Group accounts for the implementation costs, those costs incurred in preparing the intangible asset to be capable of operating in the manner intended by management, as an intangible asset. All other costs are expensed in profit or loss.

The Group entered into agreements with various suppliers, whereby new software will be developed for the Group's exclusive use. These assets are classified as "software under development" where they give rise to an intangible asset. Once the "software under development" is ready for use, as intended by management, cost capitalisation will cease. The asset is transferred from being classified as "software under development" to the "developed computer software" asset class and amortisation commences.

Management has applied judgement to determine if the software being developed is an intangible asset and what development costs can be capitalised. The software is identifiable because it arises from contractual rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations. The Group concluded that it controls the assets classified as "software under development" and "developed computer software" because it is able to take possession of the software as there are no financial penalties or operational barriers that act as significant disincentives to the Group. Control is further strengthened in instances where the Group can operate and/or host the software without reliance on the supplier and the Group can determine when and how upgrades to the software are made. Where the agreement also provides exclusive use of the software, it further supports instances where the Group controls the software. When these conditions are met, the Group recognises the costs incurred as an intangible asset. The software will enable the Group to add value to its clients as clients will be able to use the software to engage with the Group when the Group renders its services. It will also enhance the efficiency of services rendered, thereby saving future potential expenses.

Costs incurred during the planning phase of the project are research costs and have been expensed. The total research costs amounted to £0k (2019: £78k).

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18. Equipment

	Computer equipment £'000	Computer software £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 1 January 2019	4,878	3,034	10,429	18,341
Additions	1,428	395	2,091	3,914
Change in accounting policy[1]	–	–	(924)	(924)
Disposals	(212)	(359)	(291)	(862)
Exchange differences	(89)	(35)	(164)	(288)
At 31 December 2019	6,005	3,035	11,141	20,181
Additions	1,067	171	716	1,954
Additions through acquisitions	85	267	47	399
Disposals	(272)	–	(270)	(542)
Exchange differences	(47)	(41)	94	6
At 31 December 2020	**6,838**	**3,432**	**11,728**	**21,998**

	Computer equipment £'000	Computer software £'000	Fixtures and equipment £'000	Total £'000
Accumulated depreciation				
At 1 January 2019	2,939	2,674	2,755	8,368
Charge for the year	1,383	239	1,245	2,867
Disposals	(204)	(359)	(233)	(796)
Exchange differences	(84)	(34)	(124)	(242)
At 31 December 2019	4,034	2,520	3,643	10,197
Charge for the year	1,431	290	1,148	2,869
Additions through acquisitions	80	267	42	389
Disposals	(126)	–	(241)	(367)
Exchange differences	(46)	(34)	19	(61)
At 31 December 2020	**5,373**	**3,043**	**4,611**	**13,027**

	Computer equipment £'000	Computer software £'000	Fixtures and equipment £'000	Total £'000
Carrying amount:				
At 31 December 2020	**1,465**	**389**	**7,117**	**8,971**
At 31 December 2019	1,971	515	7,498	9,984

As at 31 December 2020 £7.7 million (2019: £5.8 million) of fixed assets are fully depreciated and still in use.

1 In the prior year, the Group adopted the new IFRS 16 "Leases" accounting standard. Certain dismantling costs were historically capitalised as assets and were subsequently removed with the implementation of the new standard as equipment and capitalised against the right-of-use asset.

19. Subsidiaries

Detailed below is a list of subsidiaries of the Company as at 31 December 2020 which, in the opinion of the Directors, principally affect the profit and/or the net assets of the Group. All these subsidiaries are 100% owned by the Group, with 100% of voting power held. They all engage in the provision of alternative asset and corporate administration and fiduciary services. All subsidiaries only have ordinary shares.

Subsidiaries	Country of incorporation
Sanne Capital Markets Ireland Limited	Republic of 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	Peoples Republic of 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 (Singapore) PTE Limited	Singapore
Sanne Trustee Company UK Limited	England and Wales
Sanne Trustee Services Limited	Jersey
Sanne Corporate Administration Services Ireland Limited	Republic of Ireland
Sanne Group U.S. LLC	United States of America
Sanne Group d.o.o. Beograd	Serbia
Sanne Management Company RF (PTY) Limited	Republic of South Africa
Sanne Fund Services SA (PTY) Limited	Republic of South Africa
Sanne Fund Services Malta Limited	Republic of Malta
Sanne Group Delaware Inc.	United States of America
Sanne Group South Africa (PTY) Limited	Republic of South Africa
Sanne (Mauritius) Limited	Mauritius
Sanne Group (Netherlands) B.V.	Netherlands
SANNE Mauritius	Mauritius
SANNE Trustees (Mauritius)	Mauritius
Sanne (Luxembourg) Holdings Sarl	Luxembourg
Sanne Group Funding Limited	Jersey
Luxembourg Investment Solutions S.A.	Luxembourg
Sanne (Luxembourg) Holdings 2 Sarl	Luxembourg
AgenSynd S.L.	Spain
AgenSynd Limited	England and Wales
AgenSynd France SAS	France
Sanne Group Services (UK) Limited	England and Wales
Sanne Group Japan KK	Japan
Sanne (Cayman) Holdings Limited	England and Wales
Acquired or incorporated during the year	
Inbhear Management Services Limited	Cayman Islands

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Inbhear Fund Services Limited	Ireland
Sanne Trustees (Cayman) Limited[1]	Cayman Islands
Sanne Group Japan Trust Company[2]	Japan

1 Sanne Trustees (Cayman) Limited was formerly known as Avalon Trust & Corporate Services Limited.
2 Sanne Group Japan Trust Company was formerly known as Deutsche Trust Company Limited.

20. Minority equity investments

The Group acquired a minority interest in certain entities, as listed below. The shares are not held for trading and, at initial recognition, the Group made the irrevocable election to carry the investments at fair value through other comprehensive income. The Group regards the transactions to be strategic investments and the classification to be the most relevant, based on the Group's business model.

	2020 £'000	2019 £'000
Non-current assets		
Unlisted securities		
Colmore A.G.	8,398	8,632
Alternative Assets Accounting Software Inc.	367	–
	8,765	**8,632**

Reconciliation of Level 3 fair value measurements of financial instruments (other than trade and other receivables):

	2020 £'000	2019 £'000
At 1 January	8,632	–
Additions	387	9,347
Exchange differences	(254)	(715)
At 31 December	**8,765**	**8,632**

Colmore A.G.

The fair value was based on a combination of the income approach (discounted cash flow model) and the market approach. The discounted cash flow approach provides an estimation of the fair value based on the cash flows that a business can be expected to generate in the future. The market approach provides an estimation of the fair value based on market prices of actual transactions and asking prices for businesses. The process is a comparison between the subject business and other similar businesses.

In the income approach, the revenue was forecasted over a ten year period. The following unobservable inputs were used: weighted average revenue growth between 15% and 25%, terminal growth rate of 2%, and WACC of 17% to discount the cash flows. The discount rate and the terminal growth rate have been identified to be the assumptions that are the most sensitive to change.

In the market approach, a list of broadly comparable listed companies was identified through public sources. Since there are a limited number of public companies offering technology solutions to fund administration businesses-services, the Group considered comparable companies offering technology and software services to companies in the broader financial services industry. The valuation was based on the revenue multiple. A revenue multiple of 6.3x was used in the estimate.

The Group performed a sensitivity analysis on the fair value. Because a combined approach is used, the Group assessed the combined impact of changes in key assumptions. Should the WACC increase to 18% and the long-term growth rate only yield 1.5% for the income approach and a multiple of 5.6x be used for the market approach, the fair value would be £0.6 million lower. If the WACC decreased to 16% and the long-term growth rate increased to 2.5% for the income approach, and the Group used a multiple of 6.9x for the market approach, the fair value would be £0.6 million higher. The sensitivity analysis was performed based on the current capital structure and expected performance of Colmore A.G.

Alternative Assets Accounting Software Inc.

The company is in the process of developing technology that will generate income in the future. The market approach provides an estimation of the fair value based on market prices on actual transactions and asking prices for businesses. The process is a comparison between the subject business and other similar businesses. Considerations such as time and condition of sale and terms of agreements are analysed for comparable businesses and are adjusted to arrive at an estimation of the fair value of the subject business.

In the income approach, the profit after tax was forecasted over a ten-year period, allowing for the expenses incurred during the development phase and a steady revenue growth as the product is launched over time. The following unobservable inputs were used: average EBIT of 39%, a terminal growth rate of 2%, and WACC of 28% to discount the cash flows.

20. Minority equity investments continued

In the market approach a list of broadly comparable listed companies, with similar lines of business and common factors like the demand for their products and services, were identified through public sources. Since there are a limited number of public companies offering technology solutions to fund administration business services, the Group considered comparable companies offering technology and software services to companies engaged in the broader financial services industry. Because Alternative Assets Accounting Software Inc. has not yet started to generate revenue, a comparison analysis was not viable. Consequently, the valuation was determined by considering the developments in the market between the investment date and the reporting date in the context of Alternative Assets Accounting Software Inc.'s latest available financial projection which have remained similar between the two dates. The technology development is progressing according to the pace set out at the investment date and there have been no large fluctuations given the proximity of the investment date to the reporting date. In performing the assessment, the enterprise value-to-revenue multiple of the identified comparable companies was assessed to determine if there were any large fluctuations in the market. None were noted. It was concluded that Alternative Assets Accounting Software Inc.'s investment value at investment date is representative of the fair value at reporting date.

The Group has concluded that, due to the size of the investment, any changes to key assumptions will not result in material changes to the value of the investment.

21. Financial asset at amortised cost

Financial assets at amortised cost include the following:

	2020 £'000	2019 £'000
Non-current asset		
Loan granted and interest accrued	**830**	–

The Group classifies its financial assets at amortised cost only if both the following criteria are met:
(i) the asset is held within a business model whose objective is to collect the contractual cash flows, and
(ii) the contractual terms give rise to cash flows that are solely payments of principal and interest.

The transaction was raised outside the usual operating activities of the Group. Interest is charged at commercial rates where the terms of repayment exceed twelve months. Collateral is not obtained. The non-current asset is due and payable after 12 months.

The financial assets at amortised cost are denominated in Pound Sterling. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the financial asset at amortised cost will be held to maturity.

The Group considers the probability of default of financial assets carried at amortised cost and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The probability of default at the reporting date is not materially different from the probability of default when the asset was initially recognised. No expected credit loss is recognised on the loan as the loss given default is immaterial. Refer to note 36 for further credit risk disclosure.

22. Leases

This note provides information for leases where the Group is a lessee. The Group only applied the IFRS 16 lease accounting to its qualifying leases. Office space was leased by the Group in various jurisdictions.

	2020 £'000	2019 £'000
Right-of-use assets	**33,724**	32,733

	2020 £'000	2019 £'000
Lease liabilities		
Non-current	**34,405**	33,549
Current	**4,923**	4,291
Total lease liabilities	**39,328**	37,840

During the 2020 financial year, the Group made £4.5 million (2019: £7.5 million) in additions to the right-of-use assets. The total cash outflow for leases amounted to £6.5 million (2019: £6.4 million).

The Group impaired the right-of-use asset relating to its previous London premises. During the current year, the Group decided to make use of the break clause in its office lease agreement in the UK jurisdiction. COVID-19 and material, prolonged building work and renovations to the building limited the Group's ability to sublease the building. It was also not possible to sublease the building in 2021 due to certain operational challenges outside the Group's control. Consequently the change in the estimated lease term was treated as a lease modification, decreasing both the lease liability and the right-of-use asset. The right-of-use asset was assessed as a standalone CGU as it has the capability of generating income if it is subleased. The recoverable amount was less than the carrying value and resulted in the right-of-use asset being impaired.

The consolidated income statement includes the following amounts relating to leases:

	2020 £'000	2019 £'000
Depreciation on right-of-use assets	5,795	5,313
Interest expense (included in finance costs)	1,530	1,607
Expenses relating to short-term leases	650	706
Impairment of right-of-use asset	497	–

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. Rental agreements which qualify for IFRS 16, span from 10 months to 22 years. Judgement was applied in assessing the lease term over which the lease liability should be recognised. The fixed-duration per the rental agreement was used as a starting point. Thereafter the term is adjusted based on the contract clauses. Should the Group assess it will make use of a break clause, the lease term is adjusted for the break clause if the Group considers it highly probable that it will extend the agreement per the extension clauses.

The Group is exposed to potential future increases in variable lease payments based on consumer price indexes, which are not included in the lease liability until they take effect. When adjustments to lease payments based on the consumer price index take effect, the lease liability is reassessed, using the incremental borrowing rate as at commencement date, and adjusted against the right-of-use asset.

During the year, certain leases were extended by exercising extension clauses included in the leases. These lease extensions were treated as lease modifications by discounting the remaining lease payments based on the extended agreement, discounted at the incremental borrowing rate as at the modification date. The increase in the lease liability increased the right-of-use asset. The right-of-use asset is depreciated over its remaining useful life at modification date.

The incremental borrowing rate is determined by making reference to the operating jurisdiction's risk-free rate, adjusted for credit risk, using the interest rate premium as per the Group's current borrowings and the liquidity premium, by adjusting the interest rate up or down based on the remaining duration of the rental agreement. Judgement was applied to determine the point where the upward or downward adjustment is made to the interest rate. The Group applied a different incremental borrowing rate to each lease in each jurisdiction. The unique discount rate best represents the monetary environment in which the subsidiary operates at commencement (or transition date). This approach best reflects what the Group would have to pay to obtain a similar asset in the economic environment in which the subsidiary operates. The incremental borrowing rates ranged between 0.81% and 9.77%.

23. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	47,934	43,457
Allowance for doubtful receivables	(1,498)	(862)
	46,436	42,595
Prepayments	4,807	4,089
Other debtors	2,470	1,257
Total trade and other receivables	53,713	**47,941**

Trade receivables

Trade receivables disclosed above are amounts due to services rendered in the ordinary course of business. At initial measurement, they are recognised at fair value and subsequently at amortised cost, using the effective interest method.

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

In the current year, an institutional client represented 5% of the total trade receivables balance. In the prior year no clients represented more than 5% of the total prior period trade receivables balance.

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

Movement in the allowance for doubtful receivables:

	2020 £'000	2019 £'000
Balance at the beginning of the year	862	766
Recognised through acquisitions	30	–
Impairment losses recognised	1,458	656
Amounts written off during the year as uncollectable	(550)	(52)
Amounts recovered during the year	(374)	(504)
Exchange differences	72	(4)
Total allowance for doubtful receivables	1,498	862

The expected credit losses were measured by grouping the trade receivables in a manner that reflects shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of the respective trade receivable groups. In assessing the payment profiles the Group considers the expected future economic changes in the operating jurisdiction, specific client relationships and the expected future client and fund liquidity. This is then adjusted for forward-looking evidence indicating that the Group will not be able to collect the debts or bill the customers. All impairment losses relate to receivables resulting from contracts with customers.

The following tables provide information about expected credit losses for trade receivables, from individual customers as at 31 December 2020 and 31 December 2019.

31 December 2020	2020Expected loss rate	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	0%	34,037	26	34,011
31-60 days	0%	1,459	–	1,459
61-90 days	0%	2,276	9	2,267
91-120 days	0%	4,653	16	4,637
121-180 days	0%	1,021	–	1,021
180+ days	32%	4,488	1,447	3,041
Total		**47,934**	**1,498**	**46,436**

31 December 2019	2019Expected loss rate	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	0%	31,313	–	31,313
31-60 days	0%	1,214	–	1,214
61-90 days	0%	1,441	1	1,440
91-120 days	0%	4,129	–	4,129
121-180 days	1%	805	7	798
180+ days	19%	4,555	854	3,701
Total		**43,457**	**862**	**42,595**

All age buckets disclosed above have expected credit losses applied. Buckets where the expected credit loss rate is 0% have no material credit losses.

24. Contract assets

	2020 £'000	2019 £'000
EMEA	3,832	2,856
Asia-Pacific & Mauritius	2,817	2,644
North America	762	527
Channel Islands	833	433

Balance at 31 December	**8,244**	**6,460**

	2020 £'000	2019 £'000
Contract assets relating to contracts with customers 1 January	6,460	6,628
Increase in contract assets for the period	9,228	7,003
Contract assets released to revenue	(5,908)	(6,334)
Disposal group held for sale	(850)	(325)
Exchange differences	(686)	(512)
Balance at 31 December	**8,244**	**6,460**

The contract assets listed above relate to unbilled work recognised on time spent as performance obligations are met. These assets are all current and based on expected recoverability. The contract assets are subject to the impairment requirements of IFRS 9. Contract assets substantially have the same risk characteristics as the trade receivables and therefore the simplified approach is applied to contract assets. The Group concluded that the expected loss rates applied to trade receivables in the <31 days category are an appropriate estimation of the expected credit losses for contract assets. Payments are due as soon as invoices are raised.

The failure to recover 15% (based on an extreme worst case scenario) of the £8.2 million year end balance (2019: £6.5 million) would result in an impairment of £1.2 million (2019: £1.0 million).

Contract assets recognised from costs incurred to obtain a contract

In addition to the contract balances disclosed above, the Group recognised contract assets in relation to costs incurred to obtain customer contracts. The contract assets are recognised as non-current assets.

	2020 £'000	2019 £'000
Balance at 1 January	–	–
Contract assets recognised to obtain a customer contract	76	–
Accumulated amortisation recognised as a cost to provide the service	(10)	–
Balance at 31 December	**66**	–

No impairment losses were recognised on the contract assets recognised for costs incurred to obtain a contract.

The Group incurs costs when entering into certain contracts with customers which are only incurred if the contracts are successfully obtained. The Group renders services in terms of these new contracts, generating revenue over the duration of the contract. The Group realises the cost of entering into the contracts over the useful life of the contractual agreement or seven years (whichever period is shorter). This matches the expense to the revenue that is generated by the contract over time.

25. Net (debt)/cash

		2020 £'000	2019 £'000
Bank loan (see note 28)		(133,549)	(129,572)
Trapped cash	(i)	(13,353)	(10,065)
Less: Cash and cash equivalents		57,119	51,454
Total net (debt)/cash		**(89,783)**	**(88,183)**

The Group had undrawn borrowings at 31 December 2020 of £15 million (2019: £88 million) and an uncommitted accordion of £70 million. See note 28.

(i) Trapped cash is the aggregate of the minimum amounts of cash legal entities within the Group are required to hold in order to maintain compliance with any regulatory or legal capital or liquidity requirements that apply to them. The balance of trapped cash is somewhat fluid and will depend on the other assets of the respective entities. It is not specifically held in segregated accounts. Trapped cash can be used by the business, however, it could lead to a breach of the regulatory compliance requirements. Refer to note 36 for additional information on capital management.

26. Share capital

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	2020 £'000	2019 £'000
Authorised		
500,000,000 (2019: 500,000,000) ordinary shares of £0.01 each	5,000	5,000
Called up, issued and fully paid		
147,388,877 (2019: 146,633,168) ordinary shares of £0.01 each	1,474	1,466

804,585 Ordinary shares (0.5% of the issued share capital) are held by Sanne Group Employees' Share Trust (''EBT'') (2019: 1,730,901) and have been treated as treasury shares in accordance with IAS 32 Financial Instruments.

At 31 December 2020 the Company held 98,533 (2019: 98,533) treasury shares.

Movements in share capital during the year ended 31 December

	2020 £'000	2019 £'000
Balance at 1 January	1,466	1,460
Issue of shares:		
FAS deferred consideration	6	6
Avalon Trust & Corporate Services Limited acquisition consideration	2	–
Balance at 31 December	**1,474**	**1,466**

Movements in share premium during the year ended 31 December

	2020 £'000	2019 £'000
Balance at 1 January	203,423	200,270
Issue of shares:		
FAS deferred consideration	3,089	3,153
Avalon Trust & Corporate Services Limited acquisition consideration	678	–
Balance at 31 December	**207,190**	**203,423**

Shares to the value of £3.1 million (2019: £3.2 million) were issued from the "shares to be issued" reserve rather than raised through the issuance of ordinary shares.

27. Own shares

	2020 Shares	2019 Shares	2020 £'000	2019 £'000
EBT	804,585	1,730,901	562	1,166
Treasury	98,533	98,533	–	–
Total	**903,118**	**1,829,434**	**562**	**1,166**

Sanne Group Employees' Share Trust ("EBT")

During the year, the EBT settled commitments under share-based payments of 931,747 shares. The EBT also repurchased 5,431 shares during the year from employees.

The remaining shares and cash are held by the EBT to fulfil the Group's future obligations under share plans.

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Treasury shares

The Company held 98,533 (2019: 98,533) shares in treasury resulting from repurchases of shares which are held under restrictive sale agreements, at a total cost of £2.

28. Borrowings

The Group's loan facility is for £150m plus an uncommitted accordion facility of £70m with a consortium of five banks namely HSBC, Bank of Ireland, Lloyds, Royal Bank of Canada and Santander. The loan is structured solely as a revolving credit facility that can be drawn down and repaid by the Group at any time. The loan and uncommitted accordion have a maturity of February 2023 and commercial interest rates of LIBOR plus a variable margin are charged.

Covenants attached to the loan relate to interest cover and leverage. Undrawn funds in the revolving credit facility are charged at 35% of the interest margin whilst the uncommitted accordion facility attracts no interest until drawn.

The balances available and drawn are as follows:

	2020 £'000	2019 £'000
Available		
Revolving credit facility	150,000	150,000
Uncommitted accordion facility	70,000	70,000
	220,000	220,000
Drawn		
Revolving credit facility	134,913	131,175
Capitalised loan fees	(1,364)	(1,603)
Total borrowings	**133,549**	**129,572**

Reconciliation of loan balance

	2020 £'000	2019 £'000
Balance at 1 January	129,572	85,364
Redemption of bank loans	(12,302)	(85,850)
New bank loans raised	14,821	131,175
Amortisation for the year	162	174
Loan fees accrued	–	(37)
Loan fees paid	(29)	(1,711)
Loan fees written off	–	457
Exchange gain	1,325	–
Balance at 31 December	**133,549**	**129,572**

The directors consider the carrying amount of the borrowings approximates its fair value.

During the year ending 31 December 2020, the Group repaid £12.3 million of the revolving credit facility and drew down a total of £15.0 million from the revolving credit facility.

29. Deferred taxation

The deferred taxation recognised in the financial statements is set out below:

	2020 £'000	2019 £'000
Deferred tax asset	9,008	8,324
Deferred tax liability	(15,165)	(15,931)

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	(6,157)	(7,607)

The deferred tax at year end is made up as follows:

	2020 £'000	2019 £'000
Other intangible assets	(7,907)	(9,063)
Other timing differences	1,750	1,456
	(6,157)	(7,607)

The movement in the year is analysed as follows:

	2020 £'000	2019 £'000
Balance at 1 January	(7,607)	(11,313)
Recognised through acquisitions	(715)	–
Other comprehensive income	95	10
Income statement movements		
Other intangible assets	1,156	1,629
Leases – right-of-use assets	325	5,370
Leases – lease liabilities	(188)	(4,822)
Tangible assets	(155)	(122)
Share-based payments	(683)	145
Other timing differences – income statement	1,694	1,122
Foreign exchange	(79)	374
Balance at 31 December	**(6,157)**	**(7,607)**

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

The Group expects the deferred tax asset to be recovered as follows:

	2020 £'000	2019 £'000
Deferred tax asset		
Recovered in no more than 12 months after the reporting period	6,005	5,123
Recovered in more than 12 months after the reporting period	3,003	3,201
Balance at 31 December	**9,008**	**8,324**

The group expects the deferred tax liability to be settled as follows:

	2020 £'000	2019 £'000
Deferred tax liability		
Settled in no more than 12 months after the reporting period	(7,276)	(10,856)
Settled in more than 12 months after the reporting period	(7,889)	(5,075)
Balance at 31 December	**(15,165)**	**(15,931)**

30. Provisions

	2020 £'000	2019 £'000
Balance at 1 January	2,475	1,650
Provisions utilised during the year	–	(546)
Provisions recognised during the year	792	1,352
Foreign exchange loss	28	19
Balance at 31 December	**3,295**	**2,475**

Of which are:		
Non-current provision	2,936	2,024
Current provision	359	451
Balance at 31 December	**3,295**	**2,475**

The provision carried principally relates to dilapidations for property leases and will be utilised upon the dismantling of the fixtures in the properties leased, which is expected to occur at the end of rental agreements. The rental agreements span from 1 year to 24 years. A best estimate of the dismantling costs was made; however, the final costs will be determined based on the state of the property and the work required. The Group expects the cash outflow to occur at the end of the lease term.

31. Trade and other payables

	2020 £'000	2019 £'000
Trade creditors	599	1,320
Other payables	3,590	1,148
Other taxes and social security	3,634	3,139
Accruals	6,949	8,865
Contingent consideration	287	–
Total trade and other payables	15,059	14,472

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

Refer to note 36 regarding the fair value assumptions made in valuating the contingent consideration at the end of the reporting period.

32. Contract liabilities

	2020 £'000	2019 £'000
EMEA	7,809	7,479
Asia-Pacific & Mauritius	4,121	4,302
North America	336	71
Channel Islands	6,276	5,782
Balance at 31 December	**18,542**	**17,634**

The following disclosure indicates how much of the revenue, recognised in the current reporting period, relates to carried-forward contract liabilities and how much revenue is billed in advance.

	2020 £'000	2019 £'000
Contract liabilities at 1 January	17,634	16,085

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Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period	(17,985)	(16,195)
Contract liabilities recognised during the year	18,886	18,551
Disposal group held for sale	(202)	(325)
Exchange differences	209	(482)
Balance at 31 December	**18,542**	**17,634**

Payments are due as soon as invoices are raised. Revenue is recognised over time as the performance obligations are met.

33. Share-based payments

	2020 £'000	2019 £'000
Sanne Group plc		
Performance Share Plan	374	(40)
Restricted Stock Awards	2,779	2,482
Social security accrual	14	(65)
Total share-based payments expense recognised in the income statement	**3,167**	**2,377**

Performance Share Plan

During the current and prior years the Group granted awards over its ordinary shares under the terms of its Performance Share Plan ("PSP"). The exercise of awards under the PSP is conditional upon the achievement of one or more challenging performance targets set at the time of the grant and measured over a three-year performance period from grant date. All the awards were granted for nil consideration.

The fair value for Performance Share Plans containing a market condition was valued on grant date using the Geometric Brownian Motion, which incorporated a Monte Carlo simulation. This was performed by determining the share price at grant date and applying the model under certain assumptions, for example the reinvesting of dividends and a risk-free rate linked to a three year UK government bond.

Management estimates the number of shares to be vested based on the performance targets set to be achieved and the current performance of the Group. This is then grown by 10% as per market expectation to determine the probable performance at vesting date. The fair value of share awards granted during the period amounted to £2.2 million.

A summary of the rules for this scheme and the related performance conditions are set out in the Remuneration Report.

Restricted Stock Awards

During the current and prior years the Group granted awards over its ordinary shares in the form of Restricted Stock Awards ("RSA"). The awards are granted as part of the mechanics of an acquisition to act as retentions for staff. The vesting of the awards is subject to continued employment over an agreed period. All the awards were granted for nil consideration. The fair value of share awards granted during the period amounted to £2.5 million.

The number of PSP share-based payment awards granted are as follows:

	Number of shares 2020	Number of shares 2019
Performance Share Plan		
Outstanding at 1 January	1,016,548	1,413,030
Granted during the year	558,379	376,783
Forfeited during the year	(89,060)	(197,726)
Vested during the year	(38,275)	(575,539)
Outstanding at 31 December	**1,447,592**	**1,016,548**

The number of RSA share-based payment awards granted are as follows:

	Number of shares 2020	Number of shares 2019

Restricted Stock Awards		
Outstanding at 1 January	1,679,064	1,546,998
Granted during the year	381,973	540,704
Forfeited during the year	(63,997)	(97,219)
Vested during the year	(824,479)	(311,419)
Outstanding at 31 December	**1,172,561**	**1,679,064**

The fair value of services received in return for share awards granted is measured by reference to the fair value of the shares granted. The RSA scheme has vesting dates from 2021 to 2023. The PSP scheme has vesting dates between 2021 and 2023.

Shares to be issued per the consolidated balance sheet comprise the following:

	2020 £'000	2019 £'000
Balance at 1 January	7,723	12,278
Increase in share-based payments	2,978	2,337
FAS acquisition – deferred consideration settled	(3,096)	(3,159)
Shares vested	(4,599)	(3,733)
Balance at 31 December	**3,006**	**7,723**

34. Long-term employee benefits
Defined contribution retirement benefit

The Group participates in various defined contribution retirement benefit plans, to which it makes monthly contributions in specific jurisdictions. The total contributions during the year were £686k (2019: £560k), paid in full by the employer.

Defined benefit retirement obligation

The Group has a defined benefit retirement obligation in respect of the Workers Rights Act 2019 ("the Act"). In terms of the act in Mauritius, an employer is obligated to pay a lump sum to the employee upon retirement in proportion to the years of service employed at the company.

The Group has no specific assets to cover the obligation as it is all self funded by the Group.

The Group recognised a net defined benefit retirement obligation of £1,086k (2019: £684k) on the consolidated balance sheet in respect of amounts that are expected to be paid out to employees under the Act. The group does not expect a significant change in contributions for the following year.

The most recent actuarial valuation of the defined benefit retirement obligation was carried out at 31 December 2020 by the State Insurance Company of Mauritius.

	2020 £'000	2019 £'000
Defined benefit retirement obligation		
Present value of defined benefit retirement obligation at the beginning of the year	684	701
Amounts recognised in the consolidated income statement		
– Current service cost	105	54
– Net interest expense	37	42
Amounts recognised in the consolidated statement of comprehensive income		
– Actuarial loss on defined benefit retirement obligation	419	67
Direct benefits paid	(81)	(118)
Exchange difference	(78)	(62)
Present value of defined benefit retirement obligation at 31 December	**1,086**	**684**

The plan is exposed to actuarial risks such as interest rate risk and salary risk.

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The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of actuarial valuation were as follows:

	2020	2019
Discount rate[1]	3.9%	6.5%
Future salary increases	2.5%	3.0%
Future pension increases	3.0%	3.0%
Withdrawal rate	17.0%	17.0%
Retirement age	65 years	65 years

1 The discount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit retirement obligation are the discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period.

	2020 £'000	2019 £'000
- Increase due to 1% decrease in discount rate	251	129
- Decrease due to 1% increase in discount rate	194	182
- Increase due to 1% increase in future salary increases	301	132
- Decrease due to 1% decrease in future salary increases	236	167
Weighted average duration of the defined benefit obligation (years)	20.4 years	22.7 years

35. Business combinations

Inbhear Management Services Limited and Inbhear Fund Services Limited

On 1 April 2020 the Group acquired 100% of the issued share capital of Inbhear Management Services Limited, incorporated in the Cayman Islands. As part of the same acquisition, the Group acquired 100% of the issued share capital of Inbhear Fund Services Limited on 1 May 2020. The acquired companies position themselves as a partner to managers who have a long-term investment horizon. The entities have a valued institutional client base and are well known for providing high levels of client service.

The acquisition provides the Group with an opportunity to expand its platform into the Cayman Islands and Ireland, growing its existing North America and EMEA operations.

The consideration for the Inbhear Fund Services Limited acquisition is satisfied through a payment of £8.2 million (€9.4 million) in cash. A contingent payment will be made in 2022, estimated to be £1.2 million (€1.4 million), and is linked to the employment of key management; this will consequently be treated as remuneration instead of consideration.

The consideration for the Inbhear Management Services Limited acquisition is accounted for as a contingent payment and amounts to the issuance of approximately 711,155 shares. At 31 December 2020, no issuance of shares has occurred. The contingent consideration is based on a multiple of the average gross profit generated by the business operations over the next three years. Should the required target not be met, no shares will be granted. Should actual results of the business exceed the target amount a maximum of 746,295 shares will be granted.

		EUR '000	GBP '000
Recognised amounts of identifiable net assets (at fair value) at acquisition:			
Non-current assets	Useful economic life		
Equipment	3 – 5 years	11	10
Customer and contract intangibles	7 years	2,513	2,207
Deferred tax assets		3	3
		2,527	2,220
Current assets			
Trade and other receivables		377	332
Cash and cash equivalents		2,130	1,870

	2,507	2,202
Current liabilities		
Trade and other payables	268	235
Current tax liabilities	70	62
	338	297
Non-current liabilities		
Deferred tax liabilities	314	276
Identifiable net assets	**4,382**	**3,849**
Goodwill	5,048	4,432
Gain on bargain purchase	(43)	(38)
Total consideration	**9,387**	**8,243**
Total consideration satisfied by:		
Cash consideration – at acquisition	9,387	8,243
Fair value of consideration payable at acquisition date	**9,387**	**8,243**
Net cash inflow arising at acquisition:		
Cash consideration	9,387	8,243
Less: cash and cash equivalents balances acquired	(2,130)	(1,870)
Net cash outflow at acquisition	**7,257**	**6,373**

Fair value of consideration

The payment for the controlling interest in Inbhear Management Services Limited is made solely in the form of share-based payments, to the value of £3.8 million ($4.8 million). The number of shares that will be issued is based on the performance of Inbhear Management Services Limited in 2020, 2021 and 2022. The consideration will be accounted for as non-underlying share-based payments.

A cash consideration of £8.2 million (€9.4 million) was paid for the controlling interest in Inbhear Fund Services Limited on acquisition date. A contingent payment (depending on the continued employment of the previous owners) will be made in 2022 at an estimated value of £1.2 million (€1.4 million).

Transaction costs

The Group incurred £0.7 million relating to acquisition and integration expenses during 2020. These costs have been expensed within operating expenses and are disclosed as non-underlying expenses in note 9.

Goodwill

Goodwill is represented by assets that do not qualify for separate recognition or other factors. These include the opportunities for new business wins from new customers, the effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer. Goodwill is not tax deductible and was recognised on the acquisition of Inbhear Fund Services Limited.

Gain on bargain purchase

A gain on bargain purchase was recognised on the acquisition on Inbhear Management Services Limited because the fair value of the assets exceeded the consideration paid in terms of the accounting standards. The Group believes the new acquisition will yield opportunities for new business wins, the effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer. The gain on bargain purchase is not taxable.

Trade and other receivables

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £332k. The gross amount receivable is £332k of which all debt is expected to be collected.

Effect on the results

Inbhear Management Services Limited and Inbhear Fund Services Limited contributed revenue of £1.7 million and a profit of £0.5 million to the Group's profit for the period between the date of acquisition and the balance sheet date. If the business had been acquired on 1 January 2020, on a pro rata basis, the Group revenue for the period would have been £170.5 million (£0.8 million higher) and net profit £25.1 million (£0.3 million higher) for the year ended 31 December 2020.

Avalon Trust & Corporate Services Limited

On 1 October 2020, the Group acquired 100% of the issued share capital of Avalon Trust & Corporate Services Limited, incorporated in the Cayman Islands. The company is a highly regarded trust and corporate services provider. The legal entity was subsequently renamed to Sanne Trustees (Cayman) Limited.

The acquisition of Avalon Trust & Corporate Services Limited strengthens the Group's Cayman Islands offering, which was established with the acquisition of Inbhear Management Services Limited, and grows its existing North America operations.

The consideration for the Avalon Trust & Corporate Services Limited acquisition is satisfied through a payment of £5.4 million ($6.9 million) in cash and 119,053 in restricted shares.

		USD '000	GBP '000
Recognised amounts of identifiable net assets (at fair value) at acquisition:			
Non-current assets	Useful economic life		
Customer and contract intangibles	7 years	3,240	2,509
Current assets			
Trade and other receivables		588	455
Cash and cash equivalents		769	596
		1,357	1,051
Current liabilities			
Trade and other payables		75	58
Contract liabilities		314	243
		389	301
Identifiable net assets		**4,208**	**3,259**
Goodwill		3,614	2,799
Total consideration		**7,822**	**6,058**
Total consideration satisfied by:			
Cash consideration – at acquisition		6,945	5,379
Equity instruments (119,053 shares in Sanne Group plc)		877	679
Fair value of consideration payable at acquisition date		**7,822**	**6,058**

Net cash inflow arising at acquisition:

Cash consideration	6,945	5,379
Less: cash and cash equivalents balances acquired	(769)	(596)
Net cash outflow at acquisition	**6,176**	**4,783**

Fair value of consideration

A cash consideration (£5.4 million ($6.9 million) was paid for the controlling interest in Avalon Trust & Corporate Services Limited on the date of acquisition. The remainder of the consideration was settled in the form of 119,053 shares. The shares in Sanne Group plc was adjusted for the lack of marketability (due to the trade restriction), using the Finnerty Average-Strike Put Option Model.

Transaction costs

The Group incurred £16k relating to acquisition and integration expenses during 2020. These costs have been expensed within operating expenses and are disclosed as non-underlying expenses in note 9.

Goodwill

Goodwill is represented by assets that do not qualify for separate recognition or other factors. These include the opportunities for new business wins from new customers, the effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer. Goodwill is not tax deductible and was recognised on the acquisition.

Trade and other receivables

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £455k. The gross amount receivable is £455k of which all debt is expected to be collected.

Effect on the results

Avalon Trust & Corporate Services Limited contributed revenue of £0.4 million and a profit of £0.3 million to the Group's profit for the period between the date of acquisition and the balance sheet date. If the business had been acquired at 1 January 2020, on a pro rata basis, the Group revenue for the period would have been £170.8 million (£1.1 million higher) and net profit £25.6 million (£0.8 million higher) for the year ended 31 December 2020.

Deutsche Trust Company Limited

On 1 October 2020 the Group acquired 100% of the issued share capital of Deutsche Trust Company Limited (subsequently renamed to Sanne Group Japan Trust Company), incorporated in Japan. This company offers trust services.

The acquisition provides the Group with an opportunity to expand its platform and service offering in Japan and grow its existing Asia-Pacific operations.

The consideration for the Deutsche Trust Company Limited acquisition is satisfied through a payment of £4.7 million (¥633.8 million) in cash. The consideration price was lower due to the cash balances being acquired on a Pound for Pound basis. A contingent payment will be made in 2021, estimated to be £0.3 million (¥40.5 million), and is based on the expected revenue from the existing trust structures for the next 12 months.

		JPY '000	GBP '000
Recognised amounts of identifiable net assets (at fair value) at acquisition:			
Non-current assets	Useful economic life		
Customer and contract intangibles	5 years	171,947	1,262
Current assets			
Trade and other receivables		67,728	497
Cash and cash equivalents		561,681	4,122
Contract assets		7,827	57
		637,236	4,676

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Current liabilities		
Trade and other payables	74,085	542
Current tax liabilities	18,512	136
	92,597	678
Non-current liabilities		
Deferred tax liabilities	60,182	442
	60,182	442
Identifiable net assets	**656,404**	**4,818**
Goodwill	17,891	145
Total consideration	**674,295**	**4,963**
Total consideration satisfied by:		
Cash consideration – at acquisition	633,836	4,665
Contingent consideration	40,459	298
Fair value of consideration payable at acquisition date	**674,295**	**4,963**
Net cash inflow arising at acquisition:		
Cash consideration	633,836	4,665
Less: cash and cash equivalents balances acquired	(561,681)	(4,122)
Net cash outflow at acquisition	**72,155**	**543**

Fair value of consideration

A cash consideration of £4.7 million (¥633.8 million) was paid for the controlling interest in Deutsche Trust Company Limited on the date of acquisition. A contingent payment will be made in 2021 for an estimated value of £0.3 million (¥40.5 million) and is based on the expected revenue from the existing trust structures for the next twelve months.

Transaction costs

The Group incurred £0.5 million relating to acquisition and integration expenses during 2020. These costs have been expensed within operating expenses and are disclosed as non-underlying expenses in note 9.

Goodwill

Goodwill is represented by assets that do not qualify for separate recognition or other factors. These include the opportunities for new business wins from new customers, the effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer. Goodwill is not tax deductible and was recognised on the acquisition.

Trade and other receivables

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £497k. The gross amount receivable is £497k of which all debt is expected to be collected.

Effect on the results

Deutsche Trust Company Limited contributed revenue of £0.4 million and a profit of £0.4 million to the Group's profit for the period between the date of acquisition and the balance sheet date. If the business had been acquired at 1 January 2020, on a pro rata basis, the Group revenue for the period would have been £170.9 million (£1.1 million higher) and net profit £25.9 million (£1.2 million higher) for the year ended 31 December 2020.

36. Financial instruments

The Group's financial instruments comprise bank loans, minority equity investments, cash and cash equivalents, trade payables, other payables, trade receivables and other receivables.

	Level	**2020** **£'000**	2019 £'000

Categories of financial instruments

Financial assets				
Financial assets at amortised cost				
Cash and bank balances			57,119	51,454
Trade and other receivables	(i)		54,680	49,055
Loan granted	(ii)		830	–
Financial assets at fair value				
Minority equity investments	(iii)	3	8,765	8,632
Financial liabilities				
Financial liabilities at amortised cost				
Bank loan			133,549	129,572
Trade and other payables	(iv)		11,138	11,333
Financial liabilities at fair value				
Contingent consideration	(v)	3	287	–

(i) Includes contract assets but excludes other debtors and prepayments.

(ii) This relates to a loan that was granted. Refer to note 21 for further details.

(iii) Refer to note 20 for further information relating to the minority equity investments and the fair value thereof.

(iv) Excludes other taxes and social security and deferred consideration but includes accrued interest payable.

(v) This represents the contingent consideration payable on the Deutsche Trust Company Limited acquisition. The contingent consideration is carried at fair value and is measured as 50% of the revenue generated within the 12 months after acquisition, less the initial purchase price. The fair value is determined as an estimate of the amount of revenue that will be generated in the 12 months after acquisition.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items;
Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
Level 3: Unobservable inputs, thus not derived from market data.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period in which they occur.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The managed capital refers to the Group's debt and equity balances. Refer to note 26 for the quantitative disclosure of the share capital.

As disclosed in note 28, the Group has a loan which requires it to meet cash flow, leverage and interest cover covenants. Refer to note 28 for the quantitative disclosure of the borrowings. 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.

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. The Group complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

Individual regulated entities within the Group are subject to regulatory requirements to ensure adequate capital and liquidity to meet local requirements in Jersey, Guernsey, Ireland, the Netherlands, Luxembourg, the Cayman Islands and South Africa, which are monitored monthly to ensure compliance. There have been no breaches of applicable regulatory requirements during the year or at year end. The regulatory requirement of adequate capital is referred to by Sanne as "trapped cash", the quantitative balance of which can be observed in note 25.

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Financial risk management objectives

The financial risk management policies are discussed by management on a regular basis to ensure that they are in line with the overall business strategies and 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.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates; the interest rates are directly linked to the LIBOR plus a margin based on the leverage ratio of the Group; the higher the leverage ratio the higher the margin on the LIBOR. The risk is managed by the Group maintaining an appropriate leverage ratio and through this ensuring that the interest rate is kept as low as possible. The Group is currently considering the proposed LIBOR reforms, but it does not expect a material change to the financial statements.

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

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the floating rate liabilities.

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 2020 would decrease/increase by £237k (2019: £363k).

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 volatility of the Sterling is due to the uncertainty of the United Kingdom leaving the European Union at the start of 2021 and the effect this might have on global markets. The Group's strong momentum and diverse geographic presence, as well as the favourable underlying trends in the markets in which the Group operates, give the Directors confidence in the continued management of the impact on the Group after the United Kingdom left the EU. The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities are as follows:

	Assets		Liabilities	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Euro	42,021	35,051	7,163	168
United States Dollar	23,620	25,979	2,895	281
South African Rand	1,838	1,258	48	71
	67,479	**62,288**	**10,106**	**520**

Foreign currency risk management sensitivity analysis

The principal currency of the Group's financial assets and liabilities is Pounds Sterling. The Group, however, does own trading subsidiaries based in the United States of America, South Africa, Mauritius, Asia and Europe which are denominated in a currency other than the principal currency. The Group therefore faces currency exposures.

The following table illustrates management's assessment of the foreign currency impact on the year-end balance sheet and presents the possible impact on Group's total comprehensive income for the year and net assets arising from potential changes in the Euro, United States Dollar or South African Rand exchange rates, with all other variables remaining constant. A strengthening or weakening of Sterling by 20% is considered an appropriate variable for the sensitivity analysis given the scale of foreign exchange fluctuations over the last two years. This is based on the Group's most volatile currency, namely the South African Rand, where it is not uncommon to see a 20% fluctuation.

		Effect on Group comprehensive income and net assets	
	Strengthening/(weakening) of Sterling	**2020 £'000**	2019 £'000
Euro	+20%	(5,810)	(6,977)
United States Dollar	+20%	(3,454)	(5,140)
South African Rand	+20%	(298)	(237)
Euro	(20%)	6,972	5,814
United States Dollar	(20%)	4,145	4,283

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South African Rand	(20%)	358	198

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 trade receivables from clients.

Trade receivables consist of a large number of customers, 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.

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. As balances are mainly held with reputable international banking institutions, they were assessed to have low credit risk and no loss allowance is recognised. Cash and cash equivalents are held mainly with banks which are rated "A-" or higher, with the exception of a few BBB rated institutions, by Standard & Poor's Rating Services.

The credit risk on liquid funds and borrowings is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The Group manages credit risk by review at take-on around:

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

Subsequently, customer credit risk is managed by each of the Group entities subject to the Group's policies, procedures and controls relating to customer credit risk management. Outstanding customer receivables are monitored and followed up continuously. Provisions are made when there is objective, forward-looking, evidence that the Group will not be able to collect the debts or bill the customer. This evidence can include the following: an indication that the customer is experiencing significant financial difficulty or default, probability of the fund being liquidated, or similar factors. Analysis is done on a case by case basis in line with the Group policy. The ageing of trade receivables and the loss allowance at the reporting date is disclosed in note 23. Note 24 sets out the expected credit loss of contract assets.

The Group has rebutted the presumption that there have been significant increases in credit risk since initial recognition of trade receivables by considering the payment profiles of the trade receivables past due on a case by case basis. Historically, the Group has had immaterial debt write-offs, supporting the fact that the clients do not incur significant increases in their credit risk when becoming past due.

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

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 balances.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment terms. 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 from floating rates, the undiscounted amount is derived from interest rates at the balance sheet date.

	< 3 months £'000	**3-12 months £'000**	**1-5 years £'000**	**> 5 years £'000**	**Total £'000**
31 December 2020					
Bank loans (i)	571	1,744	144,173	–	146,488
Trade payables and accruals (ii)	14,758	–	–	–	14,758
Provisions	184	175	947	1,989	3,295
Lease liability	1,187	3,735	13,898	20,507	39,327
	16,700	**5,561**	**159,018**	**22,496**	**203,775**

	< 3 months £'000	3–12 months £'000	1–5 years £'000	> 5 years £'000	Total £'000
31 December 2019					
Bank loans (i)	666	2,013	139,203	–	141,882

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Trade payables and accruals (ii)	14,331	–	–	–	14,331
Provisions	–	451	500	1,524	2,475
Lease liability	1,084	3,287	11,195	22,274	37,840
	16,081	**5,751**	**150,898**	**23,798**	**196,528**

For the purpose of the above liquidity risk analysis, the amortised value 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.

Fair value of financial instruments

For all financial instruments, excluding the instruments classified as carried at fair value through other comprehensive income, the Directors consider the carrying amounts of financial assets and financial liabilities in the historical financial information to approximate their fair values.

37. Related party transactions

The Group's related parties are key management personnel, comprising all members of the plc Board and the Executive Committee who are responsible for planning and controlling the activities of the Group.

The remuneration of any employee who met the definition of "key management personnel" of the Group at the end of the year is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures for the period they served as key management personnel.

	2020 £'000	2019 £'000
Short-term employee benefits	2,719	2,289
Share-based payments	516	222
Contracted through consultancy firm	–	60
Total short-term payments	**3,235**	**2,571**

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. Transactions between the Group and its associates are disclosed below.

	2020 £'000	2019 £'000
Consulting services – Arema Risk Limited	–	70

Arema Risk Limited was a related party of the Group because a member of the Group's key management personnel was a shareholder of the entity up until it was dissolved in the second half of 2020. In the prior year the Group engaged the entity for consultancy services at an arm's length basis.

Key management personnel, in their capacity as shareholders, also receive dividends from the Group when declared. This is standard for all shareholders.

Other than the items listed above, the Group has not entered into any material transactions with related parties.

Refer to note 19 for a list of subsidiaries of the Company as at 31 December 2020 which, in the opinion of the Directors, principally affect the profit and/or the net assets of the Group.

38. Contingent liabilities

In the ordinary course of business, the Group could be subject to legal claims and/or proceedings. Should such an event occur, the Board would consider its best estimate of the amount required to settle the obligation and, where appropriate, establish a provision. While there can be no assurances that circumstances will not change, based upon information currently available, the Directors do not believe there is any such claim or proceeding that could have a material adverse effect on the Group's financial position.

39. Post balance sheet events

The Group entered into a sale and purchase agreement to acquire the shares of Private Equity Administrators ApS (an entity incorporated in Denmark), PEA Depositary Services ApS (an entity incorporated in Denmark), Private Equity Administrators Ltd (an entity incorporated in Guernsey) and Private Equity Administrators Sweden AB (an entity incorporated in Sweden), whereby it will obtain control over the entities, subject to regulatory approvals. The agreement was entered into at the end of 2020, and was finalised on 1 March 2021. The consideration as set out in the sale and purchase agreement amounts to an upfront payment of £16.4 million and the issuance of 1,288,502 shares. The additional consideration will be made within one year after the acquisition date. An earn-out payment will be made within two years after the acquisition date. Both the additional consideration as well as the earn-out payment will be finalised with the acquisition accounting and will be disclosed in the interim financial statements of 2021 This acquisition provides the Group with the opportunity to expand into the Nordics and enhance the Group's position in Guernsey, expanding on its EMEA and Channel

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Islands operations. At year end the Group had not yet obtained control over the entities, due to contractual requirements that have not yet been met. Consequently, the acquisition accounting is not disclosed under business combinations. Acquisition accounting for this transaction is incomplete at issuance of these financial statements and therefore not disclosed. The results of the acquisition accounting will be available in the interim financial statements of 2021.

On 18 March 2021, the Group refinanced the loan facility. The new loan facility is for committed facilities of £210 million and a further accordion facility of £100 million with a consortium of six banks. The new facility has a maturity of 18 March 2024. The new loan is structured similarly to the old facility as a revolving credit facility that can be drawn down and repaid by the Group at any time. There has been no change in the definitions of the covenants that monitor interest cover and leverage and no change to the charges held by the syndicate against the shares of certain Group companies.