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For more information about Numis Securities
go to www.numiscorp.com



Who we Are

We are one of the UK's leading independent institutional stockbrokers and corporate advisors. We are recognised as being one of the leading providers of access to capital for UK listed companies. Relentless in the pursuit of success for our clients, we are acknowledged for the quality of our people and our focus on providing old fashioned client service and advice, set in a modern context.

We also offer support to unquoted companies and continue to play a key role in developing the capital markets which support them.

Independent, driven and above all client focused, Numis has a strong culture of integrity and hard work. Our partnership ethos drives long-term relationships and echoes the service culture of the past.

What can we do for you? If you have a business and want advice, access to funds or better recognition in the market, then get in touch and we'll show you how we can make a difference.

We offer a full range of research, execution, corporate broking and advisory services to companies of all sizes quoted in the UK and their investors.

Awards and Achievements

Numis Smaller Companies Index continues to be the defining benchmark for the universe of UK smaller companies.

For the last nine years, we have been rated in the top 3 in the Extel survey for small capitalisation UK stocks. In 2013, 2014, 2015, 2016 and 2017 we were voted the top-ranked UK Small & Mid Cap Brokerage Firm by both institutions and companies.

For full details, see Thomson Reuters Extel survey.

The **Thomson Reuters Extel Results 2017** are summarised below:

1st
UK Small & Mid Cap Brokerage Firm
by company votes (5 years in a row)

1st
UK Small & Mid
Cap Brokerage
Firm in 5 sectors

1st
Research -
UK Small & Mid Cap



1st
UK Small & Mid Cap Brokerage Firm
by fund manager votes (5 years in a row)

1st
Equity Sales -
UK All Cap

1st
Investment
Companies -
UK Small & Mid Cap

1st
UK Small & Mid Cap Research provider
in 5 sectors by fund manager votes

1st
Sales -
UK Small & Mid Cap

1st
2007-2012, 2014 & 2016
Starmine FTSE 250 Best Recommendations

2nd
2013 and 2015
Starmine

Best Adviser -
Corporate Sponsor
**UK Stock Market
Awards 2016**



1.0 Overview

Listed on AIM and with offices in London and New York, Numis is one of the UK's most respected institutional stockbrokers and corporate advisors.

Numis at a Glance

We help companies and owners achieve their goals by sourcing the capital they need to fuel investment in their products, services and people.

Split of Funds

Split of funds raised by deal type in 2017, by value

	£m	% of total
Secondary	1,394	41%
Block Trades	927	28%
IPO	680	20%
Private	377	11%
	3,378	100%

Split of funds raised by company type in 2017, by value

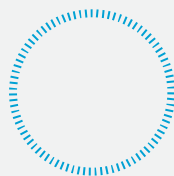
	£m	% of total
FTSE 250	1,367	41%
Smallcap & Fledgling	904	27%
AIM	724	21%
Unquoted	377	11%
Overseas	6	0%
	3,378	100%

We provide in-depth, high quality research which is one of the most valuable tools in any investment decision

Coverage, number of individual companies

357

Investment Companies and Funds*



160

Outside FTSE 350**



151

FTSE 250**



49

FTSE 100**



* Investment Companies and Funds includes 50 FTSE 350 entities.

** Excluding Investment Companies and Funds.

We serve a diverse range of corporate clients across 16 sectors.

Coverage, number of individual companies

FTSE 100

2

FTSE 250

44

Small Cap

78

AIM

62

Other

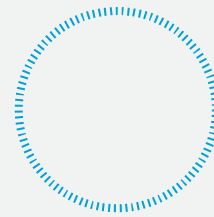
16

We provide powerful distribution and execution giving us a leading market share in our corporate clients' stock

Market share ranking in corporate client stocks

52%

Rank 1st



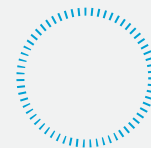
19%

Rank 2/3rd



29%

Rank <3rd



Source: LSE market share data by stock, calendar year to 30 September 2017

We support these activities through a talented and experienced workforce.

Number of staff

Corporate
Broking &
Advisory

81

Research
and Sales

68

Execution

16

Investment
Companies
and Funds

16

Support
Functions

54

13 of the above are based in our New York office.
Figures as at 30 September 2017.

1.0 Overview

Chairman's Statement

The business delivered record revenues in 2017 demonstrating the quality and depth of both its client base and its people.

Performance

Numis had a very good year, delivering record revenues and building on its position as a first class equities broker and corporate advisor. Both the Corporate Broking & Advisory business and the Equities business generated record revenues which resulted in a 16% growth in Group revenue to £130.1m (2016: £112.3m) and an 18% growth in profit before tax to £38.3m (2016: £32.5m). Our performance in 2017 is reviewed in more detail in our Strategic Report on page 6.

We performed well for our clients in helping them raise £2.5bn (2016: £1.8bn) of equity finance, complete 37 (2016: 26) M&A transactions and execute 17 (2016: 13) block trades and secondary sell-downs. At the same time we added both quantity and quality to our corporate client base increasing our roster to 202 which reflects our strong focus on building and maintaining long-term relationships. Client service and successful outcomes for our clients are essential to ensure that Numis continues to be seen as an advisor of choice for businesses seeking capital to grow. The key performance indicators we use to assess our performance are described on page 10 and include both financial and non-financial performance indicators.

External recognition of the quality of our people and service was reinforced again in the 2017 Thomson Reuters Extel survey in which Numis was voted No.1 UK Small and Mid Cap Brokerage Firm by both companies and fund managers for the fifth year in succession. This demonstrates the quality of our research, distribution and execution capabilities and is testament to the calibre of our staff whose drive and dedication provide the platform for the Group's future success.

Dividend

We are proposing a final dividend of 6.5p per share (2016: 6.5p per share) which brings the total dividend for the year to 12.0p per share (2016: 12.0p per share).

A Dividend Re-Investment Plan (DRIP) will remain in place for the 2017 final dividend. Existing shareholders are, therefore, being offered the facility to elect to use their cash dividend to buy additional shares in Numis, the main benefit being that the Company does not need to issue new shares which will be dilutive to shareholders. The Board continues to believe that this approach is in the best interests of the Company.

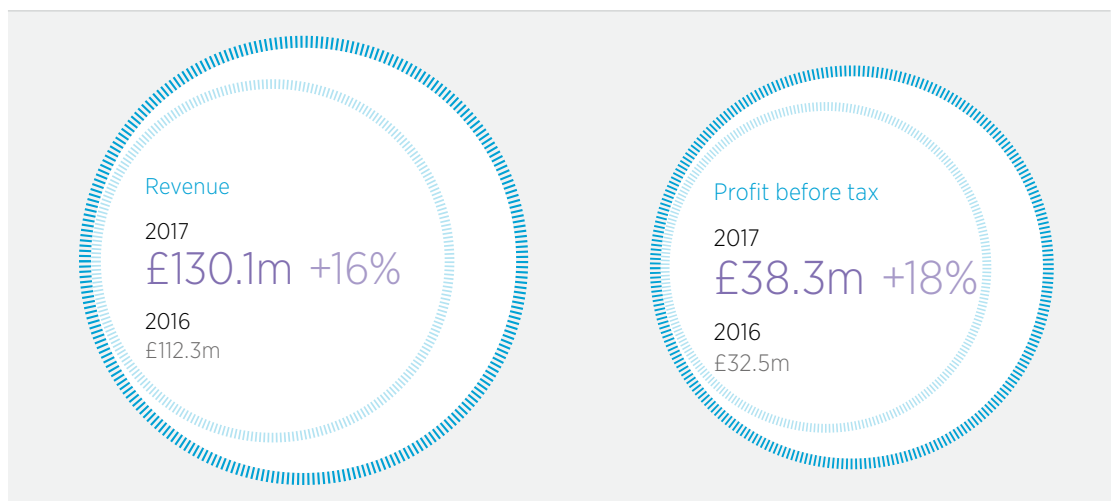
Regulatory Environment

Along with other firms in our industry, we continue to allocate an increasing amount of internal resource to the implementation of appropriate systems and controls to satisfy the requirements of new regulation as well as the monitoring of prospective changes in regulation and its impact on our business model.

MiFID II was a key focus for the business in 2017 to ensure a satisfactory implementation in January 2018. We targeted work on this initiative early on during the year and in particular, discussions with our institutional clients concerning changes to their broker payment models. When coupled with the exceptional quality of our research team and product, we believe the firm is well positioned to operate within the post-MiFID II regime.

We continue to believe that all regulation must be accompanied by a strong internal culture which demands that we strive to attain the highest ethical and professional standards. An overarching governance framework is essential in ensuring that the principles of good governance are maintained and that this culture is driven from, and by, the Board downwards. Details of our governance framework are described in our Corporate Governance Report on page 18.

Financial Highlights



The Board

A number of important changes to the composition of the Board were made in 2017. In March 2017 Gerald Corbett retired as Non-executive Chairman after eight years of service to the Board and I was named as his successor. I would like to re-iterate the Board's thanks to Gerald for his contribution to Numis over that time, firstly as Non-executive Director and latterly as Non-executive Chairman.

On 8 May 2017, Oliver Hemsley retired from the Board following the succession of the Chief Executive Officer role which completed in September 2016, eight months earlier. Oliver founded the business in the early 1990s and built it over 25 years to become one of the leading brokerage and advisory firms in the UK. He remains with the Company in an advisory capacity.

Two further changes occurred during the year, namely that Lorna Tilbian (Executive Director) and Marcus Chorley (Executive Director) both stood down from the Board with effect from 30 September 2017. Lorna decided to leave the Company after more than sixteen years of service and left the business on 31 December 2017 whereas Marcus remains within the business in his role as Chairman of Equities and continues to serve on the board of Numis Securities Limited.

One further prospective change was announced in July 2017, namely that Simon Denyer will be leaving the business in January 2018. He will be succeeded by Andrew Holloway whose details were included in our announcement to the market on 28 July 2017. The Board is enormously grateful to both Simon and Lorna for the significant contribution they have each made to the development and success of Numis. We also thank Marcus for his service to the Board and look forward to his continuing valued contribution to the Equities business.

The Board has gone through a period of significant change over the past eighteen months. Having reviewed its composition and structure, we are satisfied that the existing composition gives an appropriate balance of Executive and Non-executive Directors and will ensure that no individual or group of individuals is in a position to dominate the

Board's decision making process. Each Director brings different skills, experience and knowledge to the Company, with the Non-executive Directors bringing additional independent thought, judgement and challenge.

We will hold seven Board meetings in 2018 and have extended the duration of each to allow for fuller discussion and deliberation. Two of these meetings have been specifically designed to focus on Group strategy.

Since joining the Board in March 2017, I have been impressed by the drive, determination and enthusiasm with which the management team operates and I greatly look forward to working with my fellow Board members as the business develops further.

People

Our people are our greatest asset and underpin the success of the business. This year we undertook an all staff opinion survey for the first time in the Group's history in order to understand more fully potential areas where we can help provide a better overall working environment and offering. As a result, we have made a number of enhancements and have communicated an ongoing commitment to maintain our focus on areas such as staff wellbeing, utilising a number of staff led sub-groups to help maintain momentum in this area.

We also remain focused on retaining and developing a pool of diversified talent with a shared commitment to the firm's strategic goals in order to provide strength in depth across the business.

On behalf of the Board, I would like to thank the management team and all the staff at Numis for their contribution in 2017. Their experience, energy and enthusiasm combined with their commitment to our clients provide the base for future success.

Alan Carruthers

Chairman

7 December 2017

Total income

2017
£133.5m +15%

2016
£116.1m

Total dividend per share

2017
12.0p

2016
12.0p

Basic earnings per share

2017
27.4p +17%

2016
23.5p

Net assets

2017
£133.6m +4%

2016
£129.1m

Cash balances

2017
£95.9m +8%

2016
£89.0m

2.0 Strategic Report

Introduction

Relationships built through continuity and trust combined with exceptional client service enable us to create value for our clients and shareholders.

In accordance with Section 414A of the Companies Act 2006, the directors serving during the year ended 30 September 2017 and up to the date of signing the financial statements are pleased to present their Strategic Report on the development and performance of the Group during the year ended 30 September 2017, the financial position of the Group as at 30 September 2017 and the principal risks to which the Group is exposed.

This report is a key component of the Annual Report and Accounts and provides an opportunity for the directors to communicate our strategy and goals (Our Strategy), the measures we use to determine how well the business is performing (Key Performance Indicators) and the principal risks (Principal Risks) faced by the business which could prevent these goals being achieved.

We also provide an overview of how our business is structured (Our Business Model) and a review of the Group's performance for the year ended 30 September 2017 (Review of Performance) in order to add context to the results shown in the financial statements. This review includes commentary on the main pillars of our business model.

Finally, we summarise the financial position of the business (Financial Position) and comment on future prospects for the business (Outlook).

Our Strategy

2.0 Strategic Report

	FOCUS	PARTNERSHIP	SELECTIVE	DISCIPLINE	
OUR GOALS	Focus on the markets we know and the best outcome for our clients	Partnership culture aimed at attracting and developing talent	Selective investment in future growth opportunities	Disciplined approach to operational efficiency and capital base	<p>Our overarching goal is to retain our position as one of the leading independent corporate advisory and stockbroking businesses in the UK.</p>
COMPONENT PARTS	<p>Focusing on the UK market, where Numis has a clear competitive advantage in its core integrated business</p> <p>Putting clients' interests first and delivering exceptional client service</p> <p>Providing high quality research combined with powerful international distribution</p> <p>Providing expert advisory and broking services in both favourable and difficult markets</p>	<p>Offering a collegial culture with an emphasis on harnessing the combined expertise of the firm</p> <p>Attracting highly capable and motivated professionals looking for an opportunity to serve clients without latent conflicts</p> <p>Offering the opportunity to make a tangible difference and participate in the direction and performance of the business</p>	<p>Adding research, distribution and client service capability to selective sectors so that the business continues to strengthen its offering</p> <p>Building non-UK distribution and alternative execution capability</p> <p>Adding origination capacity and bringing exceptional investment opportunities to institutional clients</p> <p>Adding support to unquoted companies and the capital markets which support them</p>	<p>Making disciplined operational improvements and maintaining a prudent risk management culture</p> <p>Actively evaluating and managing financial and non-financial risks</p> <p>Continuing to manage our finances, liquidity and capital conservatively</p>	
BENEFITS	Serving our clients needs with outstanding research and international distribution coupled with sector aligned advisory and broking expertise leads to enduring relationships based on trust	Recruitment, development and retention of high calibre individuals is essential to the firms stability and long-term success	Being selective ensures that the firm maintains an integrated approach to its business model and delivery of client service. In this way we aim to ensure that additions are both accretive and reputationally enhancing	Operational effectiveness is key to maintaining quality of service and controlling operational risks. A robust balance sheet and capital position provides assurance to our clients, counterparties, shareholders and employees as well as enabling sustainable dividends	
RISKS¹	Strategic risk Reputational risk Conduct, Regulatory and Legal risk	People risk	Strategic risk Reputational risk	Operational risk Financial risk Conduct, Regulatory and Legal risk	
RELATED KPIS²	Corporate client base Funds raised for corporate client base Market share in secondary trading sectors	Revenue per head Staff turnover and regrettable staff losses <i>(reported internally but not displayed on the KPI table on pages 10-11)</i>	Revenue per head	Cost: core revenue ratio Earnings per share Dividend per share	

1 Risks:
The key risks associated with each strategic goal are described more fully on page 14 along with the Group's approach to managing these risks

2 Related key performance indicators:
The related KPIs can be found on pages 10-11 along with a 5 year trend in our performance

2.0 Strategic Report

Our Business Model

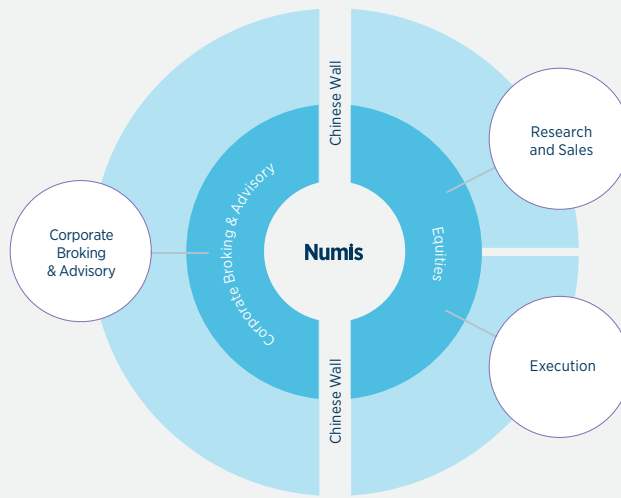
We employ an integrated approach to our business model in order to harness the combined expertise of the firm to the benefit of our clients who predominantly comprise companies quoted in the UK and their investors.

We focus on service and advice rather than selling products.

We serve corporate clients and institutional clients. Our corporate clients receive an unparalleled level of service from our dedicated teams, helping them realise their business objectives – whether raising capital, listing, mergers and acquisitions or promoting themselves to

existing and potential shareholders. Our institutional clients benefit from our award winning investment research, our highly regarded trade execution capability and our accumulated knowledge of UK listed companies.

Our structure, client base and headcount are depicted below:



Service 202 corporate clients across 16 sectors

Service over 450+ active institutional clients in the UK, Europe, USA and Canada

84 

Corporate Broking & Advisory

With an industry-focused approach across sectors covered by our highly rated research teams, we provide a full range of services to both corporate and private equity clients. These services include advice and transaction execution in relation to mergers and acquisitions, IPOs, secondary equity issuance and convertible securities. Alongside this we provide ongoing advice to our corporate clients on market conditions and investors' views and deal with all aspects of investor relations including roadshows to existing and potential shareholders.

Our dedicated investor relationship team provides the link between companies, existing shareholders and potential investors, and works closely with each of our corporate clients to devise a bespoke investor relations plan as well as providing market intelligence and advice.

We believe in building close, long-term relationships with clients. Our approach is based on harnessing our sector knowledge, expertise and market experience to offer our clients objective advice and outstanding execution.

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Research & Sales

With our potent combination of industry expertise and experience, our research team achieves a clarity of investment perspective that others struggle to match. We provide exceptional industry insight, delivering an unrivalled track record of value-creating recommendations and ideas. Our institutional equity sales team offers a stockbroking service to UK, European, US and International investment funds. The team has unrivalled experience of UK listed companies and prides itself on its strong and long-standing client relationships.

19 

Execution

Our trading team is committed to providing an execution service to over 1,000 UK stocks whilst acting as registered market maker in the majority. We provide liquidity to our institutional clients and support to UK listed companies through making markets in their shares. Substantial investment in technology ensures our clients receive the most effective trade execution across the full spectrum of securities and execution venues.

54  Support functions

Revenue Generation

We earn revenue through five streams of activity which broadly relate to either corporate client activity or institutional client activity.

Revenue from corporate client activity comprises:

- Commission earned on primary, secondary and private capital raising (placing commission) where Numis' role may be summarised as bringing the company requiring capital together with investors willing to provide capital. The revenue in relation to this activity is broadly dependent on the size and complexity of the fund raise.
- Fees earned in relation to advisory work and related documentary requirements. Broadly these will be in connection with corporate actions, mergers and acquisitions, disposals, restructuring or public bids but may also be in relation to advisory services provided as part of a capital raising.
- Annual retainer fees charged to our corporate clients for the provision of on-going market advice and investor relations services as well as acting as Nomad, broker or financial advisor to them.

Revenue from institutional client activity comprises:

- Commission earned from execution and research services provided to a broad range of institutional clients in the UK, US, Canada and Europe who wish to buy and sell shares listed in the UK and other jurisdictions. Revenue in relation to this activity is broadly dependent on the size of the transaction, the liquidity of the share or the value attributed to our research by the receiving institution.
- Gains or losses made from positions in shares we hold as market maker. The role of a market maker is principally that of providing liquidity to other market participants in order to ensure that there is an active market in the relevant share. The market maker will also facilitate the execution of institutional client trades. Market makers do not act as a proprietary trading activity. With a corporate client list of c. 200 companies and in acting as market maker for over 1,000 UK listed shares, this activity results in an inventory of shares being held on an on-going basis which will result in gains and losses being incurred as the prices of individual shares move up and down.

Costs and Sustainability

Our people are our greatest asset and are the key factor in determining the long-term success of the business. Managing costs, in particular staff costs, is the focus of our remuneration policy which aims to align remuneration with the long-term success of the Group by retaining the principal of pay for performance. This enables a significant degree of flexibility to be maintained within the overall cost base which allows the business to continue to operate even during the most severe of economic downturns.

Our business is not immune to the vagaries of the financial markets, in particular the impact that domestic and global economic conditions have on the UK stock market, investor appetite and the level of capital raising activity.

We have a consistent track record of building the business during good times and bad. We also have a consistent track record of building capital and financial cover during an upturn to provide sustainable returns to shareholders throughout the cycle. Our directors and many of our employees are also shareholders. This provides a strong incentive in favour of sustainability as well as a close alignment with our external investors. We believe this distinguishes us from many of our competitors and provides a high degree of comfort to our clients, employees, suppliers and shareholders.

2.0 Strategic Report

Key Performance Indicators

We use a number of key performance indicators to measure the underlying performance of the business.

Measure	Stated objective	Performance in 2017
Revenue per head	Our aim is to ensure that sufficient productivity levels are maintained whilst acknowledging the impact that the economic cycle and weaker external market conditions can have on revenue generation opportunities.	Revenue increased 16% on prior year to reach record levels whilst average headcount increased by 3% to 220 (2016: 213). We continue to invest in our people as we believe this positions the Group well for future growth as well as maintaining a focus on superior client service and execution capability.
Cost: core revenue <i>(costs exclude charges relating to share based payments but include annual incentive pay amounts)</i>	Our aim is to ensure that the overall cost base is managed effectively and that the interest of shareholders and employees are aligned over the longer term business cycle.	This ratio continues to be held at acceptable levels and within the cost tolerance set out in the Groups budget for 2017 despite increased investment in our people and platform during the year in preparation for MiFID II.
Corporate client base	Our aim is to win corporate clients across a broad range of sectors ensuring that both the net number and quality of our corporate client base continues to grow.	Further increases to our corporate client base have been achieved during 2017 which is testament to our focus on client service. We topped the Adviser Rankings in terms of total number of stock market clients for the first time, surpassing our competitors.
Number of FTSE 350 corporate clients	Whilst continuing to serve a broad range of corporate clients across 16 sectors, we aim to expand our exposure to FTSE 350 clients and thereby further diversify the breadth of our client base.	We took on 7 new FTSE 250 corporate clients during 2017. Departures from this category largely comprised M&A activity within our client base and demotions from the FTSE 250.
Funds raised for corporate clients	Our aim is to grow the aggregate value of funds raised as this is a key driver of primary revenues.	Funds raised were comfortably above £2bn and helped to deliver record revenues.
UK Mid Cap & Small Cap Market Share <i>(source: LSE Direct Customer Business, calendar years)</i>	Our aim is to improve market share as this is a key driver of secondary revenues.	Our market share of trading through the London Stock Exchange has shown a reduction despite the fact that our ranking across all but one sector of the market has either improved or remained the same as prior year.
Basic earnings per share	Our aim is to grow earnings per share as this reflects value creation for our shareholders.	We achieved a 17% increase on prior year as the strategy employed by the Group positioned it well to take advantage of the favourable market conditions.
Dividend per share	Our aim is to maintain a sustainable base dividend across the broad economic cycle.	The Board has proposed a final dividend of 6.5p per share which brings the total distribution for 2017 to 12.0p per share.

2.0 Strategic Report

Longer-term performance	Expectations for 2018										
<p>£'000</p> <table border="1"> <tr><td>2013</td><td>449</td></tr> <tr><td>2014</td><td>491</td></tr> <tr><td>2015</td><td>467</td></tr> <tr><td>2016</td><td>527</td></tr> <tr><td>2017</td><td>591</td></tr> </table>	2013	449	2014	491	2015	467	2016	527	2017	591	<p>Uncertainty is ever present with geo-political events further afield accompanied by the continuing negotiations surrounding Brexit. Other macro economic factors including inflationary pressures and the real possibility of further interest rate rises in the short term all add further uncertainty for the markets to digest. We will continue to monitor the productivity levels of our revenue generating areas to ensure investment in them is franchise-enhancing.</p>
2013	449										
2014	491										
2015	467										
2016	527										
2017	591										
<p>%</p> <table border="1"> <tr><td>2013</td><td>68</td></tr> <tr><td>2014</td><td>68</td></tr> <tr><td>2015</td><td>67</td></tr> <tr><td>2016</td><td>68</td></tr> <tr><td>2017</td><td>64</td></tr> </table>	2013	68	2014	68	2015	67	2016	68	2017	64	<p>We will continue to invest in our people and platform during 2018 as we aim to complete various projects that commenced in 2017.</p>
2013	68										
2014	68										
2015	67										
2016	68										
2017	64										
<p>Number corporate clients</p> <table border="1"> <tr><td>2013</td><td>156</td></tr> <tr><td>2014</td><td>171</td></tr> <tr><td>2015</td><td>183</td></tr> <tr><td>2016</td><td>199</td></tr> <tr><td>2017</td><td>202</td></tr> </table>	2013	156	2014	171	2015	183	2016	199	2017	202	<p>Client departures may continue to occur through M&A and other routes, however we remain confident that gains will continue to be made on a net basis which is the case so far during 2018. The annual run-rate of our retainer fees should reach £12m in the near future.</p>
2013	156										
2014	171										
2015	183										
2016	199										
2017	202										
<p>Number corporate clients</p> <table border="1"> <tr><td>2013</td><td>32</td></tr> <tr><td>2014</td><td>37</td></tr> <tr><td>2015</td><td>44</td></tr> <tr><td>2016</td><td>45</td></tr> <tr><td>2017</td><td>46</td></tr> </table>	2013	32	2014	37	2015	44	2016	45	2017	46	<p>We have made good progress in this area to date and continue to target further additions.</p>
2013	32										
2014	37										
2015	44										
2016	45										
2017	46										
<p>£m</p> <table border="1"> <tr><td>2013</td><td>2,162</td></tr> <tr><td>2014</td><td>2,095</td></tr> <tr><td>2015</td><td>2,069</td></tr> <tr><td>2016</td><td>1,849</td></tr> <tr><td>2017</td><td>2,451</td></tr> </table>	2013	2,162	2014	2,095	2015	2,069	2016	1,849	2017	2,451	<p>We completed 47 equity issuance transactions during 2017 including 7 IPOs. The market's appetite for IPO and secondary issuance activity will need to remain intact in order for similar levels to be achieved in 2018.</p>
2013	2,162										
2014	2,095										
2015	2,069										
2016	1,849										
2017	2,451										
<p>%</p> <table border="1"> <tr><td>2013</td><td>19.17</td></tr> <tr><td>2014</td><td>15.65</td></tr> <tr><td>2015</td><td>15.30</td></tr> <tr><td>2016</td><td>15.94</td></tr> <tr><td>2017</td><td>14.40</td></tr> </table>	2013	19.17	2014	15.65	2015	15.30	2016	15.94	2017	14.40	<p>We continue to focus on this area in order to improve our performance but note that rankings across all but one sector have been satisfactory.</p>
2013	19.17										
2014	15.65										
2015	15.30										
2016	15.94										
2017	14.40										
<p>Pence per share</p> <table border="1"> <tr><td>2013</td><td>16.9</td></tr> <tr><td>2014</td><td>18.7</td></tr> <tr><td>2015</td><td>19.5</td></tr> <tr><td>2016</td><td>23.5</td></tr> <tr><td>2017</td><td>27.4</td></tr> </table>	2013	16.9	2014	18.7	2015	19.5	2016	23.5	2017	27.4	<p>Growth in earnings per share will require favourable external market conditions to prevail. The quality and breadth of our client base combined with the investment we make in our people positions the Group well for future success.</p>
2013	16.9										
2014	18.7										
2015	19.5										
2016	23.5										
2017	27.4										
<p>Pence per share</p> <table border="1"> <tr><td>2013 Total</td><td>9.0</td></tr> <tr><td>2014 Total</td><td>10.5</td></tr> <tr><td>2015 Total</td><td>11.5</td></tr> <tr><td>2016 Total</td><td>12.0</td></tr> <tr><td>2017 Total</td><td>12.0</td></tr> </table>	2013 Total	9.0	2014 Total	10.5	2015 Total	11.5	2016 Total	12.0	2017 Total	12.0	<p>Will be dependent on our performance during 2018 and visibility of future prospects on the conclusion of 2018. In any event, will be subject to our overall intention to provide sustainable distributions across the business cycle.</p>
2013 Total	9.0										
2014 Total	10.5										
2015 Total	11.5										
2016 Total	12.0										
2017 Total	12.0										

2.0 Strategic Report

Review of Performance

Revenues increased by 16% to £130.1m and profit before tax increased by 18% to £38.3m.

Overall Performance

We are pleased to report that the business generated record revenues, with all revenue streams contributing to this success. During the year ended 30 September 2017, revenues increased by 16% to £130.1m (2016: £112.3m) and profit before tax increased by 18% to £38.3m (2016: £32.5m). Profit before tax includes £3.4m of gains recognised on investments held outside of our market making business (2016: £3.8m). Our balance sheet remains strong with cash balances totalling £95.9m (2016: £89.0m) while net assets have increased to £133.6m (2016: £129.1m).

Market conditions provided a positive backdrop for trading in UK equities overall. Steadily rising UK equity indices coupled with relatively low volatility resulted in secondary trading by value on the London Stock Exchange growing almost 16% year-on-year and equity fund raising activity increasing 14%. These favourable conditions contributed, in part, to both a significant uplift in equity issuance revenue delivered by our Corporate Broking and Advisory business, and a strong performance by our Equities business which maintained or improved its ranking across most sectors of the market. We also saw a return of M&A activity during our second half as the relative weakness of Sterling combined with availability of cheap finance fuelled activity in our corporate client base which prompted good volumes of both advisory and capital raising mandates in the year.

	2017	2016
	£m	£m
Net trading gains	9.0	6.5
Net institutional commission	35.8	31.9
Net institutional income (Equities)	44.8	38.4
Advisory fees	16.5	16.3
Placing commission	57.2	48.0
Corporate transaction income	73.7	64.3
Corporate retainers	11.6	9.6
Corporate Broking & Advisory (CB&A)	85.3	73.9
Revenue	130.1	112.3

Revenue from CB&A activities totalling £85.3m (2016: £73.9m) was the highest in the Group's history. This performance was broadly based and included 7 IPOs, 40 secondary fund raises, 37 pure advisory roles and 17 block trades and secondary sell-downs. Importantly, transaction volumes in non-primary activity increased to 94 (2016: 73) reflecting the quality of our client base. Our market share of UK ECM activity remains impressive and we were ranked #1 in the UK ECM league tables for the calendar year to 30 September 2017.

Combined institutional commission & trading revenues for the year were impressive, totalling £44.8m (2016: £38.4m), an increase of 17%, surpassing the Group's previous record level achieved in 2014. This was achieved against a backdrop of generally positive markets and the continued threat from electronic trading systems and dark pools of liquidity.

Administrative expenses for the year totalled £95.4m (2016: £83.6m). Compensation costs as a percentage of revenue have shown a modest increase to 53% (2016: 52%). This is wholly attributable to an increase in share award related charges which, in part, reflects the increase in the Company's share price over the year ended 30 September 2017 but also share awards granted towards the end of 2016.

Non-compensation costs comprise expenses incurred in the normal course of business, the most significant of which relate to technology, information systems, market data, brokerage, clearing and exchange fees and occupancy. The year-on-year increase of £1.7m (7%) was driven mainly by investment in our technology platform, MiFID II and other regulatory project work together with increased secondary market activity which directly impacts brokerage, clearing and exchange fees.

Average headcount increased to 220 (2016: 213) and we ended the year with a headcount of 235 (2016: 220). We continue to prioritise investment in and support of our talent pool in order to develop our staff at all levels of the organisation. This focus was, we believe, instrumental in Numis being voted #1 UK Small & Mid Cap Brokerage Firm by both companies and institutions for the fifth year in succession in the 2017 Thomson Reuters Extel Survey.

Strategic Investments

The value of our strategic investments total £28.1m (2016: £29.8m). Of this value, £14.0m is in quoted securities, whilst £14.1m is invested in unquoted securities. The movement during the year reflects new investments and follow-on funding totalling £1.3m, disposals totalling £5.8m and £2.8m of net fair value uplifts of which the majority came from our quoted securities. Disposals during the year were in respect of quoted holdings and reflect the fact that we do not view Numis as a natural long term investor in quoted companies. However, we continue to believe the majority of our unquoted investments are complementary to our existing core business and that they offer an exciting opportunity for the Group to grow its presence in areas in which it has expertise or a relevant network of investors. We will explore opportunities for recycling the portfolio where we see attractive investment propositions which are strategically relevant.

Corporate Broking and Advisory

It is part of our culture to build long-term relationships with our corporate clients, endeavouring to provide them with service of exceptional quality which is tailored to their needs. We pride ourselves on the strength of these relationships, which we believe is reflected in the momentum that we enjoy both in client numbers, as well as longevity of relationship and in fee generation over time.

We continue to attract high quality corporate clients in order to offset inevitable departures resulting from M&A and ended the year with 202 companies for whom we act as broker. The average market capitalisation of our corporate client base has grown by 28% year-on-year and now stands at £726m but it is important to recognise that the median is £322m and that we remain committed to the small cap space. This is reflected in our client wins during the year, which have included businesses from £20m market cap to well over £1bn market cap. During the year we rose to #1 ranked Broker overall by total number of stock market clients and remain ranked #2 Adviser overall by total number of stock market clients as per the most recent Corporate Advisers Rankings Guide.

Notable deals completed during the year included IPOs for Luceco, Premier Asset Management, Sherborne Investors and Alfa Financial along with secondary raises for our corporate clients including INPP, Learning Technologies Group, Bluefield Solar Income Fund, Accesso, IP Group and John Menzies. In addition, we raised £377m through private placements for Accelerated Digital Ventures and Klarna and now act as financial advisor to two unquoted companies. In total, we raised £2.5bn of equity capital during the year (2016: £1.9bn).

Our corporate advisory capabilities continue to grow. We completed 37 pure advisory roles during the period including the acquisition by the McColl's Retail Group of 298 stores from the Co-operative Group, John Menzies acquisition of ASIG, the recommended offer by Madison Dearborn Partners for Powerflute, the £332m recommended offer by Altrad Investment Authority for Cape Plc and Micro Focus' \$8.8bn merger with Hewlett Packard's Enterprise's Software business segment.

We have also built up a strong track record in the successful execution of block trades and secondary sell downs. During the year, we executed 17 such transactions with an aggregate value of £0.9bn which included a £321m sell down for Countryside Properties and a £206m sell down for Forterra Plc.

Against a backdrop of an ever deeper and more developed pool of capital that is happy to own unlisted securities, we continue to develop our private placement capabilities through our growing Venture Broking team. This is an exciting growth area, which plays well to our strengths and our desire to play a key role in developing the capital markets which support this segment of the market.

Equities

High quality research and sales is at the heart of our Equities business. It creates relationships based on trust with our institutional clients and is at the core of our powerful international distribution capability. Our sector analysts cover approximately 360 companies across 16 sectors, whilst our Investment Funds research team covers around 360 investment companies and funds. Our highly regarded sales team provides a service to more than 500 active institutional clients across the UK, Europe, the Americas and Australia. Data from Starmine and the various alpha capture systems continues to demonstrate the impressive value we add to our institutional clients.

Our US office continues to provide a best-in-class service in marketing UK equities to major North American institutional investors, including managing a significant number of roadshows and reverse roadshows. Our distribution offering also extends to the Private Client Fund Managers ("PCFM") through our PCFM team, who access a network of over 3,000 active fund managers at 200 PCFM houses in the UK, who collectively can be a powerful pool of liquidity.

We provide execution services in over 700 stocks, of which over 500 are listed on the Main Market of the London Stock Exchange. During the year we had #1 market share in 122 stocks (FY 2016: 127) across these markets, and were a top 3 provider in a further 85 stocks (FY 2016: 92). With access to multiple trading venues and liquidity providers, we are able to deliver an exceptionally strong execution capability to our institutional clients.

Our well-resourced market making and sales-trading teams ensure that we are well placed to source liquidity on behalf of our institutional clients, which often requires skill and human effort that cannot be found in a dark pool or standalone electronic trading venue. The 12% year-on-year growth in institutional commissions was achieved despite changes to institutional broker payment models as they look to embrace MiFID II, which is due to be implemented in January 2018. Our trading revenues saw a 39% year-on-year increase and were achieved with levels of capital usage that were only moderately higher than prior year.

2.0 Strategic Report

Principal Risks

The Board is responsible for determining the Group's risk appetite and for ensuring that the risk framework and management processes are appropriate and operating effectively.

The management of risk is embedded in our culture and it is the responsibility of each employee to ensure that this culture is built into our working practices. Specifically, day-to-day management of risk is delegated by the Board to senior executives across the firm, through appropriate committees, systems and controls. Whilst encouraging an entrepreneurial and commercial culture that is focused on generating value for our clients, the Board actively seeks to ensure all relevant risk exposures are managed and mitigated. Note 26 to the financial statements describes how the Board receives input from other key committees along with the framework employed by the Group to manage the

risks faced in the normal course of business. In financial terms, the Board's policy is to hold regulatory capital that, at a minimum, meets its own interpretation of the most severe but plausible stress test measures thereby maintaining an additional capital buffer available for use should adverse circumstances materialise that are outside the firm's normal and direct control.

The principal risks to which the business is exposed are set out below. Although not exhaustive, this highlights the risks that are currently considered to be of most significance to the Group's activities and which could affect the ongoing financial health and performance of the business:

	Description	How we manage the risk	Change in the year and trend in residual risk
REPUTATIONAL RISK	<p>One of the most significant risks we face is damage to our reputation and the resulting impact that may have on future performance of the business and our relationship with clients and shareholders.</p> <p>This can arise from adverse financial or operational events or a failure to meet the expectations of one or more of the Group's stakeholders.</p>	<p>The Board sets the Group's cultural tone by demanding a strong ethical and professional culture as the only acceptable standard for the firm.</p> <p>All new business is subject to a rigorous appraisal process supervised by the New Business Committee. For all activities, this discriminates strongly in favour of high quality clients.</p> <p>We place great emphasis on employing and adding highly experienced senior staff who are closely engaged with clients.</p> <p>We proactively engage with stakeholders and market practitioners as well as monitoring media coverage to understand how our reputation is perceived.</p>	<p>Our deal activity during the year, we believe, provides evidence that the Group's reputation remains high. This is also supported by the fact that Numis was voted top-ranked UK Small and Mid Cap Brokerage Firm by both institutions and companies for the 5th year in a row in the Thomson Reuters Extel Results 2017.</p> <p>No change in residual risk after mitigating actions.</p>
PEOPLE RISK	<p>Our people are the business' most important asset and are the key factor in determining the long-term success of the business.</p> <p>Retaining, attracting and developing our staff is essential to maintain the Group's competitive advantage and for the long-term success of the business.</p>	<p>The Board places particular focus on its remuneration policy and strategies, including considering the appropriate allocation and mix of cash and share-based schemes along with appropriate deferral periods in order to align remuneration with the long-term success of the Group. The nature of the share-based schemes and their deferral characteristics are described in note 22 to the financial statements.</p> <p>We also maintain formal structured performance-based staff evaluations in which objectives are set and success is measured along with the identification of future development needs.</p> <p>Senior management succession planning is overseen by the Nominations Committee.</p> <p>The on-boarding, retention and growth of our people remain at the top of the Board's agenda.</p>	<p>Staff retention has been high and we have made a number of hires during the year which we believe will enhance the business offering.</p> <p>An all staff opinion survey was carried out during the year resulting in a number of actions including various enhancements and additions to the overall staff benefits offering and adding certain wellbeing activities and training opportunities.</p> <p>We continue to make enhancements in this area.</p> <p>No change in residual risk after mitigating actions.</p>

2.0 Strategic Report

	Description	How we manage the risk	Change in the year and trend in residual risk
STRATEGIC RISK	<p>The Board recognises that continued focus on the way in which our strategy is executed is key to our long-term success and financial condition.</p>	<p>The executive management team is subject to healthy and robust challenge from the Board and its Committees on the firm's strategic direction, execution of strategy and the implementation of agreed initiatives. This includes significant focus on the risks which threaten the achievement of the firm's strategy as well as those that present the greatest opportunity.</p> <p>Our corporate governance structure ensures that the Board has sufficient, well articulated, consistent and timely information to enable the necessary decisions and choices to be made and the appropriate level of assurance obtained.</p>	<p>The financial performance of the Group, we believe, demonstrates effective execution of the Group's strategy.</p> <p>No change in residual risk after mitigating actions.</p>
CONDUCT, REGULATORY & LEGAL RISK	<p>The risk of legal or regulatory action resulting in fines, penalties, censure or other sanction or legal action arising from failure to identify or meet regulatory and legislative requirements in those jurisdictions in which the Group operates.</p> <p>The risk that new regulation or changes to the interpretation or implementation of existing regulation adversely affects the Group's operations, cost base and financial condition.</p> <p>The risk that inappropriate behaviour, conduct or practices result in a detrimental impact on client interests or outcomes.</p>	<p>The Board's policy is to encourage an intense focus by senior management on the long-term, sustainable success of the business. This specifically includes robust corporate governance, mitigating the likelihood of litigation and full compliance with the relevant regulatory and legal requirements for the jurisdictions in which we operate.</p> <p>The Group's conduct policy sets out the standard of behaviour expected from all of our staff and is supported by appropriate management information and reporting.</p> <p>A strong culture of regulatory and legal compliance permeates the firm and there is a demonstrated track record of transparency and strong relations with the key regulatory bodies.</p> <p>Compliance procedures are maintained across the Group and our Compliance department supports senior management in meeting their obligations as well as carrying out risk-based monitoring of the Group's compliance with relevant regulation.</p> <p>Tailored training and updates on specific aspects of regulatory compliance is routinely delivered throughout the year by a combination of the Group's Head of Compliance and/or external advisors.</p> <p>The Group's legal obligations are overseen by suitably qualified in-house legal resource.</p>	<p>Regulatory obligations within the financial services sector are significant and the pace of change shows no signs of slowing down. We prioritised various enhancements to our systems and platform during the year and increased staffing in selective areas in order to manage this change.</p> <p>In conjunction with this, we increased our focus on compliance monitoring and training.</p> <p>Our preparations for MiFID II position the firm well for the inevitable market-wide uncertainties which surround this implementation.</p> <p>A moderate increase in residual risk due to external uncertainties and the pace and weight of regulatory change.</p>

2.0 Strategic Report

Principal Risks (*continued*)

	Description	How we manage the risk	Change in the year and trend in residual risk
FINANCIAL RISK	<p>Financial risks are described and discussed in more detail in note 26 to the financial statements and include market, credit, liquidity and capital risk.</p>	<p>Applicable external regulatory measures along with a number of internal measures are utilised and compared with Board approved limits. These measures are calculated daily and are reported to senior management and, ultimately, to the Board in each of their meetings.</p>	<p>Financial risk exposures remained at similar levels to those experience in the prior year.</p> <p>The Group's ICAAP (internal capital adequacy assessment process) was enhanced to reflect improvements to the control environment made during the year.</p> <p>No change in residual risk after mitigating actions.</p>
OPERATIONAL RISK	<p>Operational risk can arise from the failure of core business processes undertaken within the Group or by one of our third-party service providers.</p>	<p>We aim to be able to sustain operations and client service, with minimum disruption, with a combination of business continuity planning, duplicated infrastructure, strong supplier relations and remote facilities.</p> <p>Evolving control standards and robust corporate governance are applied by suitably trained and supervised individuals, and senior management are actively involved in identifying and analysing all operational risks to find the most effective and efficient means to mitigate and manage them.</p> <p>To aid the application of best practice, regulatory compliance and consistency, management make use of standardised operating procedures as well as best-in-breed third-party service providers to enhance the level of expertise applied where relevant.</p> <p>The use of a fully independent, outsourced Internal Audit function provides assurances over the adequacy and effectiveness of the systems of internal control throughout the business as well as helping to identifying enhancements that provide further risk mitigation. In addition to reviews carried out by Internal Audit, we may engage other third-party advisors on a periodic basis to provide further independent assurance where considered appropriate.</p>	<p>Operational risk exposures remained at similar levels to those experience in the prior year.</p> <p>We continue to invest in our people, platform and training in order to make enhancements to the mitigation of operational risk, in particular in respect of risks arising from the use of technology, information security and cyber security.</p> <p>No change in residual risk after mitigating actions.</p>

Financial Position

2.0 Strategic Report

	2017	2016
	£m	£m
Corporate advisory & broking	0.1	2.6
Cash balances	95.9	89.0
Cash collateral at clearing houses	9.5	7.7
Strategic investments	28.1	29.8
Net assets	133.6	129.1

Our balance sheet strengthened further during the year, with cash balances totalling £95.9m (2016: £89.0m), while net assets have increased to £133.6m (2016: £129.1m). Cash flows in 2017 benefitted from increased revenue and a net divestment of our strategic investment portfolio. These movements were offset by an increase in outflows relating to annual incentive payments and the absence of any material movement in the market making positions which generated material inflows in 2016. Operational cash inflows of £50.4m (2016: £53.4m) enabled a combined outflow to shareholders through dividends and share buy-backs of £36.4m (2016: £19.6m) which is at its highest level in the Group's history.

During the year shareholders passed a special resolution approving the cancellation of the entire amount standing to the credit of the share premium account. This is described more fully in note 21.

The Group has a relatively straight forward tax position but, in the UK, is subject to the banking surcharge tax. This is levied at a rate of 8% on annual profits chargeable to corporation tax in excess of £25m resulting in a marginal rate of corporation tax of 27.5% for our 2017 financial year. This is the main factor driving the increase in effective tax rate implied from the taxation charge as presented on the face of the consolidated income statement being 20.7% (2016: 18.8%).

The Group's regulatory capital requirement, including regulatory buffers, as at 30 September 2017 sits at £60m. The Board continues to review the amount of capital we hold over and above our minimum regulatory requirement together with cash balances that may be deemed to be surplus to the needs of the business. The Board's intention is to use earnings and cash flow to underpin shareholder returns, through a combination of dividends and share buybacks. Our goal is to pay a stable ordinary dividend and re-invest in our platform, pursue selective growth opportunities and return excess cash to shareholders subject to capital and liquidity requirements and market outlook. In view of this approach and, in particular, the cash allocated to share repurchases during the course of the year, the Board is recommending a final dividend of 6.5p per share (2016: 6.5p per share) which results in a total dividend for the year of 12.0p per share (2016: 12.0 per share).

Over the medium term, we intend not only to repurchase shares to offset the dilutive impact of unvested share awards, but to reduce the overall number of shares in issue as we focus on overall shareholder returns.

Our People

The Group's employees are its greatest asset and, ultimately, are the key factor in determining the long-term success of the business. The quality of our client base is a reflection of the quality of our people. We continue to make selective hires within both our Equities and Corporate Broking & Advisory business areas in order to maintain our focus on superior client service.

We will continue to look at hiring opportunities in order to strengthen our offering and service to clients but always in the context of our overall strategy to ensure the impact is additive and complementary to our integrated business model.

Outlook

Our new financial year has started well as we have benefited from the momentum we experienced in the second half of 2017. We have completed 11 fund raises to-date, a number of M&A transactions and revenue from the Equities business is currently ahead of the 2017 daily run-rate.

Our deal pipeline is strong and we remain determined to support ambitious companies of all sizes seeking capital and high quality advice to grow, whilst simultaneously investing in our people, platform and relationships.

Whilst we cannot predict the direction of the market or the health of the equity issuance environment, there is good momentum in the business and we look forward to the future with confidence.

Approved by the Board on 7 December 2017
and signed on its behalf by

Alex Ham and Ross Mitchinson
Co-Chief Executive Officers

7 December 2017

A prudent approach to the management of market risk, liquidity risk and regulatory capital has helped to ensure that we continue to maintain a strong balance sheet and capital position.

3.0 Corporate Governance

Corporate Governance Report

A number of appropriately constituted committees ensure the principles of good governance and challenge are in place.

Corporate Governance Policy

AIM companies are not required to comply with the UK Corporate Governance Code 2014 (Principles of good governance and standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders) adopted by the London Stock Exchange. However, the directors have chosen to make the following disclosures to meet the provisions of the Code it deems most relevant to AIM listed companies, and specifically having considered the size, nature and scope of the Group's activities.

Governance Framework

The diagram opposite illustrates the main components of the Group's governance framework, the delegation of authority by the Board and how this achieves the required level of independent oversight.

Change of Chairman

Alan Carruthers was appointed Non-executive Chairman on 21 March 2017, succeeding Gerald Corbett who had been a member of the Board for 8 years, serving first as Non-executive Director and latterly as Non-executive Chairman since May 2014. Further comment on this succession can be found under the Nominations Committee section of this report.

The Board

The Board is authorised to manage the business of the Company on behalf of the shareholders and in accordance with the Company's Articles of Association. This is achieved through its own decision making and by delegating responsibilities to the Board Committees and authority to manage the business to the Co-Chief Executive Officers. The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group.

The Board of Numis Corporation Plc is chaired by Alan Carruthers and meets a set number of times a year and at other times as necessary, to discuss a formal schedule of matters specifically reserved for its decision. These matters routinely include:

- The Group's strategy and associated risks;
- Acquisitions, disposals and other material transactions;
- Financial performance of the business and approval of annual budgets, the half year results, annual report and accounts and dividends;
- Appointments to and removal from the Board and Committees of the Board;
- Risk management strategy and risk appetite;
- Remuneration policy;

- Communication with shareholders;
- Actual or potential conflicts of interest relating to any Director; and
- Changes relating to the Group's capital structure.

The members of the Board are set out on page 20. Changes to the Board's composition during the year are described under the Nominations Committee section of this report.

Board Effectiveness

The Chairman conducts an annual assessment of the effectiveness of the Board and its Committees through an internal questionnaire completed by each Director followed up by one-to-one discussions with each Director, if deemed necessary. The questionnaire covers a number of areas including Board composition, meeting structure, strategic oversight, risk management, succession planning, information content and format and, finally, performance of the Board Committees. The outcomes and principal findings are reported to the Board for consideration.

The performance of the Co-Chief Executive Officers is appraised annually by the Chairman. The performance of the remaining Executive Directors is appraised annually by the Co-Chief Executive Officers.

Chairman and Co-Chief Executives

The Chairman is Alan Carruthers and he is responsible for leading the Board, ensuring its effectiveness, steering its agenda, promoting a healthy culture of challenge and debate together with monitoring and evaluating the performance of the Co-Chief Executive Officers. He is also Chairman of the Nominations Committee responsible for succession planning.

The Co-Chief Executive Officers are Alex Ham and Ross Mitchinson who are jointly responsible for the executive management of the Group and its business on a day-to-day basis. This includes making recommendations to the Board in respect of strategy.

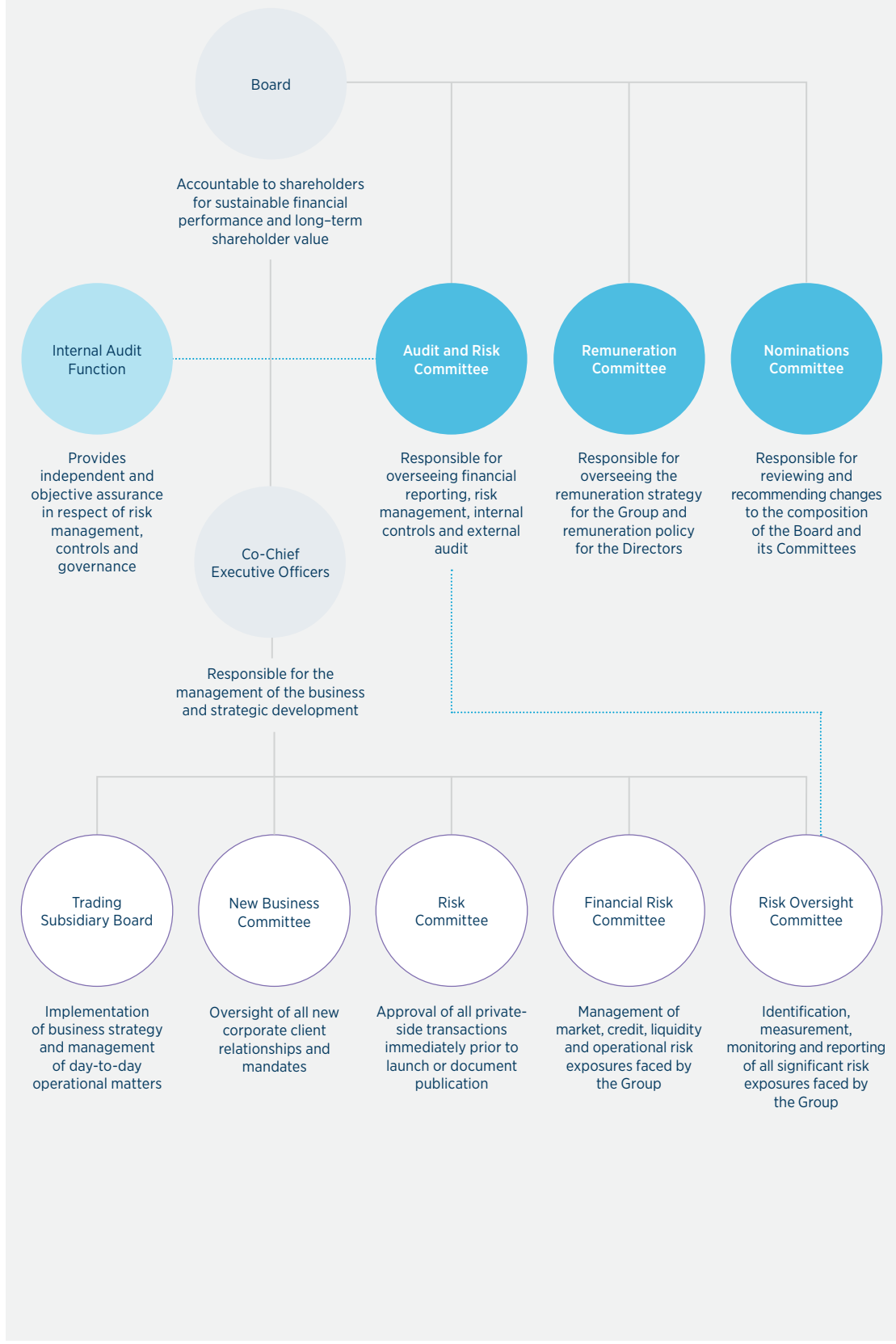
Composition of Board and Committees of the Board

Directors' Committee memberships, attendance at Board meetings and independence for the year ended 30 September 2017 is set out in the table on page 21.

Non-executive Directors also attend, by invitation and on a rotational basis, the board meetings of the main trading entity Numis Securities Limited. There were nine such meetings held during the year ended September 2017 of which six were attended by one of the Non-executive Directors.

3.0 Corporate Governance

Governance Framework



- Independent oversight by Non-executive directors
- Executive committees
- Direct access to Audit and Risk Committee

3.0 Corporate Governance

Corporate Governance Report (*continued*)

The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group.

Executive Directors

**Alex Ham***Co-Chief Executive Officer*

Alex Ham is Co-CEO of Numis. Alex is jointly responsible for Numis' strategic development as well as the day to day management of the main trading entity, Numis Securities Limited. Alex joined Numis in August 2005 and after a short stint as an equity research analyst, joined the Corporate Broking team where he has played a critical role in building and developing Numis' retained corporate client base and equity capital markets capability. He was appointed Head of Corporate Broking & Advisory in May 2015 and Co-CEO in September 2016.

Ross Mitchinson*Co-Chief Executive Officer*

Ross Mitchinson is Co-CEO of Numis. Ross is jointly responsible for Numis' strategic development as well as the day to day management of the main trading entity, Numis Securities Limited. Ross joined Numis in October 2008 and was appointed Head of Sales in 2014 and Head of Equities in 2015. He has been a Board member of Numis Securities Limited since 2012. Ross graduated with a Law degree from Edinburgh University and held positions at both UBS AG and Kaupthing Singer & Friedlander prior to joining Numis.

Simon Denyer*Group Finance Director and Company Secretary*

Simon Denyer is an Executive Director and is Group Finance Director of Numis. Simon is a chartered accountant having spent five years with Price Waterhouse before moving to the banking arm of Schroders Plc where he spent five years performing a number of finance and risk roles. Simon then moved to Citigroup where he spent a further six years in the investment banking arm before joining Numis in 2006.

Non-executive Directors

**Alan Carruthers***Non-executive Chairman*

Alan Carruthers is the independent Non-executive Chairman of Numis and chairs the Nominations Committee. Alan has over 27 years equity markets experience working for leading financial services firms and held senior positions as Head of Global Sales Trading at Morgan Stanley (1996–2003), Global Head of Equities at Cazenove (2003–2010) and Head of Europe, Middle East and Africa (EMEA) Cash Equities at JP Morgan Cazenove (2010–2011). Alan has served as a Non-executive Director to Hydrodec Group Plc (2012–2016) and was a member of the Audit and Remuneration Committees. Alan also served as a Non-executive Director to McLean Advisory Limited (2015–2017).

Geoffrey Vero*Independent**Non-executive Director*

Geoffrey Vero is an independent Non-executive Director of Numis and chairs the Audit and Risk Committee. Geoffrey is also a member of the Remuneration Committee and Nominations Committee. Geoffrey is a chartered accountant and was an Investment Director of ABN Amro Private Equity, Lazard Development Capital and previously held senior positions at Diners Club and Savills. Geoffrey Vero is Chairman of Albion Development VCT Plc and EPE Special Opportunities Plc and a Non-executive director of R&A Trust Company (No.1) Limited and R&A Trust Company (No.2) Limited.

Robert Sutton*Independent**Non-executive Director*

Robert Sutton is an independent Non-executive Director of Numis and chairs the Remuneration Committee. Robert is also a member of the Audit & Risk Committee and the Nominations Committee. Robert was a solicitor with the City Law firm Macfarlanes from 1979 to 2013, serving as senior partner from 1999 to 2008. Robert has extensive expertise in company and commercial law, particularly in the area of corporate finance, securities law and practice, takeover bids and mergers and acquisitions. Robert is Chairman of Tulchan Communications LLP and is Deputy Chairman of the Board of Governors of Winchester College.

Catherine James*Independent**Non-executive Director*

Catherine James is an independent Non-executive Director of Numis and a member of the Audit & Risk Committee, Remuneration Committee and Nominations Committee. Catherine was the Head of Investor Relations of Diageo Plc where she worked for the business since 1997. Prior to that Catherine worked as Finance Director of Grand Metropolitan Estates and IR Director for Grand Metropolitan (prior to the merger with Diageo in 1997). Catherine is a Trustee of the Diageo Pension Scheme and is a director of Walhampton Limited. Catherine's wide range of broad experience and influence, across both external and internal communications companies combine to make her a highly regarded director.

3.0 Corporate Governance

Composition of Board and Committees of the Board

	Position	Board		Committee membership			
	At 30 September 2017 or retirement if earlier	Maximum possible attendance	Meetings attended	Nominations Committee	Audit and Risk Committee	Remuneration Committee	Considered Independent
Gerald Corbett ¹	Chairman (Non-executive)	3	2	✓ Chairman			✓
Alan Carruthers ²	Chairman (Non-executive)	4	4	✓ Chairman			✓
Alex Ham	Co-Chief Executive Officer	7	7				
Ross Mitchinson	Co-Chief Executive Officer	7	7				
Oliver Hemsley ³	Executive Director	5	4				
Lorna Tilbian ⁴	Executive Director	7	7				
Simon Denyer	Group Finance Director	7	7				
Marcus Chorley ⁴	Executive Director	7	6				
Geoffrey Vero	Non-executive Director	7	7	✓	✓ Chairman	✓	✓
Robert Sutton	Non-executive Director	7	7	✓	✓	✓ Chairman	✓
Catherine James	Non-executive Director	7	7	✓	✓	✓	✓

¹ retired with effect from 21 March 2017.

² appointed with effect from 21 March 2017.

³ retired with effect from 8 May 2017.

⁴ stood down with effect from 30 September 2017.

Balance and Independence

This year has seen a number of changes to the Board. These are set out in more detail in the Nominations Committee section of this report.

During the year ended 30 September 2017 the Board has comprised a balance of Executive and Non-executive Directors, including independent Non-executive Directors. This balance is designed to ensure that no one individual or small group of individuals can dominate the Board's decision making.

The UK Corporate Governance Code (The Code) requires that at least half the Board, excluding the Chairman, should comprise Non-executive Directors determined by the Board to be independent. As at 30 September 2017 there were seven directors: the Chairman, three Executive Directors, two independent Non-executive Directors and one Non-executive Director (Geoffrey Vero) who does not meet the test of independence under the UK Corporate Governance Code by virtue of the fact that he has served on the Board for more than nine years.

The Board considers that Geoffrey Vero brings valuable and relevant experience to the Board and that he acts in the best interests of the Company and the Group, free of any conflicts or undue influence. In addition, following changes to the Board composition during the year, Geoffrey Vero's concurrent tenure with the Executive Directors does not exceed nine years. The Board is therefore satisfied that he remains fully independent.

Other guidance available to small and mid-sized quoted companies suggests that the main Board should comprise at least two independent Non-executive Directors, excluding the Chairman, with the overriding goal that a Board should be of sufficient size that the requirements of the business can be met and that it should include an appropriate combination of Executive and Non-executive Directors such that no individual or small group of individuals can dominate the Board's decision taking. Following the changes to Board composition during the year, the Board is satisfied that its current structure achieves these goals.

Corporate Governance Report (*continued*)

Senior Independent Director

The Board has determined that the formal appointment of a senior independent director is not necessary given the current structure and composition of the Board. Furthermore, given the size of the Company and the active dialogue with institutional shareholders that takes place throughout the year, the Board is of the view that an appointment of a senior independent director would not currently provide any further benefit in assisting with communication with shareholders.

Directors Appointments and Time Commitment

The Company's Article of Association set out the rules governing the appointment election, re-election and removal of Directors. They stipulate that, at every annual general meeting of the Company, and each year, at least one third of the Directors shall offer themselves for re-election such that each Director offers themselves for re-election no less than once every three years. Any Director appointed by the Board during the year shall retire at the annual general meeting next following the appointment and offer themselves for election.

Non-executive Directors' service contracts stipulate that they are required to commit sufficient time to the discharge of their duties. The Board reviews the time commitments of any external appointments that each Director may have prior to recommending their election or re-election to shareholders. The number of external appointments which each Director may have is limited by relevant regulation.

Board Induction and Training

A personalised induction programme is provided to all new directors in order to help familiarise them with their duties, the Group's culture, strategy and business model. The programme typically involves, as a minimum, meeting all members of the Board and its Committees, one-to-one meetings with other senior management from across the business including the support and risk functions and access to Board and Committee reports and minutes along with other corporate documents. In addition, a new director will receive a one-to-one briefing from the Company's Nomad and, where relevant, will meet with the Group's external and internal auditors.

In order to ensure the ongoing training needs of the directors' are addressed, briefing sessions and technical updates are arranged as appropriate involving a combination of external and internal presentations.

Committees of the Board

Audit and Risk Committee

The Audit and Risk Committee comprises Geoffrey Vero (Chairman), Robert Sutton and Catherine James who are all Non-executive Directors and meets at least four times each year. Internal and external audit team representation is invited to attend every meeting of the committee. Other members of the Board, and the Head of Legal, Compliance and Risk may also attend by invitation as may the Chairman of the Board.

The Audit and Risk Committee is responsible for the overall risk framework, internal control environment and financial reporting of the Company and the Group. It receives reports from the Group's management relating to the Group's risk exposures and mitigating controls as well as detailed findings arising from internal and external audit reviews.

The committee reports to the Board on the Group's full and half year results, having examined the accounting policies on which they are based and ensured compliance with relevant accounting standards. In addition, it reviews the scope of internal and external audit, their effectiveness, independence and objectivity taking into account relevant regulatory and professional requirements.

The committee has direct and unrestricted access to the internal and external audit function.

The committee is also responsible for:

- Monitoring the content and integrity of financial reporting;
- Reviewing the appropriateness of accounting judgements;
- Reviewing the Group's risk policies and control framework;
- Reviewing the Group's regulatory reporting procedures and relationship with regulators;
- Reviewing the Group's risk appetite and making recommendations to the Board;
- The review and approval of financial and other risk limits and adherence thereto; and
- Reviewing and challenging the Group's Internal Capital Adequacy Assessment and Individual Liquidity Adequacy Assessment processes.

The composition of the committee and attendance for the year ended 30 September 2017 is set out in the following table:

	Maximum possible attendance	Meetings attended
Geoffrey Vero (Chairman)	4	4
Robert Sutton	4	4
Catherine James	4	4

Remuneration Committee

The Remuneration Committee comprises Robert Sutton (Chairman), Geoffrey Vero and Catherine James who are all Non-executive Directors and meet at least twice each year and at other times as necessary. Other members of the Board, in particular the Chairman and Chief Executives and the Head of Human Resources may attend by invitation. The Committee's primary responsibility is to review salary levels, discretionary variable remuneration and the terms and conditions of service of the Executive Directors. The Remuneration Committee also reviews the compensation decisions made in respect of all other senior executives and those members of staff determined to be Code Staff under the FCA's Remuneration Code regulations.

The committee is responsible for determining the overall Remuneration Policy applied by the Group, including the quantum of variable remuneration and the method of delivery, taking into account relevant regulatory and corporate governance developments.

The Remuneration Committee is authorised to seek any information it requires in order to perform its duties and obtain external legal or other professional advice that it considers necessary from time to time.

The composition of the committee and attendance for the year ended 30 September 2017 is set out in the following table:

	Maximum possible attendance	Meetings attended
Robert Sutton (Chairman)	4	4
Catherine James	4	4
Geoffrey Vero	4	4

Nominations Committee

The Nominations Committee comprises Alan Carruthers (Chairman), Geoffrey Vero, Robert Sutton and Catherine James who are all Non-executive Directors. Other members of the Board and the Head of Human Resources may attend by invitation. The committee considers appointments to the Board and meets as necessary. The committee is responsible for identifying and nominating candidates, for making recommendations on Board composition and for considering succession planning requirements.

The composition of the committee and attendance for the year ended 30 September 2017 is set out in the following table:

	Maximum possible attendance	Meetings attended
Gerald Corbett (Chairman) ¹	1	1
Alan Carruthers (Chairman) ²	2	2
Geoffrey Vero	3	3
Robert Sutton	3	2
Catherine James	3	3

¹ retired with effect from 21 March 2017.

² appointed with effect from 21 March 2017.

Appointment of Non-executive Chairman

Succession planning has been a priority for the Board over recent years and this has been led by the Nominations Committee. Delivering the succession in Chief Executive Officer was completed in 2016 and subsequently followed by the retirement of Gerald Corbett (former Non-executive Chairman) in March 2017.

The search for Gerald's replacement was led by Robert Sutton (Non-executive Director) and commenced in March 2016 when the Company announced that Gerald would not be seeking re-election at the Company's Annual General Meeting in February 2017. Gerald Corbett did not take part in his own succession process.

To facilitate the search the Company appointed The Zygos Partnership who assisted in formulating the role specification and provided us with a long-list of potential candidates. A process of initial screening followed by face-to-face interviews took place in order to assess the preferred candidates against a predetermined skill set defined by the Committee in conjunction with discussions with the wider Board. Following a thorough skills assessment and interviews with all members of the Board and other senior management, the Company announced the appointment of Alan Carruthers as Non-executive Chairman in March 2017.

Corporate Governance Report (*continued*)

Succession of Group Finance Director

After more than eleven years with the Company, Simon Denyer will be leaving the business in January 2018. This was announced in July 2017.

Key attributes of the selection criteria used to identify a successor for this role included experience of AIM requirements as they affect companies listed on that market, accounting and regulatory knowledge, a thorough understanding of the Group's business model and proven experience of managing teams within a firm such as Numis. Underpinning our consideration of these attributes was the relevant regulatory requirements and, ultimately, the need to identify candidates who are fit for purpose.

The identification of candidates, both internal and external, with the requisite qualifications and skill set was a key focus for the Committee as was ensuring a suitable handover period.

The appointment of Andrew Holloway as executive director, Chief Financial Officer and Company Secretary subject to regulatory approval was announced on 28 July 2017. Andrew has played a prominent role in the development of the firm's Corporate Broking and Advisory department since joining Numis in 2009 and is a qualified Chartered Accountant. His prospective appointment not only achieves the selection criteria described above but also brings with it a varied experience in serving many of our financial services sector corporate clients which we believe equips Andrew well to make a positive contribution to the continued development of the Group.

Board Composition

On 8 May 2017, Oliver Hemsley retired from the Board following the succession of the Chief Executive Officer role which completed in September 2016, eight months earlier. Two further changes occurred during the year, namely that Lorna Tilbian (Executive Director) and Marcus Chorley (Executive Director) both stood down from the Board with effect from 30 September 2017. Lorna has decided to leave the Company after more than sixteen years of service and leaves the business on 31 December 2017 whereas Marcus remains within the business in his role as Chairman of Equities and continues to serve on the board of Numis Securities Limited.

The Board has gone through a period of significant change over the past eighteen months. In view of this the Committee carried out an internal review of the Board composition and structure having regard to relevant guidance from the QCA Corporate Governance Code for Small and Mid-Sized Quoted Companies, the individual and collective skill set and experience of the Board members and the nature and complexity of the business activities of the Group.

The Committee is satisfied that the existing composition gives an appropriate balance of Executive and Non-executive Directors and will ensure that no individual or group of individuals is in a position to dominate the Board's decision making process. Each Director brings different skills, experience and knowledge to the Company, with the Non-executive Directors bringing additional independent thought, judgement and challenge. The Committee also notes that the balance of Executive and Non-executive Directors now reflects that which was in place prior to the beginning of the Company's CEO succession planning.

Executive Operational Committees

Risk Oversight Committee

The Risk Oversight Committee, chaired by the Group's Head of Legal, Compliance and Risk, meets quarterly to consider and assess all significant risk exposures faced by the Group. The committee's remit encompasses both financial and non-financial risks and the methodology applied in order to identify, measure and report their impact. One of the key responsibilities of the committee is to manage the overall method and format of risk reporting into the Audit and Risk Committee and the Board.

Financial Risk Committee

The Financial Risk Committee, chaired by the Group's Head of Legal, Compliance and Risk, meets monthly (or as frequently as it determines necessary) to discuss and manage the market, credit, liquidity and related operational risks of the Group, including amongst other financial risks the market risk of the Group's trading book and investment portfolio. The Financial Risk Committee makes recommendations to the Audit and Risk Committee on Risk Policy which sets various limits at individual stock and overall trading book level as well as being responsible for the review and approval of counterparty limits.

New Business Committee

The New Business Committee, chaired by the Group's Head of Corporate Broking and Advisory, is responsible for exercising senior management oversight across all issues in relation to Numis entering into new corporate client relationships, underlying transactions on behalf of corporate clients and reviewing or terminating relationships with corporate clients. It has responsibility for assessing the impact on Numis of all such matters and in doing so gives due consideration to the reputational, regulatory, execution and commercial risks attached.

Risk Committee

In addition to the New Business Committee, further approval is required by the Risk Committee prior to the launch of a fund raising, issue of a public document which contains Numis' name or in the case of a transaction giving rise to significant unusual concerns of significant financial or reputational risk to the firm.

Other

Trading Subsidiary Board

The board of the main trading subsidiary, Numis Securities Limited, chaired by Alex Ham and Ross Mitchinson, deals with the implementation of business strategy and day-to-day operational matters. It met nine times during the year and receives information with respect to the financial performance of the Group together with departmental reports, risk information and other relevant items.

Internal Control

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

The Group's system of internal control has been actively managed throughout the year. The Group has a number of committees with formal terms of reference and a Compliance department responsible for the Group's adherence to the rules of the Financial Conduct Authority and other relevant regulators.

In addition, the Group has a fully independent, outsourced Internal Audit function reporting to the Audit and Risk Committee in order to provide further assurances over the adequacy and effectiveness of the systems of internal control throughout the business and ensure that the Group's approach to continuous improvement is maintained.

Country-by-Country Reporting

The Group's obligation to publish reportable information under Article 89 of the Capital Requirements Directive 4 is fulfilled by the Company through the publication of relevant information on a consolidated basis.

The relevant information can be found on the Group's website, www.numis.com, within the Legal and Regulatory section.

This report was approved by the Board on 7 December 2017 and signed on its behalf by:

Robert Sutton

Non-executive Director

Alan Carruthers

Chairman

7 December 2017

3.0 Corporate Governance

Remuneration Report

The Board delegates to the Remuneration Committee the determination of the Executive Directors' remuneration and the overarching remuneration policy and principles applied to the Group.

The Remuneration Committee is responsible for setting the remuneration policy for Executive Directors and other senior executives in the business. Additionally the Remuneration Committee is responsible for determining the overall Remuneration Policy applied to the Group, including the quantum of variable remuneration and the method of delivery. In carrying out its delegated responsibilities the Committee receives advice, when it considers it to be appropriate, on remuneration, tax, accounting and regulatory issues from external advisors and internally from the Human Resources, Compliance, Risk and Finance departments.

Remuneration Policy

The Remuneration Committee believes strongly that total remuneration should take into account the competition for talent in an industry where successful people are rewarded and mobile. The Group compensates employees through both fixed and variable compensation.

Fixed compensation comprises principally base salaries and the Committee reviews these as part of their overall annual review taking into account the performance of the individual, comparisons with peer group companies within the industry, the experience of the individual and their level of responsibility. Information on market conditions and competitive rates of pay is provided by independent external advisors in order to aid the Committee's determination of fixed compensation levels. Other elements related to base salary include an employer contribution to a defined contribution pension saving scheme of 7% of base salary and an entitlement to insured death in service benefits of four times base salary.

The policy for variable compensation is to recognise corporate performance and individual achievement of objectives through a discretionary bonus. The discretionary bonus pool is determined by the Committee each financial year with specific reference to the Group's profit before variable pay and tax, typically by capping the aggregate pool to an agreed percentage of this profit measure, and other capital considerations as appropriate. In this way, the Committee is able to establish clear targets when setting the aggregate pool available for variable compensation at the Group level, rather than at individual level, acknowledging that a certain degree of flexibility is required at different stages of the business cycle.

Discretionary variable compensation can be delivered in two main forms:

- An annual cash bonus; and
- A long term incentive award which is typically delivered via one of the Company's share plans.

The Committee has the authority to apply deferrals to the annual cash bonus. Such deferrals usually take the form of a share award which requires three further years of service in order that the award vests in full.

Clawback provisions are applied in accordance with regulatory guidelines and best practice.

The Executive Directors and other senior executives assess individual performance through clearly defined objectives and a structured process of review and feedback. In particular, the aggregate fixed and variable remuneration by individual is determined with regard to the performance of the individual, performance of the area or function of the business in which the individual works or for which the individual is responsible, the profitability of the Group and levels of reward for comparable roles in the external market.

Executive Directors and members of the senior management team do not participate in decisions concerning their own remuneration.

Remuneration for the Year

The directors' remuneration and other benefits during the year (excluding awards made under the Company's share schemes), in respect of the performance of their role as Director, were as follows:

	2017	2016
	£'000	£'000
Emoluments	5,154	3,415
Money purchase contributions	49	10
	5,203	3,425

There were two Executive Directors (2016: two) who were members of a money purchase scheme, a form of defined contribution pension scheme, during the year. Contributions paid by the Group in respect of those directors are shown above.

The constituent parts of directors' emoluments during the year are detailed in Table 1 on page 27 (this table does not include awards made under any of the Company's share schemes or pension contributions, all of which are detailed elsewhere in this report).

TABLE 1
Directors' Emoluments (audited)

Director	Base salary/ Fees 2017	Annual Performance Award 2017	Benefits 2017	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
Executive Directors					
Alex Ham ⁶	350	1,500	1	1,851	388
Ross Mitchinson ⁶	350	1,000	1	1,351	217
Oliver Hemsley ¹	150	-	20	170	1,033
Lorna Tilbian ²	225	300	20	545	520
Simon Denyer	200	145	15	360	345
David Poutney ³	-	-	-	-	75
Marcus Chorley ²	225	315	17	557	517
Non-executive Directors					
Gerald Corbett ⁴	70	-	-	70	150
Alan Carruthers ⁵	80	-	-	80	-
Geoffrey Vero	60	-	-	60	60
Robert Sutton	60	-	-	60	60
Catherine James	50	-	-	50	50
	1,820	3,260	74	5,154	3,415

Notes

1 retired with effect from 8 May 2017.

2 stood down with effect from 30 September 2017.

3 retired with effect from 2 February 2016.

4 retired with effect from 21 March 2017.

5 appointed with effect from 21 March 2017.

6 appointed with effect from 1 July 2016.

Remuneration Principles used in Recruitment

We may compensate employees for remuneration forfeited as part of the recruitment process (where the amounts in discussion are reasonable and where written proof is provided in support of forfeiture). The preferred delivery vehicle for such awards is the Group's RSU share plan on the basis that we view the awards as an investment in the individual's future with us. In the minority of cases where cash amounts may be issued as part of the award, the cash component is subject to a 2 year gross claw back in the event the employee leaves our employment. We take reasonable steps to ensure remuneration commitments are not more generous in either amounts or terms than variable remuneration offered by the existing employer. In a small number of cases, where remuneration is more generous, its structure is performance dependent and it is awarded on an exceptional basis after due consideration of alternative hires and anticipated benefit to the business.

We do not make any form of guaranteed variable compensation commitment above and beyond buyout provisions (which are subject to the employee remaining in employment) or that fall outside the exceptional circumstances envisaged within the relevant regulation.

Basis of Determining Annual Performance Awards for Executive Directors

In determining the annual performance award for the Co-Chief Executives and other Executive Directors, the Committee made an assessment of the overall performance of the business and of each individual, including business performance within each individual's responsibilities as well as individual performance against annual objectives. A number of financial and non-financial factors were taken into account as well as recommendations made by the Chief Executives in respect of other Executive Directors. To ensure the Committee is adequately informed of any relevant compliance and risk management considerations applicable to the determination of remuneration, the Group's Head of Legal, Risk and Compliance provides input to the Committee's decision making process. Members of the Remuneration Committee also serve on the Audit and Risk Committee.

Remuneration Report (continued)

Non-executive Directors' Remuneration

Remuneration of Non-executive Directors is set by the Board on the recommendation of the Executive Directors taking into account comparisons with peer group companies within the industry, the experience of the individual and the level of responsibility.

Remuneration comprises an annual fee only. Non-executive Directors are not eligible to participate in any form of variable compensation, be that discretionary cash bonuses or discretionary awards under the Group's share incentive schemes and are not eligible for pension benefits.

Non-executive Directors do not participate in decisions concerning their individual fees.

Settlement Agreements

The Committee may agree additional exit payments where such payments are made in good faith to discharge an existing legal obligation, or as damages for breach of such obligation, or in settlement or compromise of any claim arising on termination of a Directors' office or employment. This may include the provision of outplacement support.

Compensation for Loss of Office

The aggregate amount of compensation paid to directors for loss of office during the year was Nil (2016: £160,000).

Amounts Relating to Share Awards

The aggregate of the amount of gains made by directors on the exercise of share options during the year was £nil (2016: £nil). The aggregate value of shares received or receivable by directors under share plans other than those involving the granting of share options totalled £1,485,000 (2016: £623,000).

Other Payments made to Directors

Amounts received or receivable during the year by Lorna Tilbian in respect of historic claims settled on confidential terms amount to £275,000 (2016: £nil). These amounts do not constitute remuneration but represent a related party transaction.

Directors' Service Contracts

Executive Directors

The general policy is that Executive Directors should have a rolling contract of employment with mutual notice periods of at least six months. Service contracts do not contain any provision for compensation upon early termination as the parties are expected to rely on employment rights conferred by law.

Table 2 below provides details of service contracts of the Executive Directors who served during the year ended 30 September 2017.

TABLE 2
Directors' Service Contracts – Executive Directors

	Date of appointment	Date of retirement	Nature of contract	Notice period from Company	Notice period from Director	Next re-election
Alex Ham	1 July 2016		Rolling	6 months	6 months	2018
Ross Mitchinson	1 July 2016		Rolling	6 months	6 months	2019
Oliver Hemsley	26 July 1989	8 May 2017	Rolling	12 months	12 months	n/a
Lorna Tilbian	1 December 2005	30 September 2017	Rolling	6 months	6 months	n/a
Simon Denyer	1 December 2010		Rolling	6 months	6 months	n/a
Marcus Chorley	20 May 2014	30 September 2017	Rolling	6 months	6 months	n/a

TABLE 3
Directors' Service Contracts – Non-executive Directors

	Date of appointment	Date of retirement	Next re-election/election	Notice period
Gerald Corbett	5 May 2009	21 March 2017	n/a	n/a
Alan Carruthers	21 March 2017		2018	1 month by either party
Geoffrey Vero	28 April 2003		2019	1 month by either party
Robert Sutton	7 May 2014		2019	1 month by either party
Catherine James	20 May 2014		2018	1 month by either party

Non-executive Directors

Non-executive Directors' appointments are subject to the re-election requirements of the Company's Articles of Association and are without a fixed term but are subject to one month's notice to terminate from either party. There are no contractual provisions for Non-executive Directors to receive compensation upon termination.

Table 3 opposite shows the date of appointment of the Non-executive Directors who served during the year ended 30 September 2017 together with their next re-election date.

Letters of appointment and service contracts are available for shareholders to view at the Company's registered office and will be available at the Annual General Meeting.

Directors' Interests under Employee Share Plans

The Company has share incentive plans through which discretionary share-based awards may be made. The plans fall into three categories; Long-Term Incentive Plans (LTIP), Restricted Stock Units (RSU) and Option Awards the nature of which are described fully in note 22 to the financial statements.

The number of shares to which directors are prospectively entitled under awards granted, but not yet vested are detailed in Tables 4 and 5 on pages 29 and 31 together with the movement during the year. Share awards yet to be granted are not included in these tables.

TABLE 4
Share awards under the RSU 2008 Plan

Director	Normal vesting profile from grant date	Outstanding as at 1 October 2016 ³	Granted during the year	Vested during the year	Forfeited during the year	Outstanding as at 30 September 2017 ⁴
Date of grant	Anniversary	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Marcus Chorley¹						
4 June 2013	2nd, 3rd and 4th	250,000	-	(250,000)	-	-
19 January 2016	1st, 2nd and 3rd	22,911	-	(7,637)	-	15,274
						15,274
Oliver Hemsley²						
19 January 2016	1st, 2nd and 3rd	50,119	-	(16,706)	-	33,413
						33,413
Simon Denyer						
19 January 2016	1st, 2nd and 3rd	8,591	-	(2,864)	-	5,727
						5,727
Lorna Tilbian¹						
19 January 2016	1st, 2nd and 3rd	20,047	-	(6,682)	-	13,365
						13,365
Alex Ham						
19 January 2016	1st, 2nd and 3rd	78,758	-	(26,253)	-	52,505
						52,505
Ross Mitchinson						
4 June 2013	2nd, 3rd and 4th	266,666	-	(266,666)	-	-
19 January 2016	1st, 2nd and 3rd	30,429	-	(10,143)	-	20,286
						20,286

Notes

¹ stood down with effect from 30 September 2017.

² retired with effect from 8 May 2017.

³ or at date of appointment if later.

⁴ or at date of retirement if earlier.

Awards shown in Table 4 made under the RSU 2008 Plan do not have performance conditions attached other than the requirement for continued employment within the Group.

Remuneration Report *(continued)*

Awards Made to Alex Ham and Ross Mitchinson (Co-CEOs) under the LTIP 2016 Plan

Awards shown in Table 5 made under the LTIP 2016 Plan were granted in 2016 as two separate awards with differing performance conditions attached.

Basic Award

The basic award is subject to continued service throughout as well as the achievement of a number of subjective performance conditions set out in Table 6 on the page opposite.

The satisfaction of these performance conditions is judged solely by the Group's remuneration committee and is subject to the requirement that vesting shall not occur at all unless the grantee has displayed no material failings during the vesting period. That is to say that, in the opinion of the Remuneration Committee, the grantee has displayed no material failings in control process or transgressions of risk tolerance and no material shortcomings in conduct or behaviours.

Performance Award

The performance award is subject to continued service throughout as well as the achievement of specific performance targets relating to the Company's share price. The award is split into four tranches with each tranche requiring the average share price of the Company to reach or exceed a separate target level over a consecutive 90 day period within the 5 years following grant date in order for that tranche of the award to become eligible to vest. If the average share price of the Company does not reach or exceed the target level for a particular tranche then that tranche of the award shall lapse. The price target required for each tranche of the award to become eligible to vest along with the relevant number of shares under option is as follows:

Price target	Number of shares under option
209p	592,193
309p	888,289
409p	888,289
509p	592,192
	2,960,963

Should a tranche become eligible to vest by virtue of achieving the share price target condition, two further tests are applied:

1. The same subjective performance conditions as shown in Table 6 in respect of the basic award; and
2. A comparative performance underpin test to ensure that Numis has not obviously underperformed when compared to a relevant group of comparator companies.

These two conditions are tested at the time that the average share price target has been achieved.

The satisfaction of the above performance conditions is judged solely by the Group's remuneration committee. If all conditions are judged to have been satisfied for a tranche then there remains a service condition only through to the 5th anniversary of the date of grant in order for that particular tranche to vest in full.

A holding period is applied in the event that the performance condition of a particular tranche is achieved after the 3rd anniversary of the date of grant. This ensures that vested awards cannot be sold within less than two years of the date on which the performance condition was achieved, notwithstanding the fact any vesting will always be subject to the service condition being met through to the 5th anniversary of the date of grant. Furthermore, malus and clawback provisions apply to both basic and performance awards made under this Plan.

3.0 Corporate Governance

TABLE 5
Option awards under the LTIP 2016 Plan

Director		Outstanding as at 1 October 2016	Granted during the year	Transfer	Outstanding as at 30 September 2017
Date of grant		No. shares under option	No. shares under option	No. shares under option	No. shares under option
Alex Ham					
5 Sep 2016	Basic award	592,193	-		592,193
5 Sep 2016	Performance award				
	Performance conditions not yet achieved	2,960,963	-	(592,193)	2,368,770
	Performance conditions achieved, service condition remains		-	592,193	592,193
		3,553,156	-	-	3,553,156
Ross Mitchinson					
5 Sep 2016	Basic award	592,193	-		592,193
5 Sep 2016	Performance award				
	Performance conditions not yet achieved	2,960,963	-	(592,193)	2,368,770
	Performance conditions achieved, service condition remains		-	592,193	592,193
		3,553,156	-	-	3,553,156

Notes

The options awarded under the LTIP 2016 Plan shown in Table 5 have an exercise price of Nil, a vesting date of 5 September 2021, an expiry date of 5 September 2026 and a performance period of 5 years.

TABLE 6
Subjective performance conditions

Criterion	Evaluation basis
“Good Citizen”	<ul style="list-style-type: none"> • An engaged relationship with the Board, balancing robust and appropriate challenge with a collaborative and effective style • Sound and functional relationship with other senior leadership • Effective relationship with reports • Strong external relationship (clients, regulator, industry)
Sound decision-making and judgement in all material matters	<ul style="list-style-type: none"> • Effective and clear decision-making, which takes a balanced view of varying perspectives and full account of risk issues
Sound approach to risk	<ul style="list-style-type: none"> • Adheres to Group policies and sound practices, including operating within risk tolerances agreed by Board • Applies risk criteria effectively in decision-making • Propagates understanding of risk in other senior leaders and staff in general
Competent steering and oversight	<ul style="list-style-type: none"> • Leads effectively at all levels of the organisation • Maintains effective controls throughout the organisation • Ensures behaviours are aligned with established good practice, and takes action to deal with issues arising

Remuneration Report *(continued)*

Considerations Applied to the Design of the LTIP 2016 Plan

In developing the LTIP 2016 Plan the Committee had two key requirements in mind:

1. To ensure that the succession plans surrounding the change in Chief Executive Officer which took place in 2016 were supported by an appropriate share incentivisation plan; and
2. To promote stewardship of the business that encouraged strong share price growth over the medium-to-long term (i.e. 3-5 years).

To that end, the Plan comprises two parts. The smaller part of the award focuses on retention, but is underpinned with performance criteria around good stewardship and effective leadership of the business which was considered vital in the context of the CEO succession planning. The larger part of the award is based on growth in share price thereby aligning it with shareholder value.

With regard to the testing of the share price performance condition, the Committee structured this as a requirement to maintain an average daily share price over any consecutive 90 business day period falling within the five year performance period.

In making this decision the Committee considered the alternative of achieving the share price target on a 'point-to-point' measurement, thereby requiring the target to be achieved, say, on the third (or 4th or 5th) anniversary of the award being made. Given the historic volatility of Numis' share price, the Committee came to the view that picking a particular point in time to achieve the target carried a significant risk and might result in the value of the award being heavily discounted in the eyes of the grantee. In order to ensure the award was sufficiently motivating and stretching, the Committee adopted the average price approach.

This approach ensures that the price has to be maintained once it reaches the hurdle and cannot simply reach the hurdle through a short-term spike. Secondly, once the hurdle is reached, the award does not automatically vest as it is subject to additional non-financial performance conditions and the grantee has to remain employed through to the end of the full vesting performance period (5 years) to receive the award.

Finally, the target prices for each tranche cannot be reset.

The Committee deliberated long and hard over the design of the awards and took independent advice from professional share plan consultants. Key shareholders were engaged prior to the awards being granted and the main features of the award structure discussed.

The Committee firmly believes the Plan structure is right for the Company and its shareholders.

Regulatory Considerations applying to the Group's Remuneration Approach

The Group's approach to remuneration takes account of relevant legislation, regulation, corporate governance standards and guidance issued by regulators and shareholder representative bodies. Remuneration policies comply with the relevant provisions of the Financial Conduct Authority's (FCA) Remuneration Code.

FCA guidelines state that firms must be compliant with all aspects of the European Banking Authority (EBA) Guidelines with the exception of the application of proportionality in respect of the bonus cap – the limit on awarding variable remuneration of one times fixed remuneration (or two times with shareholder approval). Numis continues to disapply the bonus cap provision on the basis of proportionality.

Guidance on the identification of material risk takers came into force during the year and resulted in an increase in the number of staff classified as such and therefore the number of staff to which the relevant remuneration code applies.

The Committee continues to monitor the regulatory environment and consider its impact on the Group's remuneration policies.

Directors' Responsibilities and Report

Statement of Directors' Responsibilities

4.0 Directors' Responsibilities and Report

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and Company and of the profit or loss of the group and Company for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate parent Company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Each of the directors, whose names and functions are listed in Corporate Governance Report confirm that, to the best of their knowledge:

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

In the case of each director in office at the date the Directors' Report is approved:

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

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 20. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

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

Directors' Report

The directors serving during the year ended 30 September 2017 and up to the date of signing the financial statements present their report on the affairs the Company (Numis Corporation Plc) and its subsidiaries (collectively the Group), together with the Company financial statements and audited consolidated financial statements of the Group and the associated independent auditors' report thereon, for the year ended 30 September 2017.

Parent Company

The Company acts as a holding company and details of its subsidiary undertakings are shown in note 14 of the consolidated financial statements. The Company's standalone financial statements have been prepared in accordance with IFRS as adopted by the EU and form the basis of any future distribution.

Dividends

The directors are recommending a final dividend of 6.5p per share (2016: 6.5p) which, together with the interim dividend of 5.5p per share already declared and paid, makes a total for the year ended 30 September 2017 of 12.0p per share (2016: 12.0p). Subject to approval at the annual general meeting, the final dividend will be paid on 9 February 2018 to shareholders on the register of members at the close of business on 15 December 2017.

Going Concern

The directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements presented in this Annual Report and Accounts.

Post Balance Sheet Events

Details of post balance sheet events are set out in note 27 to the consolidated financial statements.

Relations with Shareholders

The Co-Chief Executive Officers communicate the Group's strategy and results to shareholders and analysts through meetings following the announcement of the Group's preliminary results and the announcement of the Group's half year results.

Shareholders may also attend the Annual General Meeting at which all members of the Board are available to answer questions.

The Group's website contains electronic versions of the latest and prior years' annual report and accounts, half year reports along with share price and other relevant information.

Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP will be placed before the Annual General Meeting of the Company on 6 February 2018.

Employment Policy

The Group's employment policies are based on a commitment to equal opportunities from the selection and recruitment process through to training, development, appraisal and promotion.

The Group provides employees with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its competitive and entrepreneurial edge. The Group encourages the involvement of employees in its performance through the use of employee share plans.

Change of Control

Directors' and employees' employment contracts do not normally provide for compensation for loss of office or employment as a result of a change of control. The provisions of the Company's share plans may cause options and awards granted to employees under such plans to vest on a change of control.

Political Donations

During the year the Group made no political donations (2016: nil).

Indemnities and Insurance

Directors' and Officers' liability insurance is maintained by the Group for all directors and officers of the Company and the Group.

To the extent permitted by law, and in accordance with its Articles of Association, the Company indemnifies its Directors in respect of any loss, liability or expense they incur in relation to the Company or any associated company of the Company.

The indemnity was in force during the year and up to the date of approval of the financial statements.

Share Capital and Share Premium

There were no changes in authorised or issued share capital of the Company during the year. Further detail of the Company's share capital is set out in note 21 to the consolidated financial statements.

At a general meeting held on 30 August 2017, shareholders passed a special resolution approving the cancellation of the entire amount standing to the credit of the share premium account, subject to confirmation by the High Court. On 20 September 2017 the confirmation from the High Court was issued, the share premium account was cancelled and an amount of £38,853,868 was credited to a distributable reserve.

Directors and their Interests

The directors serving during the year ended 30 September 2017 together with their interests in the ordinary shares of 5p each (ordinary shares) of the Company, excluding share incentive plan awards granted but not yet vested are detailed in Table 7 on page 36.

There have been no changes in the interests of the serving directors in ordinary shares or options over ordinary shares during the period 30 September 2017 to 7 December 2017.

Substantial Shareholders

Except for the directors' interests previously noted, the directors have been notified of substantial shareholders, detailed in Table 8 on page 36, who are interested in 3% or more of the Company as at 30 September 2017.

Purchase of Shares

The Company has an established employee benefit trust (the Trust) in respect of the Group's share plans which is funded by the Group and has the power to acquire ordinary shares from the Company or in the open market to meet the Group's future obligations under these schemes. During the year ended 30 September 2017 the Trust purchased an aggregate of 1,398,456 (2016: 1,521,300) ordinary shares of the Company having a nominal value of £69,923 (2016: £76,065). The shares were purchased to satisfy outstanding awards under the Group's share plan arrangements.

The number of shares purchased representing 1.31% of the Company's issued share capital as at 30 September 2017 (2016: 1.34%) was for an aggregate consideration of £3,593,000 (2016: £3,415,000).

In accordance with shareholder authority, during the year 7,870,000 (2016: 1,763,571) ordinary shares with an aggregate nominal value of £393,500 (2016: £88,179) were purchased into Treasury. The aggregate consideration paid was £19,588,000 (2016: £3,719,000). During the year 1,000,000 shares (2016: 2,250,000) were transferred out of Treasury to the Trust. The number of shares held in Treasury, as at 30 September 2017, totals 11,561,088 (2016: 4,691,088).

This report was approved by the Board on 7 December 2017 and signed on its behalf by:

Simon Denyer

Company Secretary

7 December 2017

Numis Corporation Plc
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

4.0 Directors' Responsibilities
and ReportDirectors' Report (*continued*)TABLE 7
Directors and their Interests

	30 September 2017 ordinary shares ¹	30 September 2016 ordinary shares ²
	Number	Number
Executive Directors		
Alex Ham	580,914	567,000
Ross Mitchinson	288,040	141,333
Oliver Hemsley (retired 8 May 2017)	7,008,854	9,364,254
Lorna Tilbian (stood down 30 September 2017)	–	5,649,842
Simon Denyer	24,629	23,112
Marcus Chorley (stood down 30 September 2017)	3,719,245	3,473,608
Non-executive Directors		
Gerald Corbett (retired 21 March 2017)	30,000	30,000
Alan Carruthers (appointed 21 March 2017)	25,000	–
Geoffrey Vero	20,000	20,000
Robert Sutton	12,500	12,500
Catherine James	12,000	12,000

Notes

1 or at date of retirement if earlier.

2 or at date of appointment if later.

TABLE 8
Substantial shareholders as at 30 September 2017

	Registered holding number of ordinary shares	% of remaining ordinary shares in issue*
Anders Holch Povlsen	12,101,824	11.32
The Capital Group Companies, Inc	7,685,584	7.19
Aviva Investors	5,861,072	5.48
GVQ Investment Management	5,827,510	5.45
Unicorn Asset Management	5,759,197	5.39
JO Hambro Capital Management	4,910,140	4.59
Janus Handerson Investors	4,519,900	4.23

* Excludes ordinary shares held in Treasury.

Independent Auditors' Report to the members of Numis Corporation Plc

5.0 Independent Auditors' Report

Report on the audit of the financial statements

Opinion

In our opinion, Numis Corporation plc's group financial statements and company financial statements (the "financial statements"):

1. give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2017 and of the group's profit and the group's and the company's cash flows for the year then ended;
2. have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
3. have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the group and company statements of financial position as at 30 September 2017; the group income statement and statement of comprehensive income, the group statement of cash flows, and the group and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which include the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

1. Overall group materiality: £1,866,000 (2016: £1,642,000), based on 5% of profit before tax
2. Overall company materiality: £1,223,000 (2016: £1,517,000), based on 5% of profit before tax.

Audit scope

1. The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors (including evaluation of history of misstatement through fraud or error).
2. The group is composed of four operating entities, Numis Corporation plc (UK) ("NCP"), Numis Securities Limited (UK) ("NSL"), Numis Securities Inc (US) ("NSI") and Numis Asset Management Limited (UK) ("NAM").
3. We performed audit procedures over reporting entities considered financially significant in the context of the group (full scope audit) or in the context of individual primary statement account balances (audit of specific account balances), using the materiality levels set out above.

Key audit matters

1. Timing of revenue recognition in relation to corporate finance fees and placing commissions.
2. Valuation of strategic unquoted investments.
3. Share based compensation charges.



5.0 Independent Auditors' Report

Independent Auditors' Report to the members of Numis Corporation Plc (*continued*)

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in the our professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Timing of revenue recognition in relation to corporate finance fees and placing commissions</p> <p>Revenue relating to corporate finance fees and placing commissions is recognised once the relevant contractual terms have been achieved, and other recognition criteria have been met.</p> <p>We focused on this area as there is a risk of corporate finance income and placing fees and commissions being recognised in an inappropriate period.</p>	<ol style="list-style-type: none"> Updated our understanding of the design and implementation of controls over corporate finance and placing income recognition. Tested a sample of contracts to determine whether fees and commissions are recognised in accordance with contractual terms, and those arising or recorded either side of the balance sheet date are properly recognised in the appropriate period. <p>We found no material exceptions in performing these tests.</p>
<p>Valuation of strategic unquoted investments</p> <p>We focused on this area because management makes significant judgements over the valuation of unquoted investments since there is often no available observable data upon which to base valuation estimates.</p> <p>This impacts both the financial position as at the reporting date and the resulting unrealised gains/losses reported in the income statement.</p>	<ol style="list-style-type: none"> Updated our understanding of the design and implementation of controls over the valuation of strategic unquoted investments. Assessed the appropriateness of the valuation techniques, and the assumptions and inputs to methods utilised. Tested a sample of valuation inputs to supporting evidence. Evaluated the approach taken by management for consistency, both across investments and year on year. Performed our own searches for relevant news flows or valuation trigger events (such as new rounds of financing). <p>We concluded that management's judgements in respect of the valuation of unquoted investments are reasonable in the context of the information available.</p>
<p>Share based compensation charges</p> <p>We focused this area because there is significant judgement involved in determining the share based compensation charges in the consolidated income statement.</p> <p>The group has share incentive schemes providing equity shares and options to its UK and US based employees. The value attributable to the awards (and therefore also the related charges to the income statement) involves judgements related to future revenue and share price performance, as well as discretionary adjustments to awards related to non-market conditions, which are subject to determination by the Remuneration Committee.</p>	<ol style="list-style-type: none"> Updated our understanding of the design and implementation of controls over scheme charges computation. Tested the share-based compensation charges to the related award contractual terms. Tested that charges have been accurately accounted for and that the corresponding balance sheet impact has been captured correctly. Reviewed areas of management judgement for example, assumptions made around revenue and share price performance, and leavers assumptions, and considered whether these are reasonable and supported by the evidence presented. <p>We found no material exceptions in performing these tests.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we obtained sufficient and appropriate audit evidence to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls over financial reporting, and the industry in which the group operates. The group operates in UK and US, with the UK being the most significant territory and is composed of four operating entities. In establishing the overall approach to the group audit, we determined the type of work that needed to be performed over the significant individual operating entities, as well as any material items within entities that were not considered significant. We also considered the presence of any significant audit risks and other qualitative factors (including evaluating history of misstatements through fraud or error).

This approach gave us coverage of 100% of group total assets and account balances in the consolidated income statement.

The group's US subsidiary, NSI, is audited by a non-PwC firm. The group audit team instructed work to be performed on our behalf, performed a review of the auditors' working papers and evaluated the results of their audit procedures.

Materiality

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

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

	Group financial statements	Company financial statements
Overall materiality	£1,866,000 (2016: £1,642,000).	£1,223,000 (2016: £1,517,000).
How we determined it	5% of profit before tax.	5% of profit before tax.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	Based on the benchmarks used in the annual report, profit before tax is a primary measure used by the shareholders in assessing the performance of the company, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. Certain components were audited to a local statutory audit materiality that was less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £93,000 (group audit) (2016: £82,000) and £61,000 (company audit) (2016: £76,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Independent Auditors' Report to the members of Numis Corporation Plc (*continued*)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06) and ISAs (UK) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 33, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other reporting**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the CA06.

Darren Meek

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

7 December 2017

6.0 Financial Statements

Consolidated Income Statement

For the year ended
30 September 2017

		2017	2016
	Notes	£'000	£'000
Revenue	4	130,095	112,335
Other operating income	5	3,431	3,759
Total income		133,526	116,094
Administrative expenses	6	(95,395)	(83,600)
Operating profit		38,131	32,494
Finance income	8	293	427
Finance costs	9	(105)	(390)
Profit before tax		38,319	32,531
Taxation	10	(7,942)	(6,132)
Profit after tax		30,377	26,399
Attributable to:			
Owners of the parent		30,377	26,399
Earnings per share			
Basic	23	27.4p	23.5p
Diluted	23	25.9p	22.4p

The notes on pages 49 to 85 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

6.0 Financial Statements

	2017	2016	For the year ended 30 September 2017
	£'000	£'000	
Profit for the year	30,377	26,399	
Items that may be reclassified to the Income Statement on fulfilment of specific conditions:			
Exchange differences on translation of foreign operations	21	630	
Other comprehensive income for the year, net of tax	21	630	
Total comprehensive income for the year, net of tax, attributable to owners of the parent	30,398	27,029	

The notes on pages 49 to 85 form an integral part of these financial statements.

6.0 Financial Statements

Consolidated Balance Sheet

As at 30 September 2017

	Notes	2017 £'000	2016 £'000
Non current assets			
Property, plant and equipment	12	2,998	3,734
Intangible assets	13	33	122
Deferred tax	16	3,116	1,666
		6,147	5,522
Current assets			
Trade and other receivables	17	255,933	170,490
Trading investments	18	47,424	48,453
Stock borrowing collateral	1(k)	8,606	3,901
Derivative financial instruments	15	35	616
Cash and cash equivalents	19	95,852	89,002
		407,850	312,462
Current liabilities			
Trade and other payables	20	(254,799)	(173,031)
Financial liabilities	1(h)	(19,875)	(12,293)
Current income tax		(5,697)	(3,571)
		(280,371)	(188,895)
Net current assets		127,479	123,567
Non current liabilities			
Deferred tax	16	-	(12)
Net assets		133,626	129,077
Equity			
Share capital	21	5,922	5,922
Share premium	21	-	38,854
Other reserves	21	13,416	8,238
Retained earnings		114,288	76,063
Total equity		133,626	129,077

The notes on pages 49 to 85 form an integral part of these financial statements.

The financial statements on pages 42 to 85 were approved and authorised for issue by the Board on 7 December 2017 and signed on its behalf by:

[Alex Ham and Ross Mitchinson](#)

Co-Chief Executive Officers

Numis Corporation Plc
Registration No.2375296

Consolidated Statement of Changes in Equity

6.0 Financial Statements

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2016	5,922	38,854	8,238	76,063	129,077
Profit for the year				30,377	30,377
Other comprehensive income			21	-	21
Total comprehensive income for the year	-	-	21	30,377	30,398
Share premium cancellation		(38,854)		38,854	-
Dividends paid				(13,473)	(13,473)
Net movement in Treasury shares				(17,238)	(17,238)
Movement in respect of employee share plans			5,157	(546)	4,611
Deferred tax related to share based payments				251	251
Transactions with shareholders	-	(38,854)	5,157	7,848	(25,849)
Balance at 30 September 2017	5,922	-	13,416	114,288	133,626
Balance at 1 October 2015	5,922	38,854	5,631	65,112	115,519
Profit for the year				26,399	26,399
Other comprehensive income			630	-	630
Total comprehensive income for the year	-	-	630	26,399	27,029
Dividends paid				(12,861)	(12,861)
Net movement in Treasury shares				1,470	1,470
Movement in respect of employee share plans			1,977	(3,559)	(1,582)
Deferred tax related to share based payments				(498)	(498)
Transactions with shareholders	-	-	1,977	(15,448)	(13,471)
Balance at 30 September 2016	5,922	38,854	8,238	76,063	129,077

The notes on pages 49 to 85 form an integral part of these financial statements.

For the year ended
30 September 2017

6.0 Financial Statements

Consolidated Statement of Cash Flows

For the year ended
30 September 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities	24	50,410	53,398
Interest paid		(14)	(182)
Taxation paid		(7,027)	(4,481)
Net cash from operating activities		43,369	48,735
Investing activities			
Purchase of property, plant and equipment		(493)	(346)
Purchase of intangible assets		-	-
Interest received		295	430
Net cash (used in)/from investing activities		(198)	84
Financing activities			
Purchases of own shares – Treasury		(19,588)	(3,719)
Purchases of own shares – Employee Benefit Trust		(3,298)	(3,000)
Dividends paid		(13,473)	(12,861)
Net cash used in financing activities		(36,359)	(19,580)
Net movement in cash and cash equivalents		6,812	29,239
Opening cash and cash equivalents		89,002	59,591
Net movement in cash and cash equivalents		6,812	29,239
Exchange movements		38	172
Closing cash and cash equivalents		95,852	89,002

The notes on pages 49 to 85 form an integral part of these financial statements.

Company Balance Sheet

6.0 Financial Statements

		2017	2016
	Notes	£'000	£'000
Non current assets			
Investment in subsidiary undertakings	14	57,496	47,229
		57,496	47,229
Current assets			
Trade and other receivables	17	28,554	34,689
Trading investments	18	14,022	16,787
		42,576	51,476
Current liabilities			
Trade and other payables	20	(1)	(1)
Current income tax		(387)	(6)
		(388)	(7)
Net current assets		42,188	51,469
Net assets		99,684	98,698
Equity			
Share capital	21	5,922	5,922
Share premium	21	-	38,854
Other reserves	21	12,297	7,140
Retained earnings		81,465	46,782
Total equity		99,684	98,698

The notes on pages 49 to 85 form an integral part of these financial statements.

The financial statements on pages 42 to 85 were approved and authorised for issue by the Board on 7 December 2017 and signed on its behalf by:

[Alex Ham and Ross Mitchinson](#)
Co-Chief Executive Officers

As at 30 September 2017

6.0 Financial Statements

Company Statement of Changes in Equity

For the year ended
30 September 2017

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2016	5,922	38,854	7,140	46,782	98,698
Profit for the year				23,779	23,779
Total comprehensive income for the year	-	-	-	23,779	23,779
Share premium cancellation		(38,854)	-	38,854	-
Net movement in Treasury shares				(17,238)	(17,238)
Dividends paid				(13,473)	(13,473)
Movement in respect of employee share plans			5,157	2,761	7,918
Transactions with shareholders	-	(38,854)	5,157	10,904	(22,793)
Balance at 30 September 2017	5,922	-	12,297	81,465	99,684
Balance at 1 October 2015	5,922	38,854	5,163	28,035	77,974
Profit for the year				30,338	30,338
Total comprehensive income for the year	-	-	-	30,338	30,338
Net movement in Treasury shares				1,470	1,470
Dividends paid				(12,861)	(12,861)
Movement in respect of employee share plans			1,977	(200)	1,777
Transactions with shareholders	-	-	1,977	(11,591)	(9,614)
Balance at 30 September 2016	5,922	38,854	7,140	46,782	98,698

The notes on pages 49 to 85 form an integral part of these financial statements.

The Company had no cash or cash equivalent balances as at 30 September 2015, 30 September 2016 or 30 September 2017. Similarly there were no movements in cash or cash equivalents during the year ended 30 September 2016 or the year ended 30 September 2017. Therefore no cash flow statement is presented for the Company.

Notes to the Financial Statements

6.0 Financial Statements

1. Accounting Policies

Numis Corporation Plc is a UK AIM listed company incorporated and domiciled in the United Kingdom. The address of its registered office is 10 Paternoster Square, London EC4M 7LT.

The principal accounting policies applied in the preparation of the Annual Report and financial statements of the Group and the Company are described below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

The Group and the Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention as modified by revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

In publishing the Company financial statements together with those of the Group, the Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes.

The financial statements of the Group and the Company have been prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving the financial statements and having taken into consideration the strength of the Group and Company balance sheet and the Group's cash balances, the Group and Company have adequate resources to continue in operational existence for at least the next 12 months.

No new standards or amendments to existing standards have been early adopted by the Group during the accounting year ended 30 September 2017.

The following new standards, amendments and interpretations are mandatory for the first time for the Group's accounting year ended 30 September 2017 and have been adopted but do not currently impact the Group:

- IAS 27 – Amendments to 'Separate financial statements' on the equity method – allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements;
- IAS 1 – Amendment to 'Presentation of financial statements' – aims to clarify and improve the presentation and disclosure in financial reports. Focuses largely on materiality, disaggregation and subtotals, use of notes to the accounts and disclosure of accounting policies;
- IFRS 11 – Amendment to 'Joint arrangements' on acquisition of an interest in a joint operation; and
- Annual improvements 2014 – provides a number of clarifications and minor amendments in relation to IFRS 5 'Non-current assets held for sale and discontinued

operations' regarding methods of disposal, IFRS 7 'Financial instruments: disclosures' regarding service contracts, IAS 19 'Employee benefits' regarding discount rates and IAS 34 'Interim financial reporting' regarding disclosure of information.

As at the date of authorisation of the financial statements, the following relevant standards, amendments and interpretations to existing standards are not yet effective and have not been early adopted by the Group:

IFRS 9 'Financial Instruments', introduces new requirements for classifying and measuring financial assets. However, the standard is not applicable until the Group's 2019 accounting year end. The Group has yet to fully assess the impact of this standard but initial indications are that the impact will not prove to be material based on the nature of the assets held by the Group and the fact that many are already held at fair value through profit and loss. In addition the Group has no debt instruments in issue.

IFRS 15 'Revenue from Contracts with Customers' is a convergence standard aimed at improving the financial reporting of revenue and the comparability of the revenue line in financial statements globally. However, the standard is not applicable until the Group's 2019 accounting year end. Consequently the Group has yet to fully assess the impact of IFRS 15 but initial indications are that the impact will not prove to be material due to the type of revenue which is earned within the Group and the absence of any long term contract arrangements.

IFRS 16 'Leases' brings virtually all leases on to the balance sheet with a liability representing future lease payments and an asset representing right of use. This will impact the Group in so far as it has leases which fall within scope. Such leases are likely to be confined to the property leases which the Group has in place. However, the standard is not applicable until the Group's 2020 accounting year end. Consequently the Group has yet to fully assess the impact of IFRS 16 but initial indications are that the impact will not prove to be material to the income statement, albeit that it will introduce additional balances to the assets and liabilities of the Group.

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings. Subsidiaries are all entities (including special purpose vehicles) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the Financial Statements

1. Accounting Policies (continued)

All intra-Group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of consolidation.

The purchase method of accounting is used to account for the acquisition of businesses and subsidiaries.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group. Revenue comprises institutional commissions, net trading gains or losses, corporate broking retainers, deal fees and placing commissions. Institutional commissions due are recognised on trade dates or accrued over the period to which they relate in respect of payments for research services.

Net trading gains or losses are the realised and unrealised profits and losses from market making long and short positions on a trade date basis and comprise all gains and losses from changes in the fair value of financial assets and liabilities held for trading, together with any related dividend on positions held. Net trading gains or losses also include gains and losses arising on derivative contracts relating to equity options and warrants received in lieu of corporate finance fees. Corporate retainers are accrued over the period for which the service is provided. Deal fees and placing commissions are only recognised once there is a contractual entitlement for the Group to receive them.

(d) Segment reporting

The Group is managed as an integrated corporate advisory and stockbroking business and although there are different revenue types the nature of Group's material activities is considered to be subject to the same and/or similar economic characteristics. Consequently the Group is managed as a single business unit. The chief operating decision-makers, who are responsible for allocating resources and assessing performance, have been identified as the Chief Executive Officers.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided for on a straight line basis at the following rates:

Office and computer equipment	3 years
Furniture and fittings	5 years

Leasehold improvements are depreciated on a straight line basis over the term of the lease or estimated useful economic life whichever is the shorter.

(f) Intangible assets

Acquired computer software licences are capitalised where it is probable that future economic benefits that are attributable to the asset will flow to the Company or Group and the cost of the assets can be reliably measured. Software is stated at cost, including those costs incurred to bring to use the specific software, less amortisation and provisions for impairment, if any. Costs are amortised on a straight line basis over the estimated useful life of the

software. Costs associated with maintaining or developing the software are recognised as an expense when incurred.

(g) Impairment of assets

The carrying value of property, plant and equipment and intangibles is reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

(h) Financial assets and liabilities

The Group's financial assets and liabilities comprise trading investments, financial liabilities, derivative financial instruments, trade and other receivables, stock borrowing and lending collateral, cash and cash equivalents, trade and other payables and provisions. The Group classifies its financial assets and liabilities depending on the purpose for which the assets and liabilities were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are recognised on trade date and are derecognised when they are extinguished.

Trading investments and financial liabilities represent market making positions and other investments held for resale in the near term and are classified as held for trading. Purchases and sales of investments are recognised on trade date. Gains and losses arising from changes in fair value are taken to the income statement. Financial liabilities comprise short market making positions and include securities listed on the LSE Main and AIM markets as well as overseas exchanges.

For trading investments and financial liabilities which are quoted in active markets, fair values are determined by reference to the current quoted bid/offer price, with financial assets marked at the bid price and financial liabilities marked at the offer price. Where independent prices are not available, fair values are determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial assets included within trade and other receivables are classified as loans and receivables. Loans and receivables are non-derivative financial instruments which have a fixed or easily determinable value. The Group makes an assessment at each balance sheet date as to whether there is any objective evidence of impairment, being any circumstance where an adverse impact on estimated future cash flows of the financial asset or group of assets can be reliably estimated.

1. Accounting Policies (continued)

(i) Derivative financial instruments

The Group utilises forward exchange contracts to manage the exchange risk on actual transactions related to amounts receivable, denominated in a currency other than the functional currency of the business. The Group has not sought to apply hedge accounting.

The Group's forward exchange contracts do not subject the Group to risk from exchange rate movements because the gains and losses on such contracts offset losses and gains, respectively, on the underlying foreign currency transactions to which they relate. The forward contracts and related amounts receivable are recorded at fair value at each period end. Fair value is calculated using the settlement rates prevailing at the period end.

All gains and losses resulting from the settlement of the contracts are recorded within finance income/costs in the income statement.

The Group does not enter into forward exchange contracts for the purpose of hedging future anticipated transactions.

Equity options and warrants are initially accounted for and measured at fair value on the date the Company or Group becomes a party to the contractual provisions of the derivative contract and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement within revenue, as part of net trading gains or losses. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions and valuation techniques including discounted cash flow models and option pricing models as appropriate. All derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative.

(j) Deferred tax

Deferred tax assets and liabilities mainly represent amounts of tax that will become recoverable and payable in future accounting periods. Generally, they arise as a result of temporary differences where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the financial statements. A deferred tax asset represents a tax reduction that is expected to arise in a future period. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction.

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

(k) Stock borrowing

The Group enters stock borrowing arrangements with certain institutions which are entered into on a collateralised basis with cash advanced as collateral. Under such arrangements a security is purchased with a commitment to return it at a future date at an agreed price.

The securities purchased are not recognised on the balance sheet. An asset is recorded on the balance sheet as stock borrowing collateral at the amount of cash collateral advanced.

On the rare occasion where trading investments have been pledged as security these remain within trading investments and the value of the security pledged disclosed separately except in the case of short-term highly liquid assets with an original maturity of 3 months or less, which are reported within cash and cash equivalents with the value of security pledged disclosed separately.

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. Such evidence includes ageing of the debt, persistent lack of communication and internal awareness of third party trading difficulties.

The amount of any provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income statement within administrative expenses.

Included within trade and other receivables are client, broker and other counterparty balances representing unsettled sold securities transactions which are recognised on a trade date basis.

Prepayments arise where the Group pays cash in advance of services. As the service is provided, the prepayment is reduced and the expense recognised in the income statement. Accrued income includes fees or other amounts due and payable to the Group but yet to be either invoiced or received as at the reporting date.

(m) Trade and other payables

Trade and other payables (excluding deferred income) are recognised initially at fair value, which is the agreed market price at the time goods or services are provided and are subsequently recorded at amortised cost using the effective interest method. The Group accrues for all goods and services consumed but as yet unbilled at amounts representing management's best estimate of fair value. Client, broker and other counterparty balances represent unsettled purchased securities transactions and are recognised on a trade date basis.

Deferred income represents fees received in advance of services being performed.

Notes to the Financial Statements

1. Accounting Policies (continued)

(n) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(o) Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation and it can be reliably estimated. Provisions believed to relate to periods greater than 12 months are discounted to the net present value using an effective discount rate that reliably calculates the present value of the future obligation.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised in the financial statements; however they are disclosed unless their likely occurrence is remote.

(p) Clients' deposits

All money held on behalf of clients has been excluded from the balances of cash and cash equivalents and amounts due to clients, brokers and other counterparties. Client money is not held directly, but is placed on deposit in segregated bank accounts with a financial institution.

The amounts held on behalf of clients at the balance sheet date are included in note 19.

(q) Pension costs

The Group has a Group Personal Pension Plan and death in service benefits that are available to eligible employees of the Group. The plan is a defined contribution scheme and costs of the scheme are charged to the income statement in the year in which they arise.

(r) Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term even if the payments are not made on such a basis. Lease incentive received are recognised in the income statement as an integral part of the total lease expense.

(s) Foreign currency translation

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

In individual entities, transactions denominated in foreign currencies are translated into the functional currency 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 rates prevailing on the balance sheet date. Exchange differences are taken to the income statement, except for

exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken to other comprehensive income. Non-monetary assets and liabilities 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.

On consolidation, the results of overseas businesses are translated into the presentation currency of the Group at the average exchange rates for the period where these approximate to the rate at the date of transaction. If the average exchange rates for the period do not approximate to the rate at the date of transaction, income and expenses are translated at the rate on the dates of the transactions. Assets and liabilities of overseas businesses are translated into the presentation currency of the Group at the exchange rate prevailing at the balance sheet date. Exchange differences arising are taken to other comprehensive income and then classified as other reserves. Cumulative translation differences arising after the transition to IFRS are taken to the income statement on disposal of the net investment.

(t) Taxation

Taxation on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior years. Taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also included within equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantially enacted by the balance sheet date.

(u) Employee share ownership plans

The Group has a number of Employee Share Ownership Plans (ESOP), as set out in note 22, which provide a mechanism for the Board to reward employees of the Group share-based payments on a discretionary basis. An Employee Benefit Trust established by the Company acquires ordinary shares in the Company to be held on trust for the benefit of, and ultimately distributed to, employees either on the exercise of share options or other remuneration arrangements.

The ESOP arrangements currently in place are all equity-settled plans. In the case of equity-settled awards, the cost of share awards made under employee share ownership plans, as measured by the fair value of awards at the date of granting, are taken to the income statement over the vesting period (if any), and disclosed under staff costs with a corresponding increase in equity. Fair value is based on the market value of the shares on the grant date. Where awards provide no entitlement to dividends over the vesting period the market value of the shares on grant date is discounted by the dividend yield over the expected life of the award.

On consolidation, the cost of shares held by the Employee Benefit Trust is deducted as an adjustment to equity. Gains and losses arising on Employee Benefit Trust related transactions are taken directly to equity. No expense is recognised in respect of option awards granted before 7 November 2002 or which have vested before 1 October 2005.

1. Accounting Policies (continued)

(v) Dividends

Dividend distribution is recognised in equity in the financial statements in the period in which dividends are paid. Final dividends are recognised at the date they are approved by shareholders at the Annual General Meeting.

(w) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those of estimates. The estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are set out below:

Valuation of financial assets where there is no quoted price

Such assets principally comprise minority holdings in unquoted securities and are valued with reference to financial information and non financial information available at the time of original investment updated to reflect all relevant changes to that information as at the reporting date. This determination may require significant judgement in determining changes in fair value since the last valuation date. In making this judgement the Group evaluates among other factors recent offerings or transaction prices, changes in the business outlook affecting a particular investment since purchase, performance of the underlying business against original projections, valuations of similar quoted companies and relevant industry valuation techniques, for example, discounted cashflow or market approach.

Share-based payments

In determining the fair value of equity-settled share based payments and the related charge to the income statement, the Group makes certain judgements about future events and market conditions. In particular, a judgement must be formed as to the likely number of shares that will vest along with the fair value of each award granted. Where relevant, the fair value is determined by using the Black-Scholes valuation model or, for certain awards, a stochastic valuation model, both of which are dependent on estimates relating to the Group's future dividend policy, the timing of prospective option exercises and the future volatility in the price of the Company's shares. Different assumptions about these factors to those made by the Group could affect the reported value of share-based payments.

In addition to the assumptions noted above, the majority of unvested share awards are also subject to non-market performance conditions. The Remuneration Committee periodically assess compliance with these conditions for all material unvested awards in order to determine, in their view, whether the number of shares which will ultimately vest is likely to be reduced through non-compliance with such conditions. As at 30 September 2017, the Remuneration Committee have determined that for all material unvested awards, it is highly unlikely that the grantees will leave the employment of the Group prior to the end of the relevant

performance period. Furthermore, the Remuneration Committee have determined that the grantees have met the non-market performance conditions in full to-date and that there is currently no evidence to suggest these conditions will not continue to be met in future. Should this determination change at some future date, there will be a reassessment of the number of award shares likely to vest at the end of the performance period which in turn will give rise to a reduction in the accumulated charge recognised.

Income taxes

The Group is subject to income taxes. Judgement is required in determining the extent to which it is probable that taxable profits will be available in the future against which deferred tax assets can be utilised. Based on forecasts the Group expects to materially recover its deferred tax assets within the next three years. If the Group forecasts were 10% higher or lower the Group would still expect to recover its deferred tax assets within the next three years.

(x) Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their amount and incidence to enable a full understanding of the Company's and/or Group's financial performance. Currently neither the Group nor the Company has any such exceptional items.

(y) Treasury shares

Treasury shares are recorded by the Group when ordinary shares are acquired by the Company. The main reason for acquiring shares in this way is to meet share-based remuneration awards to employees in the form of shares in a way that does not dilute the percentage holdings of existing shareholders. Treasury shares are held at cost and reduce the Group's net assets by the amount spent.

In addition to the above accounting policies the following relate specifically to the Company.

(z) Investment in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment. Where the Company makes equity-settled awards for the benefit of its subsidiaries, the value of such awards is treated as an additional cost of investment in these subsidiaries.

Notes to the Financial Statements

2. Profit of the company

As provided by Section 408 Companies Act 2006, the income statement of the company is not presented as part of these financial statements. The company's profit after tax for the financial year amounted to £23,779,000 (2016: £30,338,000).

3. Segmental information

Geographical information

The Group is managed as an integrated corporate advisory and stockbroking business and although there are different revenue types (which are separately disclosed in note 4) the nature of Group's material activities is considered to be subject to the same and/or similar economic characteristics. Consequently the Group is managed as a single business unit.

The Group earns its revenue in the following geographical locations:

	2017	2016
	£'000	£'000
United Kingdom	119,867	102,684
United States of America	10,228	9,651
	130,095	112,335

The following is an analysis of the carrying amount of non-current assets (excluding financial instruments and deferred tax assets) by the geographical area in which the assets are located.

	2017	2016
	£'000	£'000
United Kingdom	2,982	3,744
United States of America	49	112
	3,031	3,856

6.0 Financial Statements

3. Segmental information (continued)

Other information

In addition, the analysis below sets out the revenue performance and net asset split between our core advisory & broking business and the small number of equity holdings which constitute our investment portfolio.

	2017	2016
	£'000	£'000
Net institutional income	44,799	38,419
Total corporate transaction revenues	73,718	64,293
Corporate retainers	11,578	9,623
Revenue from Corporate Advisory & Broking (see note 4)	130,095	112,335
Strategic investment activity net gains	3,431	3,759
Contribution from Investing Activities	3,431	3,759
Total	133,526	116,094
Net assets		
Corporate advisory & broking	9,633	10,243
Investing activities	28,141	29,832
Cash and cash equivalents	95,852	89,002
Total net assets	133,626	129,077

4. Revenue

	2017	2016
	£'000	£'000
Net trading gains	9,047	6,496
Institutional commissions	35,752	31,923
Net institutional income	44,799	38,419
Corporate retainers	11,578	9,623
Advisory fees	16,471	16,261
Placing commissions	57,247	48,032
	130,095	112,335

Notes to the Financial Statements

5. Other operating income

	2017	2016
	£'000	£'000
Investment income	3,431	3,759

Other operating income represents net gains made on investments which are held outside of the market making portfolio. The majority of the net gain recorded in 2017 reflects price movements and dividend income in respect of quoted holdings.

6. Administrative expenses

Administrative expenses comprise the following:

	2017	2016
	£'000	£'000
Depreciation of property, plant and equipment	1,226	1,126
Amortisation of intangible assets	89	125
Operating lease costs	2,061	1,878
Other occupancy related costs	896	757
Staff costs (see note 7)	68,999	58,882
Other non-staff costs	21,810	20,512
Auditors' remuneration		
<i>Audit services</i>		
Audit fee for Company's financial statements and Annual Report	31	30
Year end audit services to Subsidiaries of the Company	138	134
Audit services provided to a Subsidiary by Moore Stephens P.C.	75	58
<i>Other services</i>		
Tax services	22	35
Regulatory and other services	48	63
	95,395	83,600

Compensation costs as a percentage of revenue have increased to 53% (2016: 52%) and on a per head basis show a 13% increase year-on-year. The per head variable pay component has increased 29% whereas the fixed cost component has risen just 1%. The increase in the variable pay component was partly driven by share price appreciation but also by awards made towards the end of 2016 the magnitude of which is unlikely to be repeated in the medium term.

Non-compensation costs comprise expenses incurred in the normal course of business, the most significant of which relate to technology, information systems, market data, brokerage, clearing and exchange fees. Investment relating to regulatory requirements and in respect of our platform continue to impact such costs.

6.0 Financial Statements

7. Staff costs

Particulars of employees (including Executive Directors) are as shown below.

Employee costs during the year amounted to:

	2017	2016
	£'000	£'000
Wages and salaries	48,171	43,651
Social security costs	8,160	6,592
Severance payments	132	487
Other pension costs (see note 25d)	2,082	1,923
Share based payments	10,454	6,229
	68,999	58,882

The share based payment award costs shown above are in respect of share-based payment transactions which are accounted for as equity-settled awards. The share based payment charge arises from the combined impact of all historic unvested awards.

Number of staff employed:

	2017	2016
	Number	Number
Monthly average for the year		
Front office	170	166
Support functions	50	47
	220	213
At the year end	235	220

Details of directors' emoluments are presented in the Remuneration Report on page 27.

8. Finance income

	2017	2016
	£'000	£'000
Interest income	293	427
	293	427

Interest income comprises interest on surplus cash balances placed on call deposit and interest receivable on certain staff loans.

Notes to the Financial Statements

9. Finance costs

	2017	2016
	£'000	£'000
Interest expense	25	10
Net foreign exchange losses	80	380
	105	390

Interest expense comprises amounts paid on overdrawn balances with clearing institutions.

10. Taxation

The tax charge is based on the profit for the year and comprises:

	2017	2016
	£'000	£'000
Current tax		
Corporation tax at 19.5% (2016: 20%)	9,262	6,319
Adjustments in respect of prior years	(110)	(26)
Total current tax	9,152	6,293
Deferred tax		
Origination and reversal of timing differences	(1,185)	(161)
Changes in tax rate	(25)	-
Total tax charge	7,942	6,132

Factors affecting the tax charge for the year:

	2017	2016
	£'000	£'000
Profit before tax	38,319	32,531
Profit before tax multiplied by the standard rate of UK corporation tax	7,472	6,506
Effects of:		
Non-deductible expenses and non-taxable income	223	146
Profits taxed at rates other than 19.5%, principally banking surcharge tax impact	1,233	384
Losses available for utilisation	(216)	(390)
Permanent differences in respect of share based payments	(669)	(491)
Corporation tax over provided in previous year	(110)	(26)
Changes in tax rate and other temporary differences	9	3
Total tax charge	7,942	6,132

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Group's UK profits for this accounting period are taxed at an effective rate of 19.5%. Future UK corporation tax rate reductions to 17% by April 2020 have been enacted as at 30 September 2017.

11. Dividends

Group and Company

	2017	2016
	£'000	£'000
Final dividend for year ended 30 September 2015 (6.0p)		6,713
Interim dividend for year ended 30 September 2016 (5.5p)		6,148
Final dividend for year ended 30 September 2016 (6.5p)	7,308	
Interim dividend for year ended 30 September 2017 (5.5p)	6,165	
Distribution to equity holders of Numis Corporation Plc	13,473	12,861

Dividends declared on shares held by the Employee Benefit Trust that have not been purchased by or vested in employees are waived under the terms of the employee share ownership plan arrangements.

On 5 December 2017 the Board proposed a final dividend of 6.5p per share for the year ended 30 September 2017. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by the shareholders. Based on the number of shares in issue at the year end the total amount payable would be £6,934,178.

Notes to the Financial Statements

12. Property, plant and equipment

Group

The movement during the year and the prior year was as follows:

	Furniture and fittings	Leasehold improvements	Office and computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2016	475	5,368	3,309	9,152
Additions	26	81	386	493
Disposals	(84)	-	(714)	(798)
Exchange adjustment	-	(14)	(3)	(17)
At 30 September 2017	417	5,435	2,978	8,830
Accumulated depreciation				
At 1 October 2016	395	2,439	2,584	5,418
Charge for the year	28	628	570	1,226
Disposals	(84)	-	(714)	(798)
Exchange adjustment	-	(12)	(2)	(14)
At 30 September 2017	339	3,055	2,438	5,832
Net book value				
At 1 October 2016	80	2,929	725	3,734
At 30 September 2017	78	2,380	540	2,998

	Furniture and fittings	Leasehold improvements	Office and computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2015	600	5,236	3,090	8,926
Additions	16	72	258	346
Disposals	(167)	-	(65)	(232)
Exchange adjustment	26	60	26	112
At 30 September 2016	475	5,368	3,309	9,152
Accumulated depreciation				
At 1 October 2015	512	1,785	2,143	4,440
Charge for the year	24	611	491	1,126
Disposals	(167)	-	(65)	(232)
Exchange adjustment	26	43	15	84
At 30 September 2016	395	2,439	2,584	5,418
Net book value				
At 1 October 2015	88	3,451	947	4,486
At 30 September 2016	80	2,929	725	3,734

13. Intangible assets

Group

The movement during the year and the prior year was as follows:

	2017	2016
	Purchased Software £'000	Purchased Software £'000
Cost		
At 1 October	1,034	1,034
Additions	-	-
Disposals	(23)	-
At 30 September	1,011	1,034
Accumulated amortisation		
At 1 October	912	787
Charge for the year	89	125
Disposals	(23)	-
At 30 September	978	912
Net book value		
At 1 October	122	247
At 30 September	33	122

14. Investment in subsidiary undertakings

Company

a) Company investment in subsidiaries

	2017	2016
	£'000	£'000
As at 1 October	47,229	40,263
Additions	10,267	6,966
As at 30 September	57,496	47,229

Additions reflect the accounting treatment required by IFRS 2 in relation to awards made under the Group's share plans which are accounted for as equity-settled share transactions and relate to employees in subsidiaries.

Notes to the Financial Statements

14. Investment in subsidiary undertakings (continued)

b) Subsidiaries

The Company beneficially owns the entire issued ordinary share capital of the companies listed below, there being no other class of share. All companies listed operate in their country of incorporation and have financial year ends that are coterminous with the Company:

Subsidiary shareholding	Country of incorporation	Principal activity	Proportion of shareholding
Numis Securities Limited	United Kingdom	Financial services	100%
Numis Securities Inc*	United States of America	Financial services	100%
Numis Asset Management Limited	United Kingdom	Financial services	100%
Numis Nominees (Client) Limited	United Kingdom	Dormant	100%
Numis Nominees (NSI) Limited*	United Kingdom	Dormant	100%
Numis Nominees Limited*	United Kingdom	Dormant	100%

* Held through a subsidiary of the Group.

The Company and all subsidiaries, with the exception of Numis Securities Inc, have their registered office at 10 Paternoster Square, London, EC4M 7LT, England. Numis Securities Inc has its registered office at Suite 4100, 275 Madison Avenue, New York, NY 10016, USA.

15. Derivative financial instruments

Group

	2017	2016
	£'000	£'000
At 1 October	616	683
Exercised	(784)	(775)
Revaluation to fair value in the year recognised in the income statement	203	708
At 30 September	35	616
	2017	2016
	£'000	£'000
Included in current assets – listed	35	616
Included in current assets – unlisted	-	-
Included in non-current assets – unlisted	-	-
	35	616

The Group holds equity options and warrants over certain securities. Although the options and warrants themselves are not listed the underlying securities may be listed or otherwise. In the information presented above the listed and unlisted distinction relates to the underlying security. As at 30 September 2017 the fair value of outstanding foreign exchange contracts was less than £1,000 (2016:£nil).

6.0 Financial Statements

16. Deferred tax

Group

The movement in the deferred tax balance is as follows:

	2017	2016
	£'000	£'000
At 1 October	1,654	1,991
Amounts credited to the income statement	1,211	161
Amounts recognised on share based payments – equity	251	(498)
At 30 September	3,116	1,654

	Capital allowances	Share plan arrangements	Other	Total
	£'000	£'000	£'000	£'000
1 October 2016	(12)	1,634	32	1,654
Credited to income statement	36	1,172	3	1,211
Recognised in equity	-	251	-	251
30 September 2017	24	3,057	35	3,116

As at 30 September 2017 deferred tax assets totalling £3,116,000 (2016: £1,666,000) have been recognised reflecting management's confidence that there will be sufficient levels of future taxable gains arising from the Group's normal course of business against which the deferred tax asset can be utilised. Of this balance £1,121,000 (2016: £827,000) is expected to be recovered within 12 months.

A deferred tax asset of £1,104,000 (2016: £457,000) relating to unrelieved trading losses incurred has not been recognised as there is insufficient supportable evidence that there will be taxable gains in the relevant legal entities in the future against which the deferred tax asset could be utilised.

17. Trade and other receivables

The following amounts are included within trade and other receivables:

Group

	2017	2016
	£'000	£'000
Due from clients, brokers and other counterparties (excluding corporate finance receivables)	235,157	156,104
Loans to employees	414	565
Other receivables, including corporate finance receivables	18,048	10,581
Prepayments and accrued income	2,314	3,240
	255,933	170,490

Notes to the Financial Statements

17. Trade and other receivables (continued)

Trade and other receivables are stated net of impairment adjustments totalling £106,000 (2016: £187,000). The movement in impairment provision during the year comprised £Nil for utilisation (2016: £26,000) and £81,000 net reduction in the level of the provision (2016: £132,000 net increase) booked to the income statement through administrative expenses. Loans to employees principally arise from arrangements under the Group's share plans.

As result of their short-term nature, the fair value of trade and other receivables held at amortised cost approximates to their carrying value.

Company

	2017	2016
	£'000	£'000
Amounts due from subsidiaries	28,547	34,671
Other receivables	7	18
	28,554	34,689

18. Trading investments

Group

	2017	2016
	£'000	£'000
Listed on the LSE main market	7,691	13,494
Listed on AIM	9,585	10,335
Listed overseas	3,599	1,084
Listed on the LSE ORB market	-	21
Listed Fund	12,416	10,391
Unlisted UK investments	13,289	12,273
Unlisted overseas investments	844	855
	47,424	48,453

Company

	2017	2016
	£'000	£'000
Listed on AIM	1,593	6,314
Listed Fund	12,416	10,391
Unlisted UK investments	13	82
	14,022	16,787

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19. Cash and cash equivalents

Group

	2017	2016
	£'000	£'000
Cash and cash equivalents included in current assets	95,852	89,002

Cash and cash equivalents comprise cash in hand and deposits held at call with banks and other institutions.

The balances exclude interest-bearing deposits of clients' monies placed by the Group with banks on an agency basis. All such deposits are designated by the banks as clients' funds and are not available to the banks to satisfy any liability the Group may have with them at that time. The balance at 30 September 2017 held in segregated bank accounts in respect of client monies amounted to £3,429,012 (2016: £1,780,674).

20. Trade and other payables

Group

	2017	2016
	£'000	£'000
Amounts due to clients, brokers and other counterparties	217,824	141,262
VAT payable	1,032	697
Social security and PAYE	877	1,179
Other payables	315	1,452
Accruals and deferred income	34,751	28,441
	254,799	173,031

As result of their short-term nature, the fair value of trade and other payables held at amortised cost approximates to their carrying value.

Company

	2017	2016
	£'000	£'000
Amounts due to subsidiaries	1	1

Notes to the Financial Statements

21. Share capital, Share premium and Other reserves

Share capital

Group and Company

	2017	2016
	£'000	£'000
Authorised		
140,000,000 (2016: 140,000,000) 5p ordinary shares	7,000	7,000
Allotted, issued and fully paid		
118,438,536 (2016: 118,438,536) 5p ordinary shares	5,922	5,922

During the year there were no ordinary shares issued (2016: nil).

During the year 7,870,000 (2016: 1,763,571) ordinary shares of 5p with an aggregate nominal value of £393,500 (2016: £88,179) were purchased into Treasury. Distributable reserves have been reduced by £19,588,000 (2016: £3,719,000) being the consideration paid for these shares. Also during the year, 1,000,000 (2016: 2,250,000) ordinary shares of 5p were transferred from Treasury to the Group's Employee Benefit Trust at a weighted average value of £2.35 per share (2016: £2.31 per share).

The number of shares held in Treasury as at 30 September 2017 totals 11,561,088 (2016: 4,691,088).

Share premium

Group and Company

At a general meeting held on 30 August 2017 shareholders passed a special resolution approving the cancellation of the entire amount standing to the credit of the share premium account, subject to confirmation by the High Court. On 20 September 2017 the confirmation from the High Court was issued, the share premium account was cancelled and an amount of £38,853,868 was credited to a distributable reserve.

Other reserves

Group

	Foreign exchange translation	Equity-settled share plans	Total other reserves
	£'000	£'000	£'000
Balance at 1 October 2016	1,097	7,141	8,238
Exchange difference on translation of foreign operations	21	-	21
Employee share plans: value of employee service		10,267	10,267
Employee share plans: transfer to retained profit on vesting of awards		(5,110)	(5,110)
Balance at 30 September 2017	1,118	12,298	13,416
Balance at 1 October 2015	467	5,164	5,631
Exchange difference on translation of foreign operations	630	-	630
Employee share plans: value of employee service		6,966	6,966
Employee share plans: transfer to retained profit on vesting of awards		(4,989)	(4,989)
Balance at 30 September 2016	1,097	7,141	8,238

6.0 Financial Statements

21. Share capital, Share premium and Other reserves (continued)

Other reserves
Company

	Equity-settled share plans
	£'000
Balance at 1 October 2016	7,140
Employee share plans: value of employee service	10,267
Employee share plans: transfer to retained profit on vesting of awards	(5,110)
Balance at 30 September 2017	12,297
Balance at 1 October 2015	5,163
Employee share plans: value of employee service	6,966
Employee share plans: transfer to retained profit on vesting of awards	(4,989)
Balance at 30 September 2016	7,140

22. Employee share plans

The Company has established an employee benefit trust in respect of the Group share plans which is funded by the Group and has the authority to acquire shares from the Company or in the open market to meet the Group's future obligations under these plans. As at 30 September 2017 the trust owned 197,793 ordinary 5p shares in the Company (2016: 985,493) with a market value of £0.6m as at 30 September 2017 (2016: £2.2m).

	2017	2016
	Number of shares	Number of shares
At 1 October	985,493	1,195,254
Acquired during the year	1,398,456	1,521,300
Transferred from Treasury	1,000,000	2,250,000
Shares vested in employees	(2,796,654)	(2,162,767)
Shares used to satisfy option exercises	(389,502)	(1,818,294)
At 30 September	197,793	985,493

The figures in the above table are presented on a trade date basis.

At 30 September 2017 the number of shares held by the trust in respect of awards made to, but not yet vested in, employees was Nil (2016: 48,421 shares).

A description of the Group's active share plans and their operation is set out below:

Long Term Incentive Plan (LTIP) 2008

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility

Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Notes to the Financial Statements

22. Employee share plans (continued)

Nature of plan

The plan provides a framework by which employees are awarded a free share in exchange for their purchasing a stake in the Company.

The free, or “matching”, shares replicate the number of shares purchased by the participant. Both the purchased and matched shares are held in Trust. Shares vest in three equal tranches at the end of the third, fourth and fifth anniversaries of the award date if the participant continues to be employed by the Group at these dates.

On vesting, the matching and purchased shares are transferred into the personal ownership of the participant. Awards granted under this plan are equity settled.

US Restrictive Stock Plan (USRSP) 2008

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility

Any Director or employee of Numis Securities Incorporated (NSI), the wholly owned subsidiary of Numis Securities Limited (NSL), itself a wholly owned subsidiary of Numis Corporation Plc, may be invited to participate in the plan.

Nature of plan

The plan operates in the same way as the LTIP 2008 plan. Differences arise in treatment of awards under differing tax jurisdictions.

Restricted Stock Unit (RSU) 2008 Plan

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility

Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan

This plan is open to both UK and US directors and employees and operates as a deferred bonus payment in the form of shares. Awards vest in the hands of the participant in three equal tranches no earlier than at the end of the first, second and third anniversaries following the award date if they continue to be employed by the Group on those dates. Awards granted under this plan are equity settled.

Long Term Incentive Plan 2016

The Board approved this plan on 5 September 2016.

Eligibility

Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan

The plan is designed to increase the interest of participant(s) in the Company's long term business goals and performance. The vesting conditions require not only a 5 year service condition to be fulfilled but also the achievement of performance conditions as specified by the Group's remuneration committee. Vesting can occur no earlier than the 5th anniversary of grant but, in certain circumstances, a holding period extending beyond the 5th anniversary of grant may also be applied.

Awards under this plan have been made through the granting of options which lapse on the tenth anniversary of the grant date.

Awards granted under this plan are equity settled.

Long Term Incentive Plan (US) 2017

The Board approved this plan on 6 January 2017.

Eligibility

Any Director or employee of Numis Securities Incorporated (NSI), the wholly owned subsidiary of Numis Securities Limited (NSL), itself a wholly owned subsidiary of Numis Corporation Plc, may be invited to participate in the plan.

Nature of plan

The plan operates in the same way of the LTIP 2016 Plan other than differences which arise in the treatment of awards under differing tax jurisdictions and in that vesting can occur no earlier than the 4th anniversary of grant but, in certain circumstances, a holding period extending beyond the 4th anniversary of grant may also be applied.

22. Employee share plans (continued)

Awards under this plan have been made through the granting of options which lapse on the tenth anniversary of the grant date.

Awards granted under this plan are equity settled.

The movement in award shares for each share incentive award plan, other than awards made by way of options, together with the number of granted but unvested share awards outstanding at 30 September 2017 is detailed in the tables below:

	LTIP 2008	RSU 2008	Total
	Number of shares	Number of shares	Number of shares
Award shares at 1 October 2016	48,421	8,949,918	8,998,339
New awards	-	1,639,308	1,639,308
Vesting of awards	(48,421)	(2,748,233)	(2,796,654)
Forfeiture of awards	-	(49,630)	(49,630)
Award shares at 30 September 2017	-	7,791,363	7,791,363
Award shares at 1 October 2015	398,469	4,080,079	4,478,548
New awards	-	7,137,868	7,137,868
Vesting of awards	(350,048)	(1,812,719)	(2,162,767)
Forfeiture of awards	-	(455,310)	(455,310)
Award shares at 30 September 2016	48,421	8,949,918	8,998,339

Under the share plans shown above, awards of 1,639,308 shares (2016: 7,137,868 shares) were granted during the year at a weighted average share price of 218.6p (2016: 180.9p). The weighted average market price on grant date for all awards made during the year was 243.2p (2016: 210.5p).

Option Plans

The Group may grant options under three different plans – the Long Term Incentive Plan 2016 described above, the Long Term Incentive Plan (US) 2017 described above and an employee option plan which was originally formulated and approved in 2001. Under the latter, an option cannot ordinarily be exercised later than the tenth anniversary after the grant date and the earliest date of exercise is usually three years after the date of grant.

As at 30 September 2017 there were 11,592,189 unexercised options outstanding (2016: 9,989,596).

Movements in the number of outstanding share options during the year and their weighted average exercise prices are as follows:

	2017		2016	
	Average exercise price (pence per share)	Outstanding options	Average exercise price (pence per share)	Outstanding options
At 1 October	13.31	9,989,596	54.57	2,748,642
Granted	-	2,000,000	-	9,117,153
Forfeited	256.38	(7,905)	35.00	(57,905)
Exercised	80.87	(389,502)	8.25	(1,818,294)
At 30 September	8.58	11,592,189	13.31	9,989,596

Notes to the Financial Statements

22. Employee share plans (continued)

The date range over which the above options may be exercised is set out in the table below. The overall weighted average life of the remaining options is 8.78 years (2016: 9.53 years).

The weighted average share price, at exercise date, of options exercised during the year was 253.37p (2016: 210p). The weighted average fair value of options granted during 2017 was 184p (2016: 139p).

At 30 September 2017 the following options granted to directors and employees to acquire ordinary shares in the Company were outstanding:

Grant date	Number of options outstanding	Exercise price	Earliest exercise date	Latest exercise date
13 May 2013	81,168	154.0p	13 May 2016	13 May 2023
4 June 2013	16,667	0.0p	4 June 2015	4 June 2023
4 June 2013	16,667	0.0p	4 June 2016	4 June 2023
4 June 2013	16,667	0.0p	4 June 2017	4 June 2023
16 December 2013	47,429	253.0p	16 December 2016	16 December 2023
16 December 2013	296,439	253.0p	16 December 2016	16 December 2023
2 February 2016	677,507	0.0p	2 February 2021	2 February 2026
2 February 2016	1,333,334	0.0p	2 February 2021	2 February 2026
5 September 2016	7,106,312	0.0p	5 September 2021	5 September 2026
9 January 2017	1,500,000	0.0p	9 January 2021	9 January 2027
24 January 2017	500,000	0.0p	24 January 2021	24 January 2027

Options granted after 7 November 2002 are measured at fair values at the date of grant. The fair value determined is expensed on a straight line basis over the vesting period, based on the Group's estimation of the number of shares that will eventually vest. Fair value is measured by use of a Black-Scholes valuation model or a Stochastic valuation model dependent on the type of performance conditions applied to the award. The expected life used in the Black-Scholes model is adjusted, based on management's best estimate and behavioural considerations. Expected volatility is estimated with reference to the share price of the Company over a period commensurate with the expected life of the option.

23. Earnings per share

Basic earnings per share is calculated on a profit after tax of £30,377,000 (2016: £26,399,000) and 110,919,356 (2016: 112,255,294) ordinary shares being the weighted average number of ordinary shares in issue during the year. Diluted earnings per share takes account of contingently issuable shares arising from share plan award arrangements where their impact would be dilutive. In accordance with IAS 33, potential ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share from continuing operations attributable to the equity holders.

The calculations exclude shares held by the Employee Benefit Trust on behalf of the Group and shares held in Treasury.

	2017	2016
	Number Thousands	Number Thousands
Weighted average number of ordinary shares in issued during the year – basic	110,919	112,255
Dilutive effect of share awards	6,328	5,755
Diluted number of ordinary shares	117,247	118,010

24. Consolidated statement of cash flows

Group

Reconciliation of profit before tax to cash from operating activities:

	2017	2016
	£'000	£'000
Profit before tax	38,319	32,531
Net finance income	(188)	(37)
Depreciation charges on property, plant and equipment	1,226	1,126
Amortisation charges on intangible assets	89	125
Share plan charges	10,454	6,229
Decrease in current asset trading investments	1,029	9,168
Increase in trade and other receivables	(85,583)	(10,476)
Increase in stock borrowing collateral	(4,705)	(3,079)
Increase in trade and other payables	89,188	17,744
Decrease in derivatives	581	67
Cash flows from operating activities	50,410	53,398

Cash flows in 2017 benefitted from increased revenue and a net divestment of our strategic investment portfolio. These movements were offset by an increase in outflows relating to annual incentive payments and the absence of any material movement in the market making positions which generated material inflows in 2016.

Company

The Company does not hold any cash balances, and cash based transactions are effected on its behalf by Numis Securities Limited, a wholly owned subsidiary. The operating profit of the Company includes fair value gains on investments of £3,032,000 (2016: £2,273,000) and investing activity related dividend income of £432,000 (2016: £423,000) that passed through intercompany accounts.

25. Guarantees and other financial commitments

a) Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil for the Group (2016: £nil).

b) Contingent liabilities

In the ordinary course of business, the Group has given letters of indemnity in respect of lost certified stock transfers and share certificates. No claims have been received in relation to the year ended 30 September 2017 (2016: nil). The contingent liability arising thereon cannot be quantified, although the directors do not believe that any material liability will arise under these indemnities.

The Company currently has in place unlimited guarantees to the Company's bankers, Barclays Bank plc for the debts of Numis Securities Limited and Numis Securities Inc., an indirect wholly owned subsidiary of the Company. As at 30 September 2017 the Company did not have any indebtedness to Barclays Bank plc (2016: nil).

The Company has given a guarantee to Pershing LLC for any indebtedness of Numis Securities Inc. Pershing LLC provides securities clearing and settlement services to Numis Securities Inc. for some of its broker activities. As at 30 September 2017 that company did not have any indebtedness to Pershing LLC (2016: nil).

Notes to the Financial Statements

25. Guarantees and other financial commitments (continued)

c) Operating leases

At 30 September 2017 the Group had annual commitments under non-cancellable operating leases in respect of land and buildings of £2,061,000 (2016: £1,878,000). The total future aggregate minimum lease payments are as follows:

	2017	2016
Property	£'000	£'000
Within one year	2,028	2,089
In two to five years	5,055	6,626
After five years	-	-
	7,083	8,715

The annual property rental on the principal property leased by the Group was subject to review in September 2016. There is no further rent review for the duration of the lease period which ends in September 2021.

d) Pension arrangements

The pension cost charge for the year was £2,082,000 (2016: £1,923,000).

A defined contribution Group Personal Pension Plan has been in operation since 6 April 1997 for all eligible employees of the Group. The Group Personal Pension Plan is funded through monthly contributions. The Group contributes 7% of members' salaries with members contributing at least 2.5% of their salary. Employees are also eligible for death-in-service benefits.

26. Financial instrument risk management

Group

Risk Management

The Group places great weight on the effective management of exposures to market, credit, liquidity and operational risk and our risk management policies and framework are designed to identify, monitor and manage such exposures to ensure that the operating activities of the Group are managed within the risk parameters set out by the Plc Board (the Board).

The Group's risk management framework is designed to incorporate all material risks to which the Group is or may be exposed. The Board is responsible for supervision of the risk management framework, approval of risk management policies and setting the overall risk appetite of the Group. All risk management functions ultimately report to the Board. The Board receives regular risk management reporting which provides an assessment of the exposures across the Group together with more detailed reports on market, credit and liquidity risk amongst others.

Risk exposures are monitored, controlled and overseen by separate but complementary committees which consist of senior management from revenue generating areas, compliance and finance. Management oversight and segregation of duties are fundamental to the risk management framework.

The Audit and Risk Committee is responsible for the evaluation and maintenance of the Group's control framework and ensuring that policies are in place and operating effectively to identify, assess, monitor and control risk throughout the Group. The Audit and Risk Committee receives risk updates which detail the Group's exposure to market, credit, liquidity, and operational risks. Controls and policies are reviewed and challenged to ensure their effectiveness and to reflect changes in requirements and best practice.

The Risk Oversight Committee is responsible for exercising senior level oversight of all risk-related issues (both financial and non-financial). It has specific responsibility for the in-depth assessment and reporting of all material risks faced by the Group including the selection and scoring of the risks, the implementation of appropriate key risk indicators and controls designed to provide risk mitigation.

26. Financial instrument risk management (continued)

The Financial Risk Committee is responsible for ensuring that the day-to-day operating activities are managed within the financial risk appetite and controls framework approved by the Board and the Audit and Risk Committee. The Financial Risk Committee has delegated responsibility for preparing the financial risk management policies for review and approval by the Board and the Audit and Risk Committee. It also reviews the detailed components of market, credit and liquidity risk exposures of the business to ensure that such risks are monitored and assessed appropriately. As a minimum, the Financial Risk Committee reviews:

- Market risk exposures associated with our equity and derivative positions
- Trading book and individual stock Value-at-Risk (VaR) with comparison to limits resulting excesses
- Performance of the trading book overall and at individual stock level
- Credit risk exposures to trading counterparties and deposit-taking counterparties
- Liquidity and concentration risk of the cash and cash equivalent assets
- Currency risk exposures of foreign currency denominated deposits
- Capital resources of the Group compared to the Capital Requirements Directive Pillar I capital requirement and additional internal economic capital measures
- Client asset requirements and resources

The Finance department has day-to-day responsibility for monitoring and reporting financial risk exposures within the Group and escalation of issues to senior management. In addition to daily reporting of market, credit and liquidity risk key indicators to senior management, the trading system has real-time trading book, stock and VaR limit alerts to flag individual stock holdings and trading book positions which are approaching their predefined limit. Margin requirement at Central Counterparties is also monitored continuously and automated intraday reporting is in place for credit exposures and associated credit limit breaches.

Independent assurance of the suitability and effectiveness of the Group's risk management framework and controls is provided to the Audit and Risk Committee by the utilisation of an outsourced, independent Internal Audit function.

Notes to the Financial Statements

26. Financial instrument risk management (continued)

The categorisation of the Group's assets and liabilities analysed by accounting treatment is summarised below:

	As at 30 September 2017			
	Loans and receivables/ liabilities at amortised cost £'000	Fair Value through Profit or Loss/ held for trading £'000	Non-financial instruments and other £'000	Total £'000
Assets				
Property, plant and equipment	-	-	2,998	2,998
Intangible assets	-	-	33	33
Deferred tax	-	-	3,116	3,116
Trade and other receivables	254,533	-	1,400	255,933
Trading investments	-	47,424	-	47,424
Stock borrowing collateral	8,606	-	-	8,606
Derivative financial instruments	-	35	-	35
Cash and cash equivalents	95,852	-	-	95,852
Total assets	358,991	47,459	7,547	413,997
Liabilities				
Trade and other payables	(252,543)	-	(2,256)	(254,799)
Financial liabilities	-	(19,875)	-	(19,875)
Current income tax	-	-	(5,697)	(5,697)
Total liabilities	(252,543)	(19,875)	(7,953)	(280,371)
Total equity	106,448	27,584	(406)	133,626

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26. Financial instrument risk management (continued)

	As at 30 September 2016			
	Loans and receivables/ liabilities at amortised cost £'000	Fair Value through Profit or Loss/ held for trading £'000	Non-financial instruments and other £'000	Total £'000
Assets				
Property, plant and equipment	-	-	3,734	3,734
Intangible assets	-	-	122	122
Deferred tax	-	-	1,666	1,666
Trade and other receivables	168,180	-	2,310	170,490
Trading investments	-	48,453	-	48,453
Stock borrowing collateral	3,901	-	-	3,901
Derivative financial instruments	-	616	-	616
Cash and cash equivalents	89,002	-	-	89,002
Total assets	261,083	49,069	7,832	317,984
Liabilities				
Deferred tax	-	-	(12)	(12)
Trade and other payables	(171,208)	-	(1,823)	(173,031)
Financial liabilities	-	(12,293)	-	(12,293)
Current income tax	-	-	(3,571)	(3,571)
Total liabilities	(171,208)	(12,293)	(5,406)	(188,907)
Total equity	89,875	36,776	2,426	129,077

Market Risk-Equity Risk

The Group is affected by conditions in the financial markets and the wider economy through its holdings of equity investments arising through the normal course of its market making, trading and investing activities. Equity risk arises from the exposures of these holdings to changes in prices and volatilities of equity prices. An adverse movement in the fair value of our holdings has consequences for the capital resources of the Group and therefore it is important for management to understand the potential impact of such movements.

The Group utilises a VaR model to measure market risk. The model uses a 'Historical Simulation' approach which shocks market risk positions by the actual daily market moves observed during a rolling 256 business day window. The sum of the simulated returns for each of the 256 days is calculated and the VaR is defined as being the 3rd worst loss during this year. This approach is an accepted industry standard and gives the Group an understanding of the market risks being taken.

VaR limits are set at both individual stock level and portfolio level and are approved by the Board. Such limits are incorporated into the Group's front office trading system so that real time monitoring of VaR exposures is available to both front office staff and relevant risk management staff. On a daily basis the Finance department computes the Historical Simulation VaR risk measure based on the end of day portfolio of holdings. The results are reported to senior management at the end of each day against limits with all resulting excesses highlighted. Similarly the risk measures are also compared to the daily revenue performance and our capital resources. Alongside the use of VaR limits, there are absolute monetary trading book limits at gross and net position level.

Notes to the Financial Statements

26. Financial instrument risk management (continued)

The following table shows the highest, lowest, and average total long, short, gross, and net position in listed securities during the year, together with positions at year end.

	2017			
	Long £'000	Short £'000	Gross £'000	Net £'000
Highest position	47,599	(27,143)	74,742	36,194
Lowest position	33,326	(10,101)	46,615	13,451
Average position	38,979	(17,355)	56,334	21,625
As at 30 September 2017	33,326	(19,875)	53,200	13,451

	2016			
	Long £'000	Short £'000	Gross £'000	Net £'000
Highest position	45,755	(21,552)	65,713	31,831
Lowest position	29,527	(10,533)	43,027	16,027
Average position	38,180	(13,402)	51,582	24,779
As at 30 September 2016	35,941	(12,293)	48,234	23,648

The table below shows the highest, lowest, average, and year end equity VaR.

	2017	2016
	£'000	£'000
Highest VaR	990	798
Lowest VaR	247	232
Average VaR	436	431
As at 30 September	263	534

In addition the Group holds positions totalling £14,133,000 (2016: £13,128,000) in unlisted securities. These are reported to senior management together with positions in listed securities on a daily basis.

Trading investments

Equity risk on the trading investments held within the market making book is the day-to-day responsibility of the Head of Trading, whose decision making is independently monitored. Trading investments held outside the market making activities are monitored by the Co-CEOs, Finance Director and senior management.

Equity risk is managed through a combination of cash investment limits applied to the entire trading book coupled with VaR limits set at individual stock level and portfolio level. These limits are approved by the Board, the Audit and Risk Committee, and the Financial Risk Committee, and monitored and reported by the Finance department daily. Breaches of the stock and portfolio limits are initially flagged in real time on the trading platform and monitored by the traders and the Finance department. Breaches are either addressed by the traders or, if they are unable to take corrective action, will be discussed with the Finance department and reported to senior management as part of the routine end of day reporting mechanism. Breaches are also summarised and presented to the Financial Risk Committee along with reasons for the breaches and corrective action required to bring them within limits.

An annual sensitivity analysis based on a 10% increase/decrease in underlying equity prices on the trading investments held at the year end indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £4,724,000 (2016: £4,845,000).

6.0 Financial Statements

26. Financial instrument risk management (continued)

Financial liabilities

Financial liabilities comprise short positions in quoted stocks arising through the normal course of business in facilitating client order flow. Equity risk on financial liabilities is the day-to-day responsibility of the Head of Trading. Exposures of this nature are monitored in exactly the same way as trading investments above as these positions form part of the trading book.

A sensitivity analysis based on a 10% increase/decrease in underlying equity prices on the financial liabilities held at the year end indicates that the impact of such a movement would be to decrease/increase respectively profit in the income statement by £1,988,000 (2016: £1,229,000).

Derivatives financial instruments

Derivative financial instruments primarily comprise equity options and warrants over listed equity securities and are predominantly received by the Group as non-cash consideration for advisory and other services. This category may also include foreign exchange contracts used to hedge transactional exposures arising from normal operational activities.

Equity risk arising on derivatives is the day-to-day responsibility of the Head of Trading. Exposures are measured using the Group's VaR methodology and reported to senior management daily along with a detailed inventory of options and warrant holdings which are either in-the-money or close to being in-the-money.

A 10% increase/decrease in the relevant underlying equity price relating to the derivative financial instruments held at the year end indicates that the impact of such a movement on the profit in the income statement would be an increase of £215,000 (2016: £91,000) and decrease of £34,000 (2016: £89,000) respectively.

Market Risk-Currency Risk

Currency risk arises from the exposure to changes in foreign exchange spot and forward prices and volatilities of foreign exchange rates. The Group is exposed to the risk that the Sterling value of the assets, liabilities or profit and loss could change as a result of foreign exchange rate movements.

There are three sources of currency risk to which the Group may be exposed. Firstly, foreign currency denominated financial assets and liabilities arising as a result of trading in foreign securities, secondly, foreign currency financial assets and liabilities as a result of foreign currency denominated corporate finance fees, supplier payments or Treasury activities and finally foreign currency denominated investments in subsidiaries of the Group. The Finance Department is responsible for monitoring the Group's currency exposures which are reported to senior management daily.

Currency risk is measured using a similar VaR methodology as that used for the Group's measurement of equity risk. The table below shows the highest, lowest and average foreign currency VaR.

	2017	2016
	£'000	£'000
Highest VaR	138	96
Lowest VaR	50	43
Average VaR	88	65
As at 30 September	102	54

The Group's net assets by currency as at 30 September were as follows:

	2017					
	Sterling £'000	Euro £'000	Canadian \$ £'000	US \$ £'000	Other £'000	Total £'000
Sterling equivalent	122,080	2,797	160	6,555	2,034	133,626
	2016					
	Sterling £'000	Euro £'000	Canadian \$ £'000	US \$ £'000	Other £'000	Total £'000
Sterling equivalent	124,219	314	56	3,853	635	129,077

Notes to the Financial Statements

26. Financial instrument risk management (continued)

The Group hedges all significant transactional currency exposures arising from trading activities using spot or forward foreign exchange contracts. The fair value of derivative financial instruments held to manage such currency exposure as at 30 September 2017 was immaterial (2016: immaterial). The Group does not hedge future anticipated transactions. Currency exposure to foreign currency denominated corporate finance receivables and supplier payables is not considered material.

The table below shows the impact on the Group's results of a 10 cent movement in the US\$ and Euro in terms of transactional and translational exposures.

2017	US\$	Euro	Total
10 cent increase (strengthening £):	£'000	£'000	£'000
Profit before tax	(561)	(225)	(786)
Equity	(373)	(225)	(598)
2017	US\$	Euro	Total
10 cent decrease (weakening £):	£'000	£'000	£'000
Profit before tax	651	269	920
Equity	433	269	702

Market Risk-Interest Rate Risk

Interest rate risk arises as a result of changes to the yield curve and the volatilities of interest rates.

The Group's interest bearing assets are predominantly held in cash or cash equivalents. Excess cash funds may be held on short-term floating rate terms or placed on overnight or short-term deposit. Investment of excess funds into cash equivalent instruments may occur from time-to-time depending on the management's view of yields on offer, liquidity requirements, and credit risk considerations. As the Group has limited exposure to interest rate risk and has no external debt (2016: £nil) it does not use derivative instruments to hedge interest rate risk.

The table below shows the interest rate profile of the Group's cash and cash equivalent investments and, while not interest bearing, also shows the Group's exposure to listed investments as these have an indirect sensitivity to significant changes and volatility of interest rates.

Currency	2017			2016		
	Cash and cash equivalents £'000	Listed investments £'000	Total £'000	Cash and cash equivalents £'000	Listed investments £'000	Total £'000
Sterling	90,858	11,449	102,307	86,466	22,979	109,445
US Dollars	2,841	1,880	4,721	1,249	526	1,775
Euro	748	11	759	640	29	669
Canadian Dollars	184	-	184	-	105	105
Other	1,221	111	1,332	647	9	656
At 30 September	95,852	13,451	109,303	89,002	23,648	112,650
Fixed Rate	-	-	-	-	-	-
Floating Rate	95,852	-	-	89,002	-	-

In addition to the above, cash collateral balances of £9,530,000 (2016: £7,670,000) and stock borrowing collateral balances of £8,606,000 (2016: £3,901,000) are subject to daily floating rate interest.

26. Financial instrument risk management (continued)

The Group has no material exposures to fair value movements arising from changes in the market rate of interest as at 30 September 2017 or 2016. Therefore no material sensitivity to changes in the prevailing market rates of interest exist as at 30 September 2017 or 30 September 2016.

Fair value estimation and hierarchy

Disclosure of financial instruments that are measured on the balance sheet at fair value is based on the following fair value measurement hierarchy:

- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3: Inputs for the asset or liability which are not based on observable market data.

The Group's financial instruments held at fair value are analysed as follows:

	As at 30 September 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	33,291	–	14,133	47,424
Derivative financial instruments	–	35	–	35
Assets	33,291	35	14,133	47,459
Financial liabilities	(19,875)	–	–	(19,875)
Liabilities	(19,875)	–	–	(19,875)

	As at 30 September 2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	35,327	–	13,126	48,453
Derivative financial instruments	–	616	–	616
Assets	35,327	616	13,126	49,069
Financial liabilities	(12,293)	–	–	(12,293)
Liabilities	(12,293)	–	–	(12,293)

There were no transfers between Level 1, Level 2 and Level 3 during the year.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation at the end of each reporting year based on the lower level input that is significant to the fair value measurement as a whole. Transfers are recorded as if the transfer took place at the beginning of the reporting year except in the case of a Level 2 or Level 3 holding being elevated to Level 1 by virtue of the company in question listing on a recognised exchange, for example through an IPO. In this instance price changes post the IPO date are treated as Level 1 movements whereas price changes prior to the IPO date would generally fall into Level 2.

Notes to the Financial Statements

26. Financial instrument risk management (continued)

Movements in financial assets categorised as Level 3 during the year were:

	2017	2016
	£'000	£'000
At 1 October	13,126	10,969
Net (losses)/gains included in other operating income in the income statement	(319)	917
Additions	1,326	1,240
At 30 September	14,133	13,126

Level 3 financial instruments comprise equity holdings in unquoted companies. The determination of fair value requires judgement, particularly in determining whether changes in fair value have occurred since the last observable transaction in the investee company's shares. In making this judgement the Group evaluates amongst other factors the materiality of each individual holding, the stage of the investee company's development, financial information pertaining to each investee company and relevant discussions with the investee company's management.

The carrying value of assets and liabilities not held at fair value (cash and cash equivalents, trade and other receivables, trade and other payables and stock borrowing collateral) are not materially different from fair value.

Credit Risk-Counterparty Risk

Credit risk is the potential loss that the Group would incur if a counterparty fails to settle its contractual obligations or there is a failure of a deposit taking institution. Credit risk exposure therefore arises as a result of trading, investing, and financing activities. The primary source of credit risk faced by the Group is that arising from the settlement of equity trades carried out in the normal course of business.

The credit risk on a particular equity trade receivable is measured by reference to the original amount owed to the Group less any partial payments less any collateral to which the Group is entitled. For example, in accordance with the delivery versus payment principle, the potential exposure at default sustained by the Group would not be the amount of the outstanding receivable balance, but rather the amount representing commission due to the Group and any residual exposure from market risk on the underlying equity after a sell-out (or buy-in) has been carried out.

An internal stress test is employed in order to measure the credit risk exposure faced by the Group. This is a historical 20-day VaR methodology and a conservative judgement of the likelihood of counterparty default. This assessment is applied to the end of day equity trade receivable and payable balances and the results are reported to senior management on a daily basis.

Credit risk exposures are also managed by the use of individual counterparty limits applied initially on the categorisation of the counterparty (for example, hedge fund, long only fund, broker, etc) and assessed further according to the results of an external credit rating and/or relevant financial indicators and/or news flow. From time-to-time certain counterparties may be placed on an internal watch list in reaction to adverse news flow or market sentiment. The Finance department prepares a summary daily report for senior management which identifies the top 40 individual counterparty exposures measured against their limits, the major stock positions which make up the exposure and a list of the largest failing trades. This reporting incorporates the Sterling equivalent gross inward, outward and net cash flow exposure. Finally, automated hourly intra-day reporting of all gross inward, outward and net cash flow exposures by individual counterparty against assigned limits is monitored by the Finance department to ensure appropriate escalation and mitigation action is taken.

Trade receivables relating to fees due on the Group's corporate finance and advisory activities are monitored on a weekly basis.

Cash and cash equivalents are with large UK based commercial clearing banks all of whom have had credit ratings at or above Fitch investment grade A throughout the year. Credit exposures may be further reduced by diversification of deposits across a number of institutions.

26. Financial instrument risk management (continued)

The Group's financial assets are analysed by their ageing in the table below and represent the maximum exposure to credit risk as at 30 September 2017 of balance sheet financial instruments before taking account of any collateral held or other credit enhancements. As at 30 September 2017 there were no collateral amounts held by the Group as security against amounts receivable (2016: Enil).

As at 30 September 2017								
	Not overdue £'000	Overdue not impaired					Impaired £'000	Total £'000
		0 to 3 months £'000	3 to 6 months £'000	6 to 9 months £'000	9 to 12 months £'000	Over 1 year £'000		
Derivative financial instruments	35	-	-	-	-	-	-	35
Trade and other receivables	228,732	24,769	190	2	-	14	130	253,837
Trading investments	47,424	-	-	-	-	-	-	47,424
Stock borrowing collateral	8,606	-	-	-	-	-	-	8,606
Cash and cash equivalents	95,852	-	-	-	-	-	-	95,852
	380,649	24,769	190	2	-	14	130	405,754

As at 30 September 2016								
	Not overdue £'000	Overdue not impaired					Impaired £'000	Total £'000
		0 to 3 months £'000	3 to 6 months £'000	6 to 9 months £'000	9 to 12 months £'000	Over 1 year £'000		
Derivative financial instruments	616	-	-	-	-	-	-	616
Trade and other receivables	144,870	23,177	115	6	-	12	187	168,367
Trading investments	48,453	-	-	-	-	-	-	48,453
Stock borrowing collateral	3,901	-	-	-	-	-	-	3,901
Cash and cash equivalents	89,002	-	-	-	-	-	-	89,002
	286,842	23,177	115	6	-	12	187	310,339

Credit Risk-Concentration Risk

Concentration risk is the risk arising from exposures to groups of connected parties, counterparties in the same sector, or counterparties undertaking the same activity. Concentration risk arises, in particular, with respect to the Group's exposures to unsettled securities trades. These exposures are monitored intra-day on an hourly basis using the credit risk exposure reports and process outlined above. In addition, as orders are taken, system-generated warnings are given of any counterparties whose order is likely to grow above £5m in size.

As at 30 September 2017 the exposure to the following categories of counterparty was as follows: brokers £109.6m (2016: £81m), long only funds £82.2m (2016: £41m), hedge funds £19.4m (2016: £5m) and other £24.8m (2016: £31m).

Concentration of credit risk to a particular counterparty or issuer may also arise from deposits placed with UK licensed banks, investments in cash equivalents and as a result of normal trading activity through Central Counterparties, such as the London Clearing House. The credit quality of these counterparties is kept under review by management.

Concentration of trading investments by market is disclosed in note 18. There are no significant concentration risks arising in any other class of financial asset as at 30 September 2017 (2016: Enil).

Notes to the Financial Statements

26. Financial instrument risk management (*continued*)*Liquidity Risk*

Liquidity risk is the risk that funds are either not available to service day-to-day funding requirements or are only available at a high cost or need to be arranged at a time when market conditions are unfavourable and consequently the terms are onerous. Liquidity is of vital importance to the Group to enable it to continue operating in even the most adverse circumstances.

The Group assesses its liquidity position on a daily basis and computes the impact of various stress tests to determine how liquidity could be impacted under a range of different scenarios. The Group currently maintains substantial excess liquidity so that it can be confident of being able to settle transactions and continue operations even in the most difficult foreseeable circumstances.

The undiscounted cash flows relating to Group's financial liabilities are expected occur in the following periods based on the remaining time to contractual maturity date at the balance sheet date:

	As at 30 September 2017				
	Less than 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	249,016	6,222	1,255	-	256,493
Financial liabilities	19,875	-	-	-	19,875
	268,891	6,222	1,255	-	276,368

	As at 30 September 2016				
	Less than 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	168,261	4,224	580	-	173,065
Financial liabilities	12,293	-	-	-	12,293
	180,554	4,224	580	-	185,358

Capital Risk

The Group manages its capital resources on the basis of regulatory capital requirements under Pillar 1 and its own assessment of capital required to support all material risks throughout the business (Pillar 2). The Group manages its regulatory capital through an Internal Capital Adequacy Assessment Process (known as the ICAAP) in accordance with guidelines and rules governed by the Financial Conduct Authority (FCA). Under this process the Group is satisfied that there is either sufficient capital to absorb potential losses or that there are mitigating controls in place which make the likelihood of the risk occurring remote.

Both the minimum regulatory capital requirement and the Pillar 2 assessment are compared with total available regulatory capital on a daily basis and monitored by the Finance department. The excess capital resources, under both measurements, are reported to the Financial Risk Committee and to the Audit and Risk Committee and the Board at each time they meet.

As at 30 September 2017, the Group had £115.6m of regulatory capital resources, which is in excess of both its regulatory capital requirement (Pillar 1) and the internally measured capital requirement (Pillar 2). The regulatory capital of £115.6m increases to c. £126.6m following the successful completion of the financial audit.

For Pillar 1 capital, the Group has adopted the standardised approach to credit risk and market risk and the basic indicator approach for operational risk. Compliance with FCA capital related regulatory requirements was maintained throughout the year.

26. Financial instrument risk management (continued)

Operational Risk

Operational risk is the risk of loss arising from short-comings or failures in internal processes, people or systems, or from external events. Operational risk can also be impacted by factors such as the loss of key staff, the quality of execution of client business, the maintenance of performance management controls, and a major infrastructural failure and/or terrorist event.

The Group takes steps to identify and avoid or mitigate operational risk wherever possible. Continuously evolving control standards are applied by suitably trained and supervised individuals and senior management is actively involved in identifying and analysing operational risks to find the most effective and efficient means to mitigate and manage them. Enhancements to staff training programmes and Internal Audits occur throughout the year.

Company

The risk management processes for the Company are aligned with those of the Group as a whole and fully integrated into the risk management framework, processes and reporting outlined within the Corporate Governance Report on page 18 and in the Group section of this note starting on page 72. The Company's specific risk exposures are explained below:

Equity Risk

The Company is exposed to equity risk on its trading investments, derivative financial instruments and investments in subsidiaries. Trading investments comprise holdings in quoted and unquoted securities whereas derivative financial instruments have historically comprised warrants over unquoted securities.

In addition to risk measures reported on the Group's equity-based holdings as a whole, a sensitivity analysis based on a 10% increase/decrease in the underlying equity prices on the aggregate trading investments and derivative financial instruments held at the year end has been performed and indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £1,402,000 (2016: £1,679,000).

Currency Risk

The Company has no material exposure to transactional or translational foreign currency risk as it rarely undertakes transactions in currencies other than Sterling and consequently rarely has financial assets or liabilities denominated in currencies other than Sterling.

Interest Rate Risk

The Company has no material exposure to interest rate risk as it has limited interest bearing assets and liabilities.

Credit Risk

The Company has exposure to credit risk from its normal activities where there is a risk that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are primarily its subsidiaries or employees of the Group and therefore there has limited external credit risk exposure.

Liquidity Risk

The Company has no cash and cash equivalent balances. The management of the Group's ability to meet its obligations as they fall due is set out in the Group section of this note. The Company manages its liquidity risk by utilising surplus liquidity within the Group through transactions which pass through intercompany accounts when it is required to meet current liabilities.

Fair value estimation and hierarchy

Disclosure of financial instruments that are measured on the balance sheet at fair value is based on the following fair value measurement hierarchy:

- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3: Inputs for the asset or liability which are not based on observable market data.

Notes to the Financial Statements

26. Financial instrument risk management (continued)

	As at 30 September 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	14,009	-	13	14,022
Assets	14,009	-	13	14,022

	As at 30 September 2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	16,705	-	82	16,787
Assets	16,705	-	82	16,787

There were no transfers between Level 1, Level 2 and Level 3 during the year.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation at the end of each reporting year based on the lower level input that is significant to the fair value measurement as a whole.

Movements in financial assets categorised as Level 3 during the year were:

	2017 £'000	2016 £'000
At 1 October	82	95
Net losses included in other operating income in the income statement	(69)	(13)
At 30 September	13	82

Level 3 financial instruments comprise equity holdings in unquoted companies. The determination of fair value requires judgement, particularly in determining whether changes in fair value have occurred since the last observable transaction in the investee company's shares. In making this judgement the Company evaluates amongst other factors the materiality of each individual holding, the stage of the investee company's development, financial information pertaining to each investee company and relevant discussions with the investee company's management.

There is no material difference between the carrying value and fair value of the Company's financial assets and liabilities.

27. Post balance sheet events

Final dividend

A final dividend of 6.5p per share (2016: 6.5p) was proposed by the directors at their meeting on 5 December 2017. These financial statements do not reflect this dividend payable.

28. Related party transactions

Group

a) Intra-group trading

Transactions or balances between Group entities have been eliminated on consolidation and, in accordance with IAS 24, are not disclosed in this note.

b) Key management compensation

The compensation paid to key management is set out below. Key management has been determined as the executive management teams of the Group operating subsidiaries, who are also directors of those subsidiaries:

	2017	2016
	£'000	£'000
Short term employment benefits	7,259	8,010
Post-employment benefits	63	60
Share based payments	2,431	983
	9,753	9,053

The above amounts include those paid to directors of the Company.

c) Dealings with Directors

During the year, Urless Farm, a company controlled by Mr and Mrs O Hemsley, charged the Group £2,400 (2016: £4,320) in respect of services provided.

Amounts received or receivable during the year by Lorna Tilbian in respect of historic claims settled on confidential terms amounted to £275,000.

Company

a) Transactions between related parties

Details of transactions between the Company and its subsidiaries, which are related parties of the Company, are set out as follows: amounts owed to the Company from subsidiaries are disclosed in note 17 and amounts owed by the Company to subsidiaries are disclosed in note 20.

b) Key management compensation

The compensation paid to key management is set out below.

	2017	2016
	£'000	£'000
Short term employment benefits	5,154	3,415
Post-employment benefits	49	10
Share based payments	2,028	424
	7,231	3,849

Details of the remuneration of each director, including the highest paid director, can be found within the Remuneration report on page 27. The compensation in the above table has been paid and recognised by a subsidiary of the Company.

Notice of Annual General Meeting 2018

Please see the explanatory notes attached to this notice.

NOTICE is hereby given that the **Annual General Meeting** of Numis Corporation Plc (the “Company”) will be held at the offices of Numis Corporation Plc, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT on Tuesday 6 February 2018, at 12 noon to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 9 and 12 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions:

Ordinary business

1. To receive and adopt the Company’s annual accounts for the financial year ended 30 September 2017, together with the directors’ report and auditors’ report for such year.
2. To declare a final dividend for the year ended 30 September 2017 of 6.5p per ordinary share payable on 9 February 2018 to shareholders on the register at the close of business on 15 December 2017.
3. To reappoint as a director Mr Alan Carruthers, who was appointed to the Board of the Company since the last Annual General Meeting and being eligible, offers himself for election.
4. To reappoint as a director Mr Andrew Holloway who was appointed to the Board of the Company since the last Annual General Meeting and being eligible, offers himself for election.
5. To reappoint as a director Mr Alex Ham, who is retiring by rotation in accordance with the Company’s Articles of Association and being eligible, offers himself for election.
6. To reappoint as a director Mrs Catherine James, who is retiring by rotation in accordance with the Company’s Articles of Association and being eligible, offers herself for election.
7. To reappoint PricewaterhouseCoopers LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company.
8. To authorise the Audit & Risk Committee to determine the remuneration of the auditor on behalf of the Board.

Ordinary resolution – authority to allot relevant securities

9. That:
 - i. The directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (“the Act”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“Relevant Securities”), up to a maximum aggregate nominal amount equal to £1,772,957.00 (equivalent to 35,459,149), provided that:
 - a. this authority shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier) unless previously revoked, varied or renewed by the Company in a general meeting;

- b. the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require Relevant Securities to be allotted after the expiry of this authority and the directors may allot Relevant Securities pursuant to such offer or agreement as if this authority had not expired; and
- c. all prior authorities to allot Relevant Securities be revoked but without prejudice to any allotment of Relevant Securities already made thereunder.

Special resolution – disapplication of statutory pre-emption rights

10. That, subject to and conditional upon the passing of resolution 9 set out in the notice of this meeting, the directors be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the said resolution 10 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - a. the allotment of equity securities in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of ordinary shareholders on the register on a date fixed by the directors in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on that date, but subject to such exclusions and/or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or any legal, regulatory or practical difficulties under the laws of any territory, or the requirements of any regulatory body or stock exchange, or as regards shares in uncertificated form; and,
 - b. the allotment (otherwise than pursuant to subparagraph a) above) of equity securities having an aggregate nominal amount not exceeding £265,943.00 (equivalent to 5,318,872 shares), and this power shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier), unless previously revoked, varied or renewed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

7.0 Other Information

Please see the explanatory notes attached to this notice.

Special resolution – authority to purchase Company's own shares

11. That the Company be generally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company on such terms and in such manner as the directors shall determine, provided that:
- the maximum number of ordinary shares hereby authorised to be purchased is limited to an aggregate of 10,637,744 shares (equivalent to £531,888.00);
 - the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 5p;
 - the maximum price, exclusive of any expenses, which may be paid for each ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased;
 - this authority shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier), unless previously revoked, varied or renewed; and,
 - the Company may make a contract to purchase ordinary shares under this authority prior to the

expiry of this authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract as if such authority had not expired.

Ordinary resolution – authority to make political donations

12. That in accordance with sections 366 and 367 of the Companies Act 2006 (the Act), the Company is, and all companies that are, at any time during the period for which this resolution has effect, subsidiaries of the Company as defined in the Act, are hereby authorised in aggregate to:
- to make political donations as defined in section 364 of the Act, to political parties and/or independent electoral candidates, as defined in section 363 of the Act, not exceeding £50,000 in total;
 - make political donations to political organisations other than political parties, as defined in section 363 of the Act, not exceeding £50,000 in total; and,
 - incur political expenditure, as defined in section 365 of the Act, not exceeding £50,000 in total,
- in each case during the period commencing on the date of passing this resolution and ending on the date of the next AGM of the Company to be held in 2019 or on 1 May 2019, whichever is sooner. In any event, the aggregate amount of political expenditure made or incurred under this authority shall not exceed £100,000.

By order of the Board

Simon Denyer
Group Finance Director
& Company Secretary

7 December 2017

Registered in England
& Wales
Company Registered
No: 2375296
Registered Office:
10 Paternoster Square
London EC4M 7LT

Notes

Right to appoint a proxy

- Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
- A proxy form which may be used to make such appointment and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC, on 0370 707 1203.

Procedure for appointing a proxy

- To be valid, the proxy form must be received by post or (during normal business hours only) by hand at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, no later than 4 February 2018 at 12 noon (or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting). It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority.
- The Proxy Form must be received by the Company's registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time of the holding of the Annual General Meeting. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Computershare (under CREST participant ID 3RA50) by no later than 12 noon on

4 February 2018. The time of receipt will be taken to be the time from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Completion and return of a Proxy Form or transmitting a CREST Proxy Instruction will not prevent you from attending and voting at the Annual General Meeting in person should you wish.

- The return of a completed proxy form will not preclude a member from attending the Annual General Meeting and voting in person if he or she wishes to do so.

Record date

- To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company as at close of business on 4 February 2018 or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting.

Corporate representatives

- Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Communications

- Members who have general enquiries about the meeting should use the following means of communication. No other means of communication will be accepted. You may:
 - Call our members' helpline on 0370 707 1203
 - Write to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

7.0 Other Information

Explanatory Notes to the Notice of 2018 Annual General Meeting

In the following notes, references to the “current” issued share capital of the Company are to the 106,377,448 **issued ordinary shares of 5p each** in the capital of the Company in issue as at the close of business on 30 November 2017 (being the latest practicable date before the publication of this document). This number may be used by the shareholders as the denominator for calculations by which they will determine if they are required to notify their interest in, or a change to their interests in, the Company under the FCA’s Disclosure and Transparency Rules and **excludes 12,061,088 ordinary issued shares held in Treasury.**

Resolution 1 – To receive the Report and Accounts

The Board asks that shareholders receive the reports of the directors and the financial statements for the year ended 30 September 2017, together with the report of the auditors.

Resolution 2 – Declaration of final dividend

A final dividend can only be paid if it is recommended by the directors and approved by the shareholders at a general meeting. The directors propose that a final dividend of 6.5p per ordinary share be paid on 9 February 2018 to ordinary shareholders who are on the Register of Members at the close of business on 15 December 2017.

Pursuant to the Dividend Investment Plan (“DRIP”), shareholders will again be offered the opportunity to elect to use their cash dividend to buy additional shares in Numis instead of any cash dividend to which they would otherwise have been entitled. The DRIP allows shareholders to increase their shareholdings in the Company in a simple and cost-effective way. Once a shareholder has elected to participate in the DRIP, any cash dividend will be reinvested in ordinary shares in the Company bought on the London Stock Exchange through a specially arranged share dealing service. As the DRIP does not require the creation of any new ordinary shares in the Company and therefore does not lead to dilution of the value of the existing ordinary shares in the Company, the directors believe that the DRIP is beneficial to the shareholders as a whole.

If you have already joined, or choose to join the DRIP, the Final Dividend will be used to buy ordinary shares in the Company. A dealing commission of 0.75% of the value of the ordinary shares purchased will be charged (subject to a minimum of £2.50) and deducted from the amount of the Final Dividend.

If you have not already joined the DRIP and wish to do so, you should either apply online at www.investorcentre.co.uk or, alternatively, contact the Company’s registrar on 0370 707 1203 to request the terms and conditions of the DRIP and a printed mandate form, which must be returned to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, so as to arrive no later than **5.00 pm on 19 January 2018**. If you have already joined the DRIP and wish to continue receiving dividends in shares, or if you have not already joined the DRIP and wish to continue receiving dividends in cash, you need take no further action.

Resolutions 3 to 6 – Election of directors

The Articles of Association of the Company require the nearest number to one third of the directors to retire at each Annual General Meeting. In addition, any director who has been appointed since the last Annual General Meeting must also retire and may offer him or herself for re-election and such directors are not counted in calculating the number of directors to retire by rotation.

Messrs. Carruthers (Non-Executive Chairman) and Holloway (Chief Financial Officer) were appointed to the Board since the last Annual General Meeting and as required under the Articles of Association, offer themselves for re-election.

Messrs. James (Independent Non-Executive Director) and Ham (Co-CEO) are subject to retire by rotation and offer themselves for reappointment as required under the Articles and offer themselves for re-election.

The directors believe that the Board continues to maintain an appropriate balance of knowledge and skills and that all the Non-Executive Directors are independent in character and judgement. Biographical details of all our directors can be found on page 20 of the 2017 Annual Report.

Resolution 7 and 8 – Reappointment and remuneration of auditors

The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. The resolution proposes the reappointment of the Company’s existing auditors, PricewaterhouseCoopers LLP.

Resolution 8 proposes that the Audit & Risk Committee be authorised to determine the level of the auditors’ remuneration on behalf of the Board.

Resolution 9 – Authority to allot relevant securities

The Company requires the flexibility to allot shares from time to time and with effect from October 2009, the Companies Act 2006 (the “Act”) abolished the requirement for a company to have an authorised share capital. The directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

The directors’ existing authority to allot “relevant securities” (including ordinary shares and/or rights to subscribe for or convert into ordinary shares), which was granted (pursuant to section 551 of the Companies Act 2006) at the Annual General Meeting held on 7 February 2017, will expire at the end of this year’s Annual General Meeting. Accordingly, paragraph (i) of resolution 9 would renew and increase this authority (until the next Annual General Meeting or unless such authority is revoked or renewed prior to such time) by authorising the directors (pursuant to section 551 of the Act) to allot relevant securities up to an aggregate nominal amount equal to approximately one third of the current issued share capital of the Company. Save in respect of the issue of new ordinary shares pursuant to the Company’s share incentive schemes or as a result of scrip dividends, the directors

7.0 Other Information

currently have no plans to allot relevant securities, but the directors believe it to be in the interests of the Company for the Board to be granted this authority, to enable the Board to take advantage of appropriate opportunities which may arise in the future.

Resolution 10 – Disapplication of statutory pre-emption rights

This resolution seeks to disapply the pre-emption rights provisions of section 561 of the Act in respect of the allotment of equity securities for cash pursuant to rights issues and other pre-emptive issues, and in respect of other issues of equity securities for cash up to an aggregate nominal value of exceeding £265,943.00 (equivalent to 5,318,872 shares), being an amount equal to approximately 5 per cent. of the current issued share capital of the Company. If given, this power will expire at the same time as the authority referred to in resolution 9. The directors consider this power desirable due to the flexibility afforded by it. Save in respect of the issue of new ordinary shares pursuant to the Company's share incentive schemes, the directors have no present intention of issuing any equity securities for cash pursuant to this disapplication.

Resolution 11 – Authority to purchase Company's own shares

The Articles of Association of the Company provide that the Company may from time to time purchase its own shares subject to statutory requirements. Such purchases must be authorised by the shareholders at a general meeting. This resolution seeks to grant the directors authority (until the next Annual General Meeting or (if earlier), unless such authority is revoked or renewed prior to such time) to make market purchases of the Company's own ordinary shares, up to a maximum of 10,637,744 shares (equivalent to £531,888.00), being an amount equal to approximately 10 per cent. of the current issued share capital of the Company. The maximum price payable would be an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company for the five business days immediately preceding the date of purchase and the minimum price would be the nominal value of 5p per share. Although the directors have no current intention to make such purchases, they consider that it is in the best interests of the Company and its shareholders to keep the ability to make market purchases of the Company's own shares in appropriate circumstances, without the cost and delay of a general meeting. The authority would only be exercised if the directors believe the purchase would enhance earnings per share and be in the best interests of shareholders generally. The Company may hold in treasury any of its own shares that it purchases in accordance with the authority conferred by this resolution. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with greater flexibility in the management of its capital base.

Resolution 12 – Authority to make political donations

The Companies Act 2006 prohibits companies from making any political donations to EU political organisations, independent candidates or incurring EU political expenditure unless authorised by shareholders in advance. The Company does not make and does not intend to make donations to EU political organisations or independent election candidates, nor does it incur any EU political expenditure.

However, the definitions of political donations, political organisations and political expenditure used in the Companies Act 2006 are very wide. As a result this can cover activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform. Shareholder approval is being sought on a precautionary basis only, to allow the Company and any company, which at any time during the period for which this resolution has effect, is a subsidiary of the Company, to continue to support the community and put forward its views to wider business and government interests without running the risk of inadvertently breaching the legislation.

The Board is therefore seeking authority to make political donations to EU political organisations and independent election candidates not exceeding £50,000 in total and to incur EU political expenditure not exceeding £50,000 in total. In line with best practice guidelines published by the Investment Association, this resolution is put to shareholders annually rather than every four years as required by the Companies Act 2006. For the purposes of this resolution, the terms 'political donations', 'political organisations', 'independent election candidate' and 'political expenditure' shall have the meanings given to them in sections 363 to 365 of the Companies Act 2006.

Documents available for inspection

There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), and for at least 15 minutes prior to and during the Annual General Meeting, copies of:

- i. the service contract of each Executive Director and the letter of appointment of each Non-Executive Director; and,
- ii. the Articles of Association of the Company.

7.0 Other Information

Information for Shareholders

Financial Calendar

2017-2018

December	Year end results announced
January	Annual report issued
February	Annual General Meeting
February	Final dividend paid
May	Half year results announced and half year report issued
July	Interim dividend paid

Company Information

Company Registration Number

2375296

Registered Office

10 Paternoster Square
London
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Nominated Broker

Numis Securities Ltd
10 Paternoster Square
London
EC4M 7LT

Nominated Advisor

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London
EC2P 2YU

Registrar

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