WALKERCRIPS

Making Investment Rewarding

Walker Crips Group plc
Annual Report and Accounts 2017

Founded on traditional values of honesty, fairness and integrity; committed to the clients that we serve.

Through acquisitions, we can trace our roots as far back as the 18th century, making us one of the City of London's oldest independent companies.

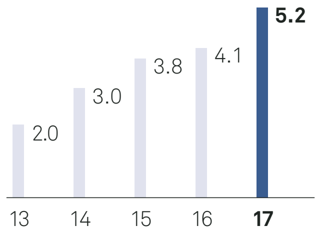
Contents

Highlights from our year

We have had a record-breaking year, demonstrating record growth in revenue and assets under management meeting our financial and strategic objectives.

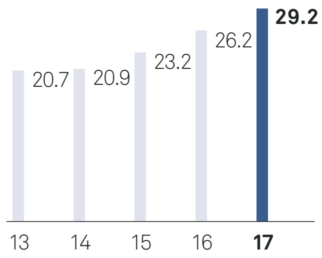
ASSETS UNDER MANAGEMENT AND ADMINISTRATION (£BN)

£5.2bn
2016: £4.1bn



TOTAL INCOME (£M)

£29.2m
2016: £26.2m



Financial highlights

- Group annual revenues increased by 12% to £29.2 million (2016: £26.1 million)
- Underlying operating profit, before tax and exceptional items increased to £1,142,000 (2016: £651,000)
- Reported profit before tax decreased to £804,000 (2016: £944,000)
- Discretionary and advisory assets under management increased by 39.1% to a high of £3.2 billion (2016: £2.3 billion)

Strategic highlights

- Non-broking income as a percentage of total income remains steady at 61.7% (2016: 61.8%)
- Proposed final dividend increased by 1.6% to 1.29 pence per share (2016: 1.27 pence per share), bringing total dividends for the year to 1.87 pence per share (2016: 1.85 pence per share)
- Achieved £5 billion AUMA target a year ahead of strategic objective
- Record turnover for second year in succession

Strategic report

Walker Crips at a glance

Walker Crips Group offers quality, trusted investment and wealth management services to private clients, intermediaries and institutions.

What we believe

Walker Crips strives to deliver great customer outcomes. We believe the best way to achieve this is by conducting ourselves with honesty, fairness and integrity.

Awards

Our ALPHA : r² Managed Portfolio Service (MPS) has been awarded 5-star defaqto ratings for its services.

Rodney FitzGerald, Chief Executive Officer, was named one of Private Asset Managers (PAM) 2017 50 Most Influential.

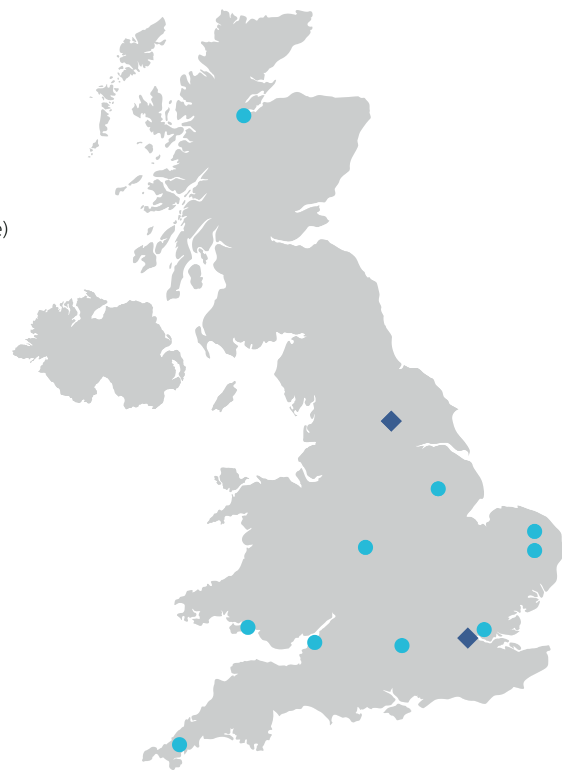
Gary Waite, Walker Crips Investment Manager and Portfolio Manager of ALPHA: r², was placed in Private Asset Managers (PAM) Top 40 Under 40.

Where we are

12

UK OFFICES

London (Group head office)
York (Wealth Management head office)
Birmingham
Bristol
Inverness
Lincoln
Newbury
Norwich
Romford
Swansea
Truro
Wymondham



Key statistics

103 years

LOOKING AFTER OUR CLIENTS

38,037

CLIENTS ACROSS THE UK

£5.2bn

AUMA

£29.2m

TOTAL REVENUE 2016/17

Our Investment Management division

REVENUE

Investment Management
The Investment Management division provides Bespoke Discretionary and Advisory Management to private clients, trusts, intermediaries and charities. Walker Crips Investment Management also offers discretionary fund management to intermediaries through ALPHA : r², our managed portfolio service.

Structured Investments
Now entering it's 10th year, our Structured Investments division presents opportunities to intermediaries and their clients to access pre-packaged (and bespoke) strategies to allow tax-efficient investments for a variety of different risk and return profiles. It arranges and administers structured investments with a prudent and sensible approach.

Stockbrokers
Our Stockbrokers division is a group of highly experienced individuals and teams, that allow a client to develop a relationship and personal contact with expert brokers who have built up specialist skills and knowledge to help clients with their investments. The division offers four bespoke services that allow a client to choose how they want to work with their own stockbroker; Bespoke Discretionary, Advisory Managed, Advisory Dealing and Execution-only.

Alternative Investments
Our Alternative Investment team provides innovative services and products for limited groups of sophisticated clients with specific requirements and eligible investors.
- Investor Immigration (Tier 1) Portfolios (IIP) – serves high net worth individuals from outside the UK.
- Short-term Lending (STL) – manages large direct mandates from institutional investors, giving them exposure to the UK property financing market.

Our Wealth Management division

REVENUE

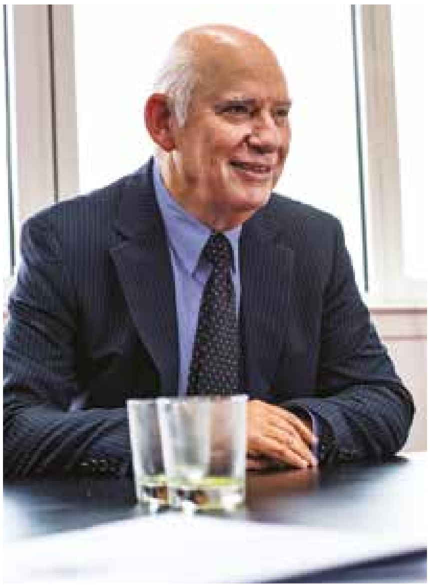
Wealth Management
This integrated offering combines advisory services on investments, pensions, protection and financial planning. Quality financial planning and investment management enables clients to plan for their children's education, increase their tax efficiency, ensure they achieve the retirement they want and prepare for inheritance tax.

Businesses and business owners also benefit from sound financial planning to encompass pension and employee benefit schemes, corporate protection and investments to ensure future stability and financial well-being.

Pensions
This division provides pension administration for Self Invested Personal Pensions (SIPP for individuals looking to control their pension fund investments) and Small Self Administered Schemes (SSAS for Company Directors to build a pension fund for their retirement and to help with the running of their business). Our clients have access to a wide choice of investments and retirement options, which provide them with investment flexibility and business efficiencies.

Chairman's Statement

This year has shown strong performances for the business, in which we have reached record highs and have concentrated on delivering initiatives to move forward with confidence into 2017/18.



Overview of 2016/17

The financial year ended 31 March 2017 can be split into two halves. In the first six months of the financial year, the uncertainty surrounding the run-up to the Brexit referendum and the subsequent challenging markets slowed revenue growth. This, coupled with a combination of non-recurring employment costs and growth-related development costs, saw our profitability fall well below our expectation. We saw a stronger performance, in the last six months, when improved market conditions, favourably impacted by the result of the US presidential elections, helped increase both revenues and profit.

Importantly, our Assets Under Management and Administration, a key metric of performance, continue to grow. Whilst we have recently experienced the benefits of more upbeat market conditions, the full ramifications of the negotiations on Brexit, together with the uncertainty arising from the outcome of the UK general election, have yet to emerge. Therefore, we will be monitoring developments closely in the interests of both shareholders and clients.

Dividend

In recognition of this year's progress, and notwithstanding the need to continue monitoring an increasing cost base, the Board is recommending a 1.6% increase in the final dividend to 1.29 pence per share (2016: 1.27 pence per share). This increase in the dividend reflects the Board's confidence in the Group's long-term prospects and prudent use of available reserves.

Combined with the interim dividend of 0.58 pence per share (2016: 0.58 pence per share), the total dividend for the year is 1.87 pence per share (2016: 1.85 pence per share), a 1.1% increase. The final dividend will be paid on 15 September 2017 to shareholders on the register at the close of business on 1 September 2017.

Strategy

The delivery of high quality personal investment advice and strong investment management capability remains at the core of our approach. As highlighted at the time of the interim results, we have sought to refine our client-focused strategy during the year to ensure premium service and integrity in all that we do for our clients. We aim to increase shareholder value by growing revenue, improving efficiency and continuing to increase our dividend payments.

We continue to advance the delivery of our strategy for growth in a fast-moving sector in which the pace of change in regulation and technology are a constant. Whilst preserving our healthy cash balance as a buffer for unforeseen events in these potentially turbulent times, we remain committed to providing a complete range of services through our core business of investment management and advice, not only to high net worth and mass affluent clients but also to clients with smaller portfolios. We also remain committed to our financial planning and Wealth Management division as we increasingly look to position ourselves favourably with intermediary professionals and their clients.

After four years of rapid expansion, including the corporate acquisition of Barker Poland Asset Management LLP in 2015, we are currently concentrating on successfully delivering the many continuing initiatives to deliver growth and satisfy increasing regulatory obligations. The Board is acutely aware of the demands our recent expansion has placed on our personnel, particularly the financial, compliance and operational teams in Romford, where we maintain investment and increase resources to mitigate the risks associated with growth.

Culture, governance and the Board

By setting the right example at the top, the Board has prioritised the communication of good conduct and the appropriate culture across all who represent the Company.

> We are even more committed now to increasing our service proposition through greater use of technology in a way that is relevant to clients, intermediaries and our own advisers.

We expect all personnel to exemplify good culture and behaviour to achieve good outcomes for clients and market contacts. Those aspects which need to be cascaded down throughout the organisation are identified by implementing a formal process of measuring and reporting against suitable metrics. The Executive Directors and senior management, through daily contact with employees and associates alike, endeavour to demonstrate strong leadership and to be inspiring role models while providing effective supervision.

Directors, account executives and staff

After another year of attracting new revenue generators to the Group, and absorbing their additional investment business through transfers of clients and their assets, we would like to thank all our fellow Directors, Investment Managers and Advisers, and members of our operations team for their hard work and diligence in assisting in this process.

The Board and in particular the Executive Directors have undergone a year of structural change in the governance and oversight of the business. We reported last year the newly created role of Group Compliance Director into which Guy Jackson has made an effective contribution since joining in May 2016. After managing the York office profitably for over ten years, David Hetherton has taken retirement from his role as Executive Director, Wealth Management, and we wish him well. Last year, Robert Elliott advised the Board of his intention to retire as a Non-Executive Director and also as Chairman of the Audit Committee and he will not be seeking to be re-elected to the Board at the forthcoming AGM. We will still benefit from his experience as a business leader and Chartered Accountant within our divisions. Clive Bouch, whom many colleagues will remember as a former partner with Deloitte LLP, has a long-standing relationship with the Company and we are delighted that he has joined the Board to serve as Chairman of the Audit Committee. His guidance, based on his recent relevant Board experience in several sectors of financial services, will be an invaluable asset to the Group.

Annual General Meeting

This year's Annual General Meeting will be held at the South Place Hotel, 3 South Place, London EC2M 2AF on 6 September 2017, at 11.00 a.m.

Looking ahead

In recent years we have achieved substantial growth, continuing to refine our strategy and business model to make further strides towards attaining our long-term strategic goals. We are now even more committed to increasing our service proposition through greater use of technology that is relevant to clients, intermediaries and our own advisers. Our willingness to innovate beyond our traditional business using our stable capital base is well established.

D. M. Gelber
Chairman
17 July 2017

CEO's Statement

The year to 31 March 2017 saw a rise in annual revenue of 12% to a record £29.2m and underlying operating profit before tax and exceptional items of £1.14m, an improvement of 75.4% over last year, reflecting the continuing strength of our strategy for growth.

Reconciliation of profit before tax to adjusted profit before tax

	2017 £000	2016 £000
Profit before tax	**804**	**944**
Exceptional items	**360**	778
Gain on Euroclear sale	**–**	(942)
Adjusted profit before tax	**1,164**	780

Reconciliation of operating profit/(loss) to operating profit before tax and exceptional items

	2017 £000	2016 £000
Operating profit (loss)	**782**	**(127)**
Exceptional items	**360**	778
Adjusted operating profit	**1,142**	651

Overview

After a difficult first half, it is pleasing to report that the Group saw a rise in annual revenue of 12% to a record £29.2m for the current full year. Profit before tax fell 14.8% to £0.8m from £0.94m. However, when adjusted for exceptional administrative expenses and the prior year gain of £0.94m on the sale of Euroclear shares, there was an underlying improvement of 49% to £1.16m from £0.78m.

Notwithstanding the improvement, the Board and executive management remain focused on improving the gross margin, managing the administrative cost-base and maintaining revenue growth.

The market's strength since September has demonstrated its resilience to the potential repercussions of the Brexit vote and also the surprise at the Trump victory in the USA. This strength, alongside inflows of new assets (being mainly client lists acquired during the year) has enabled our Assets Under Management and Administration (AUMA) to grow by 26.8% to a record high £5.2bn, with a corresponding positive effect on our portfolio managed revenues in our final quarter.

The proportion of less volatile non-broking income as a percentage of total income has remained steady at 61.7% (2016: 61.8%) and cash reserves of £7.69m (2016: £7.20m) have also been maintained.

Statement of financial position

As at 31 March 2017, the Group's financial position remains strong with a 6.6% increase in the level of net assets to £21.8m (2016: £20.5m), including an increase in net cash held at the year end date of £7.69m (2016: £7.2m) despite higher dividend payments of £716,000 (2016: £657,000) and acquisition cash consideration payments of £1,098,000 (2016: £823,000).

Operations

Although we have seen an increase in administrative expenses a material proportion of which relates to the exceptional items and development expenses associated with enhanced systems and controls for meeting higher client service levels and regulatory standards costs were strictly monitored and headcount has been largely restricted to incoming revenue earners, their support teams and administrative sections directly affected by our growth.

During the last 18 months our Executive Directors and Investment Managers have been heavily engaged in a major upgrading of our systems, monitoring and record-keeping in order to develop our own rising regulatory standards and those seen across our sector. This has led to a significant redefinition of the way in which we communicate with our substantial client base alongside a much greater use of technology. We are moving forward to complete the hard yards of this exercise imminently. The outcome is intended to reinforce our current offering to clients by continuing to build and maintain a closer and deeper understanding of each client's circumstances and requirements, thereby ensuring the suitability of the individual service being provided. We are hugely appreciative of our clients' continuing understanding throughout this time-consuming but important process, which should see a much improved premium service delivered to our clients. We firmly believe it will underpin our prosperity with a stronger foundation to ensure a Company-wide emphasis on good client outcomes in a manner aligned with our culture. The costs associated with these developments and improvements were recorded mainly in the prior year and in the first half of the current financial year.

Preparations are well underway to meet the challenges posed by the UK's adoption of the European Parliament's MiFID II Directive. We continue to fully support and reinforce Financial Conduct Authority (FCA) guidance on its drive to ensure that advice given to clients by our account executives is suitable, well-explained and properly recorded.

Statement of financial position

As at 31 March 2017, the Group's financial position remains strong with a 6.6% increase in the level of net assets to £21.8m (2016: £20.5m), including an increase in net cash held at the year end date of £7.69m (2016: £7.2m) despite higher dividend payments of £716,000 (2016: £657,000) and acquisition cash consideration payments of £1,098,000 (2016: £823,000).

6.6%
NET ASSET INCREASE

£21.8m
NET ASSETS

£7.69m
NET CASH HELD

Encouragingly, following its acquisition in March 2015, Barker Poland Asset Management LLP (BPAM) has delivered its second full contribution to our results above our expectations which has helped our stated aim of materially increasing the proportion of our revenues earned as fees, rather than through transaction-driven commissions. This is a key performance indicator reflecting the changing shape of the business from traditional stockbroking to an increasingly integrated investment and wealth management model.

Investment Management

The Group's Assets Under Management (AUM) have grown to record levels. We recognise the growing importance of scale, which gives clients and market participants a degree of reassurance of the security of their assets and the strength and stability of the organisation. With total Assets Under Management and Administration (AUMA) at the year end standing at a high of £5.2bn (31 March 2016: £4.1bn), our target of £5bn AUMA by 2018 has already been achieved with £10bn being a realistic milestone for the future.

Discretionary and Advisory Assets Under Management (AUM) at the year end were £3.2bn (31 March 2016: £2.3bn). This pleasing increase resulted partly from the inflow of AUM from the clients of new Advisers and Investment Managers, alongside transactional revenue and positive investment markets. Commission income from broking and investment activity showed a strong recovery in the second half of the year, after a poor first half that had been negatively affected by Brexit. Net investment management fees signalled growth on the back of new AUM and portfolio values increased by 5.1% to £8.2m (2016: £7.8m).

Gross revenues from the Investment Management division increased by 14.4% during the period to £27.0m (2016: £23.6m), which contributed to this segment's significantly improved reported result compared to the previous year. Management believe that the scope for additional expansion continues to be a realistic prospect. The new and meaningful increase in the annual ISA allowance from £15,240 to £20,000 provides an incentive for clients to continue investing into our ISA wrapper, enabling income and capital gain to remain tax free. The number of new ISA subscriptions this year was higher by 9.7%, alongside a similarly impressive increase for Junior ISAs of 16.8%. AUM within our ISAs soared by 26% to £764m from last year's £600m.

The Structured Investments division has produced an excellent year of results for investors with many 'kick-out' style products maturing early with healthy gains against a backdrop of strong equity market performance. Despite a financial year dominated by political uncertainty, reinvestment rates amongst investors have remained strong. Our competitive range of structured investment products continues to garner strong support amongst the financial adviser community, enabling us to broaden our client base and AUM.

In addition, our Alternative Investments management team delivered substantial growth in revenues and funds under management through the Tier 1 (Investor) Visa Investment Programme and Short-term Lending (property financing) mandates. The equity arbitrage desk continues to perform well, delivering even greater profitability compared to last year.

Wealth Management

Our Wealth Management division, run from York, continues to be driven by a focused management team and a highly qualified team of Advisers, who provide a committed, quality service to a growing client base.

Complementing this division, our Ebor Pensions business administers Self Invested Personal Pensions (SIPP) and Small Self-Administered Schemes (SSAS), along with a small number of Funded Unapproved Retirement Benefit Schemes (FURBS). AUMA of the combined divisions within our Wealth Management arm increased to £514m (2016: £501m). Turnover from Wealth Management fell slightly, reflecting the shift towards taking lower recurring fees as opposed to higher initial revenue, and this has contributed to the lower reported result for this segment compared to the previous year. However, a degree of cost-cutting and growth in ongoing activity has led to an anticipated improvement in profitability at the start of the current calendar year. There has been a pleasing continuation of this in the opening weeks of the new financial year.

Outlook

In keeping with our plans for expansion, we are finalising the move of our London head office to new more modern, high quality premises within central London before the end of 2017.

Trading activity in the opening weeks of the new financial year has continued the positive momentum seen in the last quarter of the year ended 31 March 2017 and your Board correspondingly looks to the immediate future with greater optimism, albeit tempered by potential political challenges and geopolitical headwinds.

Despite the present threat to political stability caused by the recent outcome of the UK general election and the significant demands we face from our continuing regulatory initiatives over the next 18 months, it is our emphasis on integrity, service and good customer outcomes which will drive our public profile and competitive positioning to deliver underlying growth in the next phase of the Group's development.

R. A. FitzGerald
Chief Executive Officer
17 July 2017

Market opportunity

We continue to build an integrated Investment Management and Wealth Management business for high net worth and mass affluent clients from a growing base of regional offices. We maintain our culture and the appeal of independence, flexibility and integrity, focusing on achieving the right customer outcomes.

2016/17 year in review

David Cameron's announcement of the date of the Brexit referendum doused the flames of investment opportunity, market activity and overseas investment in UK. It allowed the fear of volatility to override the enthusiasm for sensible investment. The first half of our 2016/17 financial year reflected the malaise that had pervaded markets and the resultant level of market activity which was low.

However, activity picked up towards the end of 2016 after Donald Trump emerged as the surprise winner of the US Presidential election. The markets reacted positively as they translated his fiscal stimuli, infrastructure investment programmes, pro-business stance and decisive approach into an enthusiasm for risk assets.

Sterling suffered an immediate and extreme fall in the aftermath of the Brexit result to \$1.30, having mainly traded in the \$1.55 to \$1.45 area, with similar falls against many other global currencies. Whilst this provided a price stimulus for companies with high levels of overseas earnings, it had a negative effect on inflation and cost expectations as investors operated a cautious and inactive approach.

After an immediate sell-off and recovery in the hours after the referendum, the UK equity market began a positive march from June 2016 to March 2017. The FTSE 100 climbed from below 6,000 to over 7,400, buoyed by the positive effect of weak Sterling on foreign earning companies.

Expected increases in interest rates were put on hold as soon as the Brexit result was given; and shortly after the referendum the Bank of England reduced interest rates to 0.25% and introduced a new quantitative easing programme to shore up confidence. Although ten-year gilt yields rose off their post-Brexit vote lows of 0.51% (August 2016), having fallen from 1.60% (April 2016), they rose to 1.51% in January 2017 before retreating to March 2017 lows of 1.07%. In the quarter following the referendum, commercial property investment stalled with the IPD Index falling over 2% (although this was to pick up through the year end and into 2017).

Inflation stayed persistently low at 1.3% in September and October 2016, but a recovery in energy prices and rising food inflation led to a spike in inflation in 2017, resulting in CPIH reaching 2.3% in March 2017. Inflation over the medium term has been expected to be close to the Bank of England's upper limit of 3% due to a buoyant economy, low unemployment, imported inflation on the back of weak Sterling, as well as the longer-term effects of Brexit.

Our position in the market

We continue to realise our aim of building an integrated Investment Management and Wealth Management business for high net worth and mass affluent clients from bases in London, York, Birmingham and selected regions.

The growth in Assets Under Management and Administration (AUMA) in 2016/17 has come from new clients attracted through new Investment Managers who have joined recently, and through the positive performance and increasing values of the underlying investments themselves. We see continued AUMA growth coming from opportunities in changes of pensions legislation, from ongoing referrals and introductions from clients and intermediaries, and from new joiners who bring their clients.

We maintain our culture and the appeal of independence, flexibility and integrity, alongside our Associate model, with a predominant focus on achieving the right customer outcomes. We compete with our peers and larger institutions who aim to direct their clients into services that suit those firms' own corporate needs. Larger competitors limit the service that they offer to clients in order to simplify their offering, at the expense of client choice.

We also seek to develop revenue streams that constitute an increasing percentage of fees, adding complementary businesses, without detracting from investment management and wealth management.

The opportunities afforded by the increased pension freedom represent a substantial shift in the way in which SIPPs and SSASs can be viewed and, in particular, the potential for using personal pensions in different ways and the shift from defined benefit schemes to defined contribution schemes (including SIPPs).

The year ahead

Whilst a high level of uncertainty continues to pervade the economic, geopolitical and, specifically, UK political status quo, markets remain threatened with potential volatility.

Risk assets, which have been bought and held by those with cash or with the ability to raise finance at the extremely low prevailing interest rates, continue to reach recent and all-time highs. We continue to believe in the importance of dividend income in this low-interest rate environment, however, some equity valuations are being stretched.

Signals of the beginning of the end of European Central Bank stimulus and low/negative interest rates have been given. In particular, the European economy is producing evidence of a stronger recovery than in recent years. We expect this to continue in the coming year, but note that whilst the French political environment has become more settled, there are still important elections to come in Italy and Germany.

The recent election in UK has created a much weaker UK government and a febrile domestic political atmosphere and gives the UK Brexit negotiators a challenging future as the timetable for working out what Brexit means begins.

UK Wealth Management Industry in 2016

£6.21bn

2016 REVENUE

£826bn

ASSETS UNDER MANAGEMENT

£478bn

DISCRETIONARY ASSETS UNDER MANAGEMENT

Source: Compeer Yearly Review 2016

Chris Kitchenham, Private Client Director; and Mark Rushton, Chief Investment Officer.

The challenges of MiFID II must be met by January 2018 and beyond, and Walker Crips is working hard to deliver the necessary developments in keeping with the timetable. The resources that are being, and will be, employed to comply with the many and varied requirements of the new regulatory environment are an essential part of the future and will weigh on margins across the industry.

The industry's period of change and modernisation in recent years is likely to continue, having accelerated over the last five years. Challenges will continue from more extensive (and expensive) regulatory initiatives, changes in retail clients' attitudes to types of service and ongoing pressure on fees, changes in demand as a result of demographic shifts (an aging population) and transfers of assets between generations, with a focus on commissions and costs given the benign interest rate and lower income investment environment.

With barriers to entry in the traditional broad wealth management industry (as opposed to robo-advice and challenger entrants with extremely clean, simple, focused business lines), we expect further consolidation as a result of the high level of regulatory requirements and technology development costs.

Our business model

Walker Crips occupies a special place in the private client investment industry in the UK. It is a firm of highly skilled people dedicated to serving the full range of our clients' wealth management and investment management needs. With a focus on achieving the best customer outcomes, Walker Crips offers a compelling, flexible proposition and drives efficiency and effective controls through technological development.

We draw on our strengths...

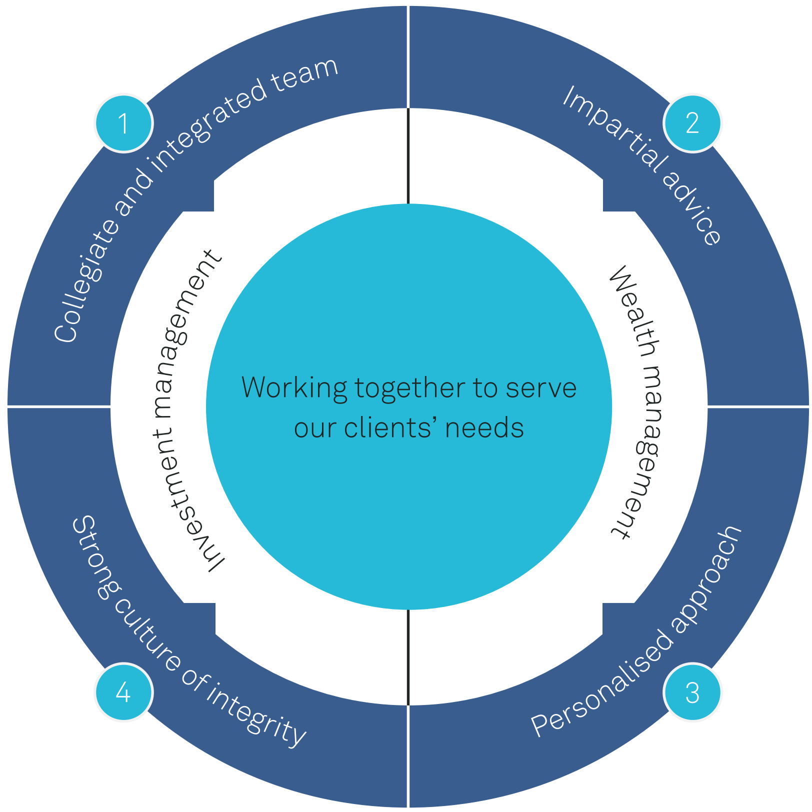
Our people
We aim to motivate and reward our employees and self-employed associates appropriately, encouraging development, good customer outcomes, and empowering employees to realise their ambitions.

Clients
Our clients are at the heart of our business and each service is tailored to provide what they need to achieve their success.

Technology
In-house IT systems continue to be developed, working alongside external provider relationships, to drive efficiency, contain costs and secure clients' data.

Independence
Our corporate independence means we aren't limiting services or simplifying offerings at the expense of client choice.

...to power our business...



1

Collegiate and integrated team

Our Investment Managers, Wealth Managers and Stockbrokers work with and learn from each other. We recognise that their knowledge and experience is vital to achieve the right outcome for each individual customer, so they retain their independence to buy and sell for their customer without the force of a top-down investment policy.

2

Impartial advice

Our corporate independence allows us to provide impartial services to focus on achieving the right customer outcome. Customer need is more important than corporate need, and we will not direct a client to an inappropriate service for the firm's gain.

3

Personalised approach

We aim to maintain and develop the relationships we have with our clients, by treating them fairly and meeting their specific and individual needs.

4

Strong culture of integrity

We have unashamedly traditional values of honesty, fairness and integrity in striving to do the right thing. We want to treat our clients in the way they would wish to be served and in the way we would expect to be treated.

...and make investment rewarding for ourselves and our stakeholders

Walker Crips Group

We earn revenue from the services our teams provide by charging fees for investment and wealth management, and from transactional charges.

Investors

We create value for our investors by maintaining a strong balance sheet and increasing our recurring revenues.

Total dividend per share	1.87p
Revenue	£29.2m
Total earnings per share	1.56p

Our people

We empower our personnel to achieve in their careers by providing them with opportunities to grow.

Employees with more than ten years' service	78
Of which have more than 20 years' service	31

Clients

Our clients benefit from our expert investment management and wealth management knowledge.

For 38,037 clients we look after	£5.2bn

Our strategy

Objective	How it will be achieved	What we did in 2016/17
1 Focused acquisition of Investment Management and Wealth Management teams, individuals or entities	– Strengthening our existing services in London, York and the regions – Maintaining target growth from original Assets Under Management and Administration (AUMA) target of £5bn by June 2018, in order to achieve £10bn by 2026 – Expanding Wealth Management division and Investment Management division to other parts of UK – Targeted expansion via transformative additional businesses	– Attracted experienced Investment Managers – Welcomed new clients across the high net worth, affluent and mass affluent segments – Achieved AUMA growth passing our original target of £5bn by June 2018 in October 2016 – Upgraded technology used to communicate and advise clients suitably and efficiently – Succession reorganisation of Wealth Management division (on retirement of Wealth Management CEO) – Maintained cash and liquid assets
2 Increase non-broking revenues	– Continuing to increase Discretionary Investment Management – Maintaining the offering of bespoke portfolios – fees plus commission or all-in fee only basis – Developing and expanding the discretionary service on an all-in fee only basis – Refining the model investment management offerings across the Group – Segmentation of the client base, particularly unconnected smaller accounts and review fees, charges and tariffs in line with added value for clients – Developing existing technology to offer existing expertise via efficient channels – Continuing to grow fees versus commission-related revenue – Adapting advisory services and preparation for MiFID II	– Discretionary AUM increased by £322m to £1,351m – Advisory managed AUM increased by £630m to £1,880m – Fees as a percentage of overall revenue remains steady at 61.7% – Non-broking revenues increased from £16.2m to £18.0m
3 Targeted investment in resources	– Expanding our range of flexible, transparent and impartial services using our capability in technology to develop: client offering, services, documents, online access and communication – Providing an efficient service through FOTA (Finance, Operations, Technology & Administration team) – Enhancing and embedding the annual clients Suitability Review programme – Driving developments in compliance monitoring and oversight through technological advances	– Completed the individual client documentation and, as necessary, repapering programme – MiFID II preparation for the continuation of advisory services through technology (Memorandum of Advice, Client Suitability Reviews and AWOL controls) – Developed further the annual Client Suitability Review process, including establishing the suitability team for first line oversight of suitability – Refined and instituted improved controls and systems for oversight of suitability, investment risks and client documentation – Transferred option services to a new general clearing member, Berkeley Futures – Shifted custodian arrangements for collective investments into clean fund units for all holdings – Hired new Group Compliance Director, Head of Stockbrokers Compliance, Head of Suitability and CASS Manager to drive development of compliance monitoring and oversight alongside new technological controls

Metric	Our priorities for 2017/18	Risks
NEW REVENUE GENERATORS 3 **TOTAL AUM** £5.2bn	– Opportunistic regional growth of the Investment Management division – Expand the Wealth Management division to other parts of the UK – Maintain target growth in order to achieve £10bn by 2026 – Continued provision of an increasingly technology-driven investment management business	– Operational risk – Personnel risk
REVENUE £29.2m **NON-BROKING REVENUE** £18.0m **NON-BROKING REVENUE** 61.7%	– Develop existing technology to deliver services via efficient channels – Implement adaptation of advisory and other services for MiFID II – Continue to grow fees versus commission-related revenue – Review fees, charges and tariffs in line with added value for clients – Prepare for segmented service offering for Discretionary, Advisory Managed and Advisory Dealing services – Develop the discretionary service per Investment Manager alongside the Bespoke service, for suitable client segments	– Liquidity risk – Capital adequacy
INVESTED IN NEW TECHNOLOGY DURING THE YEAR £497,000	– Maintain cash and liquid assets – Enhance and embed the cycle of the Suitability Review programme – Develop compliance monitoring and oversight by advancing technology – Further develop the 'Portfolio' technology for the discretionary service per investment manager – Use technology to drive further MiFID II system, control and reporting requirements – Aim to streamline, derisk where appropriate and simplify the overall offering for efficiency	– Operational risk

Our people and culture

We are proud of our long history; and our cultural values of teamwork, honesty, integrity, fairness and client focus represent the Company's DNA upon which our organisation has flourished.

People and culture

Our apprenticeship scheme has been very successful. We welcome the chance to mentor and develop our apprentices through a mutually beneficial relationship of learning while working. Many of our apprentices stay on with us and build a career within the Company.

It is our policy to ensure that all job applicants and employees are treated fairly and on merit, regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation. 34.2% of our employees are women, and the Group keenly supports women in being promoted to senior roles.

Walker Crips is proud to have 78 employees who have worked with us for over ten years and we have 30 employees who have been with us for more than 20 years. The experience that these staff members provide us with is invaluable.

We understand the importance of giving back to the communities who support us throughout the UK. Walker Crips employees take part in charity sporting events throughout the year, including the London Marathon, Great City Race and Invesco Perpetual Challenge. Many Walker Crips offices sponsor and take part in local sporting and charity events.

The Social Responsibility and Safety Committee consists of two subsidiary Company Directors and other senior managers. The Committee makes recommendations to the Board on social, environmental and community issues. While the Group is a financial services organisation whose primary responsibility is to maximise investment returns to clients, there are non-financial considerations which may affect the long-term value of the subsidiary companies, and close attention is paid to minimising their environmental impact.

The health and safety of our employees is critical to our success, and environmental considerations go hand in hand with maintaining a safe and healthy workplace. By participating in the Cycle to Work scheme, we enable employees to reduce their carbon footprints and improve their overall health. Providing a safe and welcoming work environment is key to developing motivated, healthy and happy personnel.

> I enjoy working in different departments, moving about broadens your horizons. The culture here is very family-like with a lot of care in the Company. If you do good work, you know about it straight away. It's very rewarding.

Macoist Grimes
Apprentice – HR
(Currently seconded to Cashiers)
4 months' service

Macoist is our most recent apprentice hire. Although he initially joined as an HR apprentice, his bright disposition has seen him earn secondments across other departments and divisions. Macoist sees himself learning across more departments to build a future at Walker Crips.

> My manager was very understanding in letting me finish my studies. Everyone here is supportive, and that's what you need. The atmosphere makes you want to come to work.

Mitchell Martin
Apprentice – Global Custody
8 months' service

Mitchell applied to Walker Crips last spring, after interviewing it was clear he was extremely capable and would be a valuable addition but he was encouraged to finish his A-levels before joining the Global Custody department. Mitchell is keen to keep developing, understanding more and taking on more responsibility at Walker Crips.

Number of personnel
280

Total number of years' service
2,318

Percentage of female personnel
34.2%

"I've seen booms and busts in markets. It's always a learning curve and you need to adapt. I think Walker Crips is like me - we've both learnt to adapt to the circumstances of the outside world and our clients' needs.

Magi Andrews
Head of ISAs
49 years' service
Magi is our longest standing employee, joining in 1968 in the typist pool, she has worked under four CEOs including Mr Crips. Magi developed a love for stocks and shares over the years, assisting the dealers actually on the floor of the stock exchange and seeing the changes to regulation and technology. The very first employee to have a computer, she initially had to update manual ledgers and keep them in a tin box.

"I'm really encouraged by management to do exams and develop myself. They helped me build my way up from a junior apprentice role, and I want to keep progressing at Walker Crips.

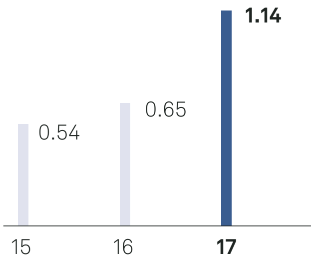
Rhiannah Martin
Compliance Monitoring Associate
4 years' service
Rhiannah joined as an apprentice within the Compliance team. After an excellent first year, impressing all she worked with, she was encouraged to stay on as Compliance Assistant and promoted to Compliance Monitoring Associate in May 2016. Rhiannah is currently studying for her Investment Operations Certificate.

Key performance indicators

The Group's strategy continues to deliver results and progress. Performance in 2017 is set out below with data from preceding years. Year-on-year data is presented on a consistent basis providing measurable indicators. The Board will continue to monitor these KPIs regularly.

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS (£M)

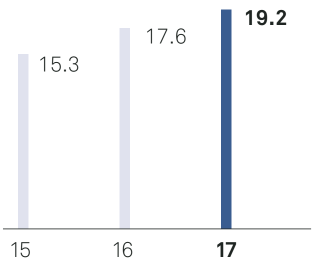
£1.14m
2016: £.0.65m



An increase of 75% in Operating Profit before Exceptional Items has come from increased Revenue from fees and transactions as a result of growth in AUMA which has outpaced the increase in related costs.

GROSS PROFIT (£M)

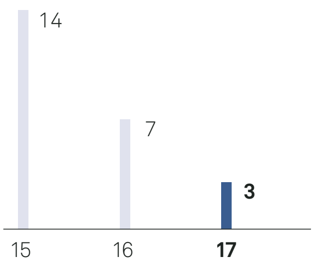
£19.2m
2016: £17.6m



Underlying Revenue growth drove a 9% increase in Gross Profit of £1.6m.

NEW REVENUE GENERATORS (NUMBER)

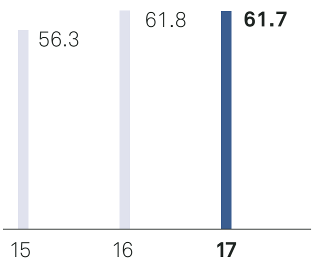
3
2016: 7



The increase in New Revenue Generators was less than in 2016, in part due to timing with 3 Investment Managers starting in March 2016. The number of new revenue generators in 2015 was high due to the Barker Poland acquisition (involving 6 CF30s).

NON-BROKING INCOME PROPORTION (%)

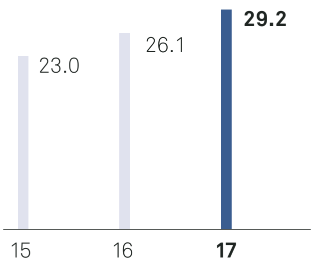
61.7%
2016: 61.8%



The non-broking income proportion was similar to the previous year, with asset inflow across Discretionary, Advisory and Execution Only services. Management Fees grew by 5.1%.

REVENUE (£M)

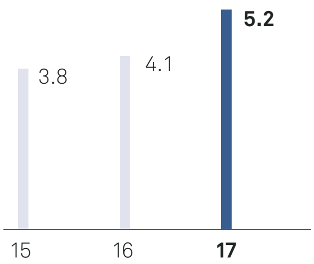
£29.2m
2016: £26.1m



Growth in AUMA has led to an increase in Revenue of 12% as a result of increased fees and commission income.

GROWTH IN TOTAL ASSETS (AUMA) (£BN)

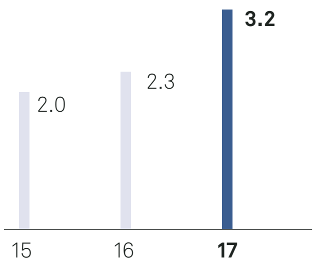
£5.2bn
2016: £4.1bn



Growth of 27% in Total Assets has come from inflows of new assets (mainly from new Advisers and Investment Managers) plus market increases in asset values.

DISCRETIONARY/ ADVISORY AUM (£BN)

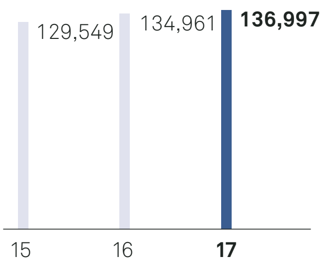
£3.2bn
2016: £2.3bn



Discretionary and Advisory AUM, taken together, grew by 42% from inflows of new assets plus market increases in asset values.

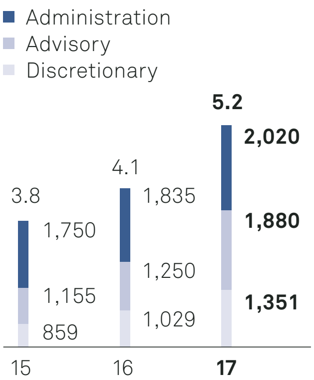
TRANSACTION VOLUME (NUMBER)

136,997
2016: 134,961



Although markets and AUMA growth picked up after Brexit and the US election, first half 2016/17 Transaction Volume was stifled by market malaise and low resultant level of activity, although it picked up in the second half.

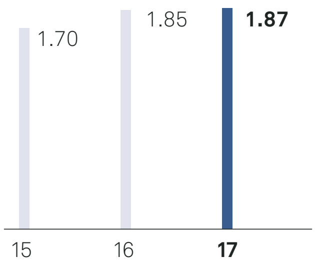
BREAKDOWN OF TOTAL ASSETS (AUMA) (£BN)



The AUM increases have derived from: Administration up 10%; Advisory up 50%; and Discretionary up 31%. Non-Discretionary (i.e. Administration and Advisory AUM) taken together, grew by 26%.

TOTAL DIVIDENDS (PENCE PER SHARE)

1.87p
2016: 1.85p



The rise of 1.1% in the Total Dividend reflects confidence in the Group's long-term prospects and prudent use of available reserves.

Principal risks

Risks to the business are reviewed monthly and monitored by the Board-appointed Risk Management Committee in conjunction with the internal process for management of capital risk (ICAAP). They are formally reviewed by the Board at least annually.

Risk	Description and how it arises	Mitigation	Status
Credit/counterparty risk			
Client failure to settle transaction **Risk appetite** Low/Medium	The risk that a client or market counterparty will not meet its obligations to the Group in accordance with agreed terms resulting in losses. This risk can arise when a client fails to pay for a purchase of shares or to deliver a certificate of ownership of a stock which has been sold. Also a similar exposure arises if a market maker fails to complete the same trade through corresponding payment or stock delivery.	– Daily monitoring of clients' positions and counterparty exposures and individual trade limits. Credit assessments of counterparties and treasury policy to avoid concentration risk. Credit risk assessments of banks and custodians, active monitoring of exposures and use of credit ratings. Using several banks to hold both clients' and the firm's money, with levels being constantly reviewed.	→
Conduct risk			
Customer outcomes **Risk appetite** Zero/Low	The risk that clients or the wider market suffer detriment as a result of inappropriate behaviour or actions by staff or business partners. This risk can arise when representatives of the Group are not given sufficient training or awareness of the highest standards of behaviour central to the core services of the Company, being honesty, integrity and fairness.	– Clear and balanced financial promotions, suitable investment advice and complaints management. Board oversight, development of staff and training, strong corporate governance with defined roles, ensuring the tone from the top sets a fair, positive and ethical culture.	→
Regulatory risk **Risk appetite** Zero/Low	The risk of failure to comply with new or amended regulations incurring fines and causing reputational detriment. Failure by management to recognise the scope and impact of new or amended regulations on the business model and resources needed to implement change.	– Board oversight, development of staff and training, strong corporate governance with defined roles, recovery plan, monitoring the Group's performance relative to competitors, compliance monitoring programme, regulatory development oversight, documented policy and procedures and regular contact with regulators. Peer comparison and communication, increased compliance personnel and early gap analyses conducted.	→
Liquidity risk			
Liquidity risk **Risk appetite** Zero/Low	The risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due. This risk can arise in the stockbroking subsidiary where large amounts of trade values are being settled daily and can lead to a funding requirement due to a delay in market delivery or late settlement by clients.	– Contingency funding plan, cash flow forecasting, experienced management team monitoring settlement performance, maintenance of cash surplus buffer, ability to raise an overdraft facility and liquid financial trading book can be realised. Group entities settle intercompany balances regularly and are not reliant on intra Group funding.	→

Risk	Description and how it arises	Mitigation	Status
Operational risk			
Business disruption **Risk appetite** Low/Medium	The risk that an internal or external event causes failure of the core business activities or IT systems supporting them. This risk can arise when the business fails to effectively control or administer the operating systems at the heart of the business, fails to manage its resource requirements properly or maintains inadequate security arrangements.	– Business and information system recovery plans are approved, tested and maintained. Data incident log records and analyses all unforeseen events to prevent recurrence. Insurance cover in place for certain causations e.g. financial crime and consequential loss.	→
Cyber fraud **Risk appetite** Low/Medium	The risk of fraudulent action by external parties maliciously breaching the Group's internal systems. This risk can arise from failure to implement sufficient controls over security access to all IT systems.	– Senior management oversight, encryption and protection software installed, prevention procedures, segregation of duties between front and back office, system authority and payment limits and system access controls and heightened employee awareness.	↑
Personnel **Risk appetite** Zero/Low	The risk of losing key staff who are the drivers of significant components of the business. This risk can arise on the failure to reward individuals with challenging performance targets and competitive levels of financial compensation.	– Succession and contingency planning, appropriate compensation levels and share incentive schemes to reward and retain staff. Investment in staff through training, key man insurance cover and contractual restrictive covenants.	→
Capital adequacy			
Capital adequacy **Risk appetite** Zero/Low	The risk that the Group's business strategy and plans for growth are not sustainable on the existing regulatory capital base. This risk can arise when new acquisitions, products or initiatives are embarked upon without sufficient reference to impact on regulatory capital adequacy.	– Capital adequacy surplus is maintained well in excess of regulatory requirements. Material surplus cash balances are always carried. Ongoing review of regulatory capital through an Individual Capital Adequacy Assessment Process. New initiatives are examined and stress tested prior to implementation	→
Market risk			
Market risk **Risk appetite** Zero/Low	The risk of losses rising as a result of exposure to market movements in the price of financial instruments, including foreign exchange. This risk can arise when the Group's proprietary trading book positions incur losses on negative price movements.	– Portfolio size and transaction limits are low and monitored. Speculative investments are not permitted.	→

For the Company's viability statement, see page 29.

This Strategic report has been approved and signed on behalf of the Board.

David Gelber
Chairman
17 July 2017

Rodney FitzGerald FCA
Chief Executive Officer
17 July 2017

Corporate governance

Board of Directors

1

2

3

4

Executive Directors

1 Rodney FitzGerald FCA
Chief Executive Officer

C M Ri

Rodney FitzGerald serves as Chief Executive Officer of Walker Crips Group plc. He is a mathematics graduate of Leeds University and qualified as a Chartered Accountant in 1979 with Hays Allan & Co. After holding senior financial positions outside the financial services sector, he joined independent stockbrokers T C Coombs & Co. in 1987 and was appointed to the Board in 1989. More recently, he was Finance Director of MeesPierson ICS Limited, now ABN AMRO Clearing, before joining the Board of Walker Crips Group as Finance Director in 1999. He was appointed Chief Executive Officer in January 2007.

2 Sean Lam FCPA (Aust.), Chartered FCSI
Group Managing Director

C M

Sean Lam graduated in 1991 with a Bachelor of Commerce degree from the University of Western Australia, majoring in accounting and finance. He commenced his career as an internal auditor with Phillip Securities in Singapore and progressed to become the Head of Internal Audit.

In 1995, he was appointed Head of Operations and in the same year he attained his professional qualification as a CPA. In 1999, Walker Crips Group appointed Sean to the Board as Development Director, with overall responsibility for systems development and information technology. In 2004, he was made Chief Operating Officer, and in 2007, Group Managing Director. Sean is a Fellow of CPA Australia, a member of its European Council from 2010 to 2015, and was President of its European Region in 2012 and 2013. He is also a Chartered Fellow of the Chartered Institute for Securities & Investment.

3 Mark Rushton
Chief Investment Officer

M

Mark Rushton graduated in 1984 with an MA in Law from Downing College, Cambridge University. Before joining the Walker Crips Group Board in 2012, Mark's previous role had been at BNP Paribas where he was Head of Offering for UK Wealth Management, before which he lead corporate development at Fortis. Prior to 2007, he held senior roles at Cazenove Capital Management, UBS and Mitsubishi UFJ Trust International.

4 Guy Jackson
Group Compliance Director

C M Ri

Guy Jackson graduated in Law from Reading University, and has more than 29 years' compliance and regulatory experience. He began his regulatory career with the Investment Management Regulatory Organisation (IMRO) in 1988.

Guy has held Head of Compliance positions at Rexiter Capital Management, NewSmith Asset Management LLP, Nutmeg Saving and Investment, and Santander, where he had regulatory responsibility for £30bn in funds under management.

Board Committees

- A Audit Committee
- C Compliance Committee
- M Management Committee
- N Nomination Committee
- R Remuneration Committee
- Ri Risk Management Committee

5 6 7 8 9

Non-Executive Directors

5 David Gelber
Chairman

A N R

David Gelber has served as Non-Executive Independent Chairman of the Board and the Remuneration Committee of Walker Crips Group plc since May 2007. He served as Group Chief Operating Officer of ICAP plc from 1994 to 2005 and previously held the position of Chief Operating Officer of HSBC Global Markets. Prior to joining HSBC he held senior trading positions at Citibank, Chemical Bank and J P Morgan. He currently serves as a Non-Executive Director of IPGL Ltd, an investment holding company, DDCAP Ltd, an arranger of Islam-compliant financial transactions, Extoix LLP, a Frontier Market investment boutique and Amadeo Air Four PLC, a closed-end fund investing in aircraft leasing. His previous directorships include Globeop Financial Services and eSeclending LLC in Boston.

6 Martin Wright
Senior Independent Director, Non-Executive

A R N

Martin Wright was appointed to the Board in July 1996 as a Non-Executive Director. He is a Partner of Charles Russell Speechlys LLP (Solicitors) where he is a member of the Partnership Council. Martin is a member of the Law Society. He is also a Non-Executive Director of a number of private companies.

7 Robert Elliott FCA. Cert PFS
Non-Executive Director

A N

Robert Elliott is a retired Chartered Accountant, having joined Garbutt & Elliott in 1957, qualifying in 1963. After being appointed as Partner in 1964, he developed specialist skills in negotiating corporate finance acquisitions, disposals and mergers. Robert retired from Garbutt & Elliott whilst Senior Partner in 2002.

He co-founded both G&E Investment Services Ltd in 1975 and the London York Group of Companies in 1980. Mr Elliott was appointed to the Board as a Non-Executive Director in April 2005 and in July 2007 he was appointed as Chairman of the Audit Committee. Mr Elliott has decided not to put himself up for re-election to the Board at this year's AGM.

8 Clive Bouch FCA
Non-Executive Director

A R N

Clive Bouch was appointed to the Board in March 2017 and co-chairs the Audit Committee. He currently serves as an independent Non-Executive Director of Invesco UK Limited where he chairs the Audit and Risk Committees, the Steamship Mutual Insurance London and Bermuda Protection & Indemnity Clubs where he is a member of the Claims, Finance & Nomination and Audit & Risk Committees, and Towergate Insurance where he chairs the Audit Committee and is a member of the Nominations and Remuneration Committees. Previously he was a partner in Arthur Andersen and then Deloitte where he provided audit and advisory services to companies in the financial services industry, latterly specialising in the asset management, insurance and pension sectors. He is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Chartered Institute for Securities & Investment and a Chartered Insurance Practitioner.

9 Hua Min Lim
Non-Executive Director

R N

Mr. Hua Min Lim is the Executive Chairman of PhillipCapital Group of Companies and was also appointed Chairman of IFS Capital Limited on 20 May 2003. He began his career holding senior positions in the Stock Exchange of Singapore and the Securities Research Institute. He has served on a number of Committees and sub-Committees of the Stock Exchange of Singapore. In 1997, he was appointed Chairman of the Stock Exchange of Singapore (SES) Review Committee, which is responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. For this service, he was awarded the Public Service Medal (PBM) in 1999 by the Singapore Government. In 2014, he was also awarded 'IBF Distinguished Fellow' (Securities & Futures), the highest certification mark bestowed by The Institute of Banking and Finance on industry captains who are the epitome of professional stature, integrity and achievement. Mr Lim joined the Walker Crips Group Board in March 1993.

Introduction to governance

Dear shareholder,

Good corporate governance is critical to the delivery of value to the Group's stakeholders and this section of the Report describes how Walker Crips is governed and managed in the context of the principles of the UK Corporate Governance Code, available to view at www.frc.org.uk. The Board is responsible to shareholders for the overall management and oversight of the Group and for its long-term success. In particular, the Board is responsible for agreeing the Group's strategy, monitoring financial performance, setting and monitoring the Group's risk appetite and maintaining an effective system of internal controls.

The last year has been busy as usual, ensuring that we are up to date with industry regulation. I have already referred to the considerable effort being made to upgrade our systems in order to serve our clients in a complete and professional manner appropriate to their needs and investment objectives. This project is approaching completion and the positive impact is already being observed by both our advisers and clients.

We continue our focus on culture and behaviour in line with good principles of conduct. This followed a review of our risk management processes, including the further development and enhancement of our conduct risk framework and policy. The Financial Conduct Authority (FCA) Principles for Businesses remain our most important benchmarks and we strive to conduct our business with integrity and put client interests at the heart of what we do.

An ongoing evaluation of the effectiveness of the Board has been conducted as well as its structure, skill sets and experience. We are aware of areas where we need to improve and by working together we are already dealing with more precise succession planning, better quality Board papers produced more timely and improving the metrics by which the attainment of good culture is being developed throughout the organisation. As a result we strengthened the Board with the formal appointment into a newly-created role of Group Compliance Director, Guy Jackson, in May 2016. The Nomination Committee was heavily involved in the recruitment process and continues to review and plan Board succession for the medium and long term. Another key appointment to the Board was made on 31 March 2017, when Clive Bouch joined us as a Non-Executive Director. He has been formally appointed as Joint Chair of the Audit Committee and I look forward to working with him. David Hetherton, our Wealth Management Director, chose to take retirement in November 2016 and has not been replaced. I can confirm that, following formal performance evaluation, all Non-Executive Directors being proposed for re-election at the Annual General Meeting continue to be effective and demonstrate commitment to their role.

The Audit Committee, now Joint Chaired by Robert Elliott who will not be seeking re-election at the 2017 AGM, meets regularly to discuss and review our published results and oversee the internal and external audit functions. A formal tendering process was conducted before appointing BDO LLP as our new external auditor. Following his appointment Clive Bouch now joint-chairs the Audit Committee with Robert Elliott and the Committee recently adopted new terms of reference in response to the 2016 Corporate Governance Code.

I like to maintain regular contact with the executive team outside of Board meetings and I am in regular dialogue with the Chief Executive, who updates me with developments on current projects and progress towards our objectives. I am also in regular discussion regarding Board issues with our Senior Independent Director, Martin Wright, as well as Lim Hua Min who resides in Singapore but has held a stake in the business for over 30 years.

We are aware of Lord Davies's recommendations on Board diversity including the key issue of gender diversity, particularly given our present Board composition. There are no barriers to talented individuals succeeding at the highest levels and the Board recognises the governance benefits that breadth of perspective and diverse traits deliver. We look forward to the emergence of talented individuals as executives both internally and through recruitment with our whole-hearted encouragement supported by accessible training and regular open communication between Directors and staff.

D. M. Gelber
Chairman
17 July 2017

Report by the Directors on corporate governance matters

year ended 31 March 2017

The Company is committed to the Principles of Good Governance set out in the 2014 UK Corporate Governance Code (the Code). Further explanation of how the principles have been applied is also set out below and, in connection with Directors' remuneration, in the Remuneration Committee Report.

Compliance

The Company has been in compliance with the code's principles and provisions throughout the year ended 31 March 2017 except as follows:

– Contrary to code B.1.1 the Senior Independent Director, Martin Wright, Audit Committee Chair Robert Elliott and our Singapore-based Non-Executive Director, Lim Hua Min, who is also a significant shareholder, have all served on the Board for more than nine years. The Board reviews their contribution every year and is satisfied that they remain independent. This is evidenced by the objectivity and critical detachment that underpin their continued provision of constructive challenge and support to Executive Directors and management. They will, therefore, be put forward for re-election at the Annual General Meeting on 6 September 2017. Robert Elliott will not be seeking re-election at the AGM.

– Contrary to code D1.1, the Group did not, during the year, have malus and clawback provisions in place to be able to recover or withhold variable pay from/to the Executive Directors. This is being addressed.

– Contrary to code D.2.1, the Company Chairman (D. M. Gelber) Chaired the Remuneration Committee during the year because he is considered to be independent by the Board for the reasons stated above.

A new version of the Code was introduced in April 2016 which will apply to the Group for the first time next year in the year ended 31 March 2018, at which time the Board will report on its implementation of the new responsibilities.

The Board of Directors

At year end, the Board of Directors consisted of four Executive and five Non-Executive Directors. The full Board meets regularly and at least every alternate month throughout the year.

The Board is provided with appropriate information to enable it to discharge its duties. It has a formal schedule of matters reserved to it for decision making, including, inter alia, developing the future direction of the Group's business, agreeing policies and procedures, approving material transactions, business risk reviews, budgets and borrowings and monitoring the Group's progress. Decisions delegated to management are not specifically listed but are limited to £50,000 in value where financial commitments are necessary in the daily course of business and £100,000 in value for investment and capital projects. All subsidiary Boards of Directors and other management or operational committees include at least one Main Board Executive Director who serves as the link between operational decision making between the Board and management.

Certain Executive and Non-Executive Directors of the plc Company are also Directors of the Boards of the main operating subsidiary companies which conduct regulated investment business, thereby playing an active part in decision making and control at an operating level.

The roles of Chairman and Chief Executive, occupied by D. M. Gelber and R. A. FitzGerald FCA respectively, are separated and the Board includes Non-Executive Directors, of whom D. M. Gelber, R. A. Elliott FCA, C. Bouch FCA and M. J. Wright are regarded as independent, and the remaining Directors believe they provide an objective viewpoint.

The Board has three established Committees: the Audit Committee, the Nomination Committee and the Remuneration Committee, the voting members of which are comprised entirely of Non-Executive Directors. Executive Directors are invited to attend these meetings where appropriate for them to do so.

All Non-Executive Directors have received a formal personal evaluation and are being offered for re-election at the Annual General Meeting where appropriate.

A satisfactory evaluation of the effectiveness of the Board, its Directors and Committees has been conducted and reviewed. This entailed an evaluation of the summarised results of a widely used questionnaire.

During the year, the Directors, in their capacity as members of the Board/appropriate Committee, attended the following number of meetings:

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings	7	2	4	2
D. M. Gelber (Non-Executive Chairman, Remuneration Committee Chair)	7	2	3	2
R. A. FitzGerald (Chief Executive)	7	n/a	4[1]	n/a
S. K. W. Lam	6	n/a	n/a	n/a
H. M. Lim	0	2	n/a	2
M. J. Wright (Non-Executive Senior Independent Director)	7	2	4	2
R. A. Elliott (Non-Executive Audit Committee Joint Chair from 18 May to 6 September 2017)	7	n/a	4	2
D. Hetherton (resigned 18 November 2016)	3	n/a	n/a	n/a
M. J. W. Rushton	7	n/a	n/a	n/a
C. Bouch (Non-Executive appointed 31 March 2017, Audit Committee Joint Chair, appointed 18 May 2017)	–	–	–	–
G. J. B. Jackson (appointed 21 September 2016)	4	n/a	4[2]	n/a

1 By invitation.
2 As Company Secretary.

Report by the Directors on corporate governance matters continued

year ended 31 March 2017

The Company's procedures for 'whistleblowing', whereby colleagues may confidentially raise concerns about possible improprieties in matters of financial reporting or other issues, has been reviewed by the Board and made available to approved persons and staff.

M. J. Wright, the Senior Independent Director, has served on the Board for 21 years since the Company's full listing on the London Stock Exchange. The firm of solicitors of which he is a Partner, Charles Russell Speechlys, provided legal services to the Group during the year totalling £324,000 (2016: £60,000). The Board values his continuing contribution, particularly on legal matters, and has also determined that he is independent and that it would like him to continue.

Nomination Committee

The Committee consists of D. M. Gelber, M. J. Wright, R. A. Elliott, C. Bouch (from 31 March 2017) and H. M. Lim. It considers and makes recommendations to the Board for the appointment of Directors. When considering possible candidates, the Committee evaluates their skill, knowledge, experience and, in the case of Non-Executives, their independence and other commitments. The structure of the Board and its collective experience and skill set are assessed on the appointment or departure of any Director.

Two Nomination Committee meetings were held during the year to discuss succession planning for the main Board and key senior positions at operating subsidiary level.

During the year, David Hetherton resigned from his role of Wealth Management Director on 18 November 2016. Guy Jackson joined the Board on 21 September 2016 as Group Compliance Director and Company Secretary. Clive Bouch joined the Board on 31 March 2017 as a Non-Executive Director and was subsequently appointed Joint Chair of the Audit Committee on 18 May 2017. Neither an external search consultancy, nor open advertising, was used in the appointment process for Clive Bouch, who has been known to the Board and whose experience closely matched the requirements of the role.

Audit Committee

During the prior year, the Audit Committee consisted of M. J. Wright, D. M. Gelber, C. Bouch (from 31 March 2017) and R. A. Elliott FCA. R. A. Elliott Chairs the Committee and C. Bouch was appointed Joint Chair from 18 May 2017. The Committee's terms of reference include reviewing the scope and findings of the external audit, reviewing the plan and findings of the internal audit function, assessing the effectiveness of the Company's internal control procedures and the reporting of results. The Chief Executive attends these meetings by invitation a does G. B. Jackson, who as Company Secretary is also Secretary to this Committee.

During the prior year, the Company completed a competitive tender process for the position of statutory auditor at the point at which the five-year period of the present Audit Partner at Deloitte LLP had been completed, following which BDO LLP was appointed as auditors for the Group.

The Company's internal and external auditors and the Executive Directors may, and do, attend Committee meetings by invitation. The Committee has a discussion with the external auditor at least once a year without Executive Directors being present, to ensure that there are no unresolved issues of concern. The Audit Committee met four times during the course of the year. The external auditor discloses the level of fees received in respect of the various services provided to the firm in addition to the statutory audit and has confirmed to the Audit Committee that the level of non-audit fees has not affected its independence. The Audit Committee's policy is to use the most appropriate advisers for non-audit work, taking account of the need to maintain independence.

In August 2010, the Audit Committee approved the outsourcing of the Internal Audit function to a leading firm of auditors, Smith & Williamson, whose experience in the financial services sector provides the Board with additional assurance that an adequate control framework is in place.

As explained further in the Audit Committee report, the external and internal audit functions are monitored for effectiveness.

Remuneration Committee

The Remuneration Committee consists of M. J. Wright, H. M. Lim, C. Bouch FCA (from 31 March 2017) and its Chairman, D. M. Gelber. The Committee is responsible for agreeing the remuneration of the Executive Directors and other key personnel of the Company. The full Board is responsible for agreeing the remuneration of the Non-Executive Directors. The Chief Executive attends certain parts of meetings of the Remuneration Committee by invitation. Further details of the Company's policies on Directors' remuneration, service contracts and share options are given in the Remuneration Committee report.

A staff profit share scheme which enables all employees to share directly in the prosperity of the Group has been in operation for several years. Profit before tax for the current year eligible for this bonus calculation has fallen below the minimum threshold and, accordingly, an amount of £nil (2016: £nil) has been allocated to the scheme for the year being reported. An employee Share Incentive Plan incentivises employees to join with the Company in making regular joint purchases of shares in the Company to be held in trust for a minimum of three years. The Share Incentive Plan replaces the employee share option schemes previously in operation.

Non-Executive Directors

Re-election of Non-Executive Directors is subject to shareholders' approval. The terms and conditions of appointment of Non-Executive Directors, as well as the Audit, Remuneration and Nomination Committees, are available for inspection by any person at the Company's registered office during normal business hours and at the Annual General Meeting.

Executive Directors

Executive Directors have service contracts of varying lengths, but maximum compensation for loss of office is limited to 12 months' salary in all instances.

Directors' emoluments are disclosed in the Remuneration Committee report.

Risk Management Committee and Compliance Committee

The Risk Management Committee ensures that all new initiatives, projects and products are formally assessed and evaluated for the degree of risk exposure and regulatory capital impact to the Group, so enabling strategies for the elimination, mitigation or avoidance of risk to be formulated.

The Compliance Committee ensures the Group is in compliance with all the regulatory and legal matters and to consider rule updates and guidance notes from the Financial Conduct Authority, Financial Services Ombudsman, Financial Services Compensation Scheme and other UK regulatory bodies.

The Management Committee

The Stockbroking Board has appointed a Management Committee to assist in the day-to-day management of the stockbroking subsidiary. The Committee is, inter alia, responsible for developing plans for implementing the strategy and advising on the allocation of personnel and capital resources.

Relations with shareholders

The Board recognises the importance of communications with shareholders. The Chairman's and Chief Executive's Statements in this Report and Accounts include a detailed review of the business and future developments.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Chairman aims to ensure that all of the Directors are available at Annual General Meetings to answer questions. The proxy votes cast on each resolution proposed at general meetings are disclosed at those meetings.

Shareholders wishing to make contact directly with the Board should email the Company Secretary, Guy Jackson.

Internal control

The Board acknowledges its responsibility for the Group's system of internal control and has formalised the process for its review of internal control (including financial, operational and compliance controls as well as risk management) and defining the scope and frequency of reports to be received, both by the Board and the Audit Committee. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process has been in operation throughout the year ended 31 March 2017 and up to the date of approval of the Annual Report and Accounts and is regularly reviewed by the Board and the Board is satisfied that it accords with the relevant guidance. Due to the relatively small size of the Company and Group there is a simple organisational and reporting structure. Financial results and other information are regularly reported to the Board throughout the year. Operations are monitored closely.

The Directors have reviewed the effectiveness of the Company's system of internal control and consider that the controls and procedures established are appropriate for the Company and Group. However, any system of internal control can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Group operates under a system of internal financial controls which have been developed and refined to meet its current and future needs. These include but are not limited to:

- the organisational structure and the delegation of authorities to operational management;
- procedures for the review and authorisation of capital investments;
- budgets and forecasts which are reviewed by the Board;
- the reporting and review of financial results and other operating information;
- accounting and financial reporting policies to ensure the consistency, integrity and accuracy of the Group's accounting records; and
- financial and operating controls and procedures which are in place throughout the organisation and monitored through various means including routine and special reviews by the internal auditor.

Going concern

The Group continues to maintain a robust financial position. Having conducted detailed cash flow and working capital projections and appropriate stress-testing on liquidity, profitability and regulatory capital, taking account of possible adverse changes in trading performance, the Board is satisfied the Group is well placed to manage its business risks adequately; and that it will be able to operate within the level of its current financing arrangements and regulatory capital limits imposed by our regulator, the Financial Conduct Authority (FCA). Accordingly, the Board continues to adopt the going concern basis for the preparation of the financial statements.

Viability statement

The Directors have assessed the outlook of the Company over a longer period than the 12 months required by the 'Going concern' statement in accordance with the 2014 UK Corporate Governance Code.

The assessment relied on the latest annual budget; the Group's Internal Capital Adequacy Assessment Process (ICAAP); and evaluation of the Group's principal risks and uncertainties, including those that would threaten its business model, future performance or solvency.

As a matter of good practice, and as part of the ICAAP required by the FCA, the firm performs a variety of stress tests. Two Group stress tests are performed through discussions with senior management, after considering the principal risks and uncertainties faced by the Group. The stress points included the impact on revenues of a severe fall in global markets and the loss of major clients, two exposures prevalent in the financial sector

The stress tests enable the Board to:

- model a variety of external and internal events that impact the Budget, identifying the potential impact of stress events on income, costs, cash flow and capital; and
- assess the effectiveness of any management actions that may be taken to mitigate the impact of the stress events.

A reverse stress test allows the Board to assess scenarios and circumstances that would render its business model unviable, thereby identifying potential business vulnerabilities and ensuring the development of potential mitigating actions and invocation of recovery plans.

Following the assessment of the above, the Board concluded that the viability statement should cover a period of three years. Whilst the Directors have no reason to believe that the Group will not be viable over a longer period, this period has been chosen because a three-year time horizon has a much greater degree of certainty, given the cyclical nature of the Group's commission-based revenue stream and thus provides the basis for a more appropriate longer-term outlook.

Taking account of the Group's current position and principal risks and the Board's assessment of the Company's prospects, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over a period of at least three years.

Audit Committee report

year ended 31 March 2017

Composition and constitution

The Board through its Nomination Committee reviews the composition of the Audit Committee (the Committee). New appointments are made by the Board based upon the recommendations of the Nomination Committee following consultation with the Committee Chairman.

After many years service as Director and Chair of the Committee, Robert Elliott has decided to step down from the Board at the forthcoming Annual General Meeting. Until this date he will continue as Joint Chair of the Committee with Clive Bouch, who was appointed to the Board and the Committee on 31 March 2017. Clive was invited to attend several of the Committee meetings prior to his appointment as part of a consultancy engagement to assist the Committee in updating its terms of reference.

The Committee will comprise at least two independent Non-Executive Directors with appropriate experience. The current members of the Committee are the independent Non-Executive Directors Robert Elliott, David Gelber, Martin Wright and Clive Bouch.

The Board is satisfied that both Robert Elliott and Clive Bouch, being Chartered Accountants, have relevant financial experience and competence in accounting and/or auditing and that all members are financially literate and have experience of corporate financial matters. The Board is also satisfied that the experience of the members as a whole means the Committee has competence relevant to the sectors in which the Group operates.

David Gelber and Martin Wright have been Non-Executive Directors since 2007 and 1996 respectively. Notwithstanding these tenures, for the reasons explained on page 27, the Board considers them to remain independent. David also Chairs the Board, but given the relatively small size of the Group and particularly his extensive broking and financial services experience, the Nominations Committee remains of the view it is appropriate that in accordance with C.3.1 of the 2014 Code he should continue as member of the Audit Committee.

The Committee's Terms of Reference, which have been reviewed and updated during the year, are available on the Company's website at www.wcgplc.co.uk.

Main responsibilities of the Committee

The Committee assists the Board in its oversight of the:

a. integrity and quality of financial reporting and disclosure;
b. selection and application of accounting policies and practices;
c. adequacy and effectiveness of the risk management systems and internal control environment;
d. Group's compliance with legal and regulatory requirements relevant to financial reporting and accounting;
e. appointment/reappointment, independence and performance of the external auditor, including the quality and effectiveness of the external audit;
f. integrity of significant financial returns to regulators;
g. effectiveness of internal audit;
h. arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and
i. other issues the Board may request the Committee's opinion on.

Meetings

There were four formal meetings of the Audit Committee during 2016/17 (four in 2015/16). The Committee members' meeting attendances are set out in the Report by the Directors on corporate governance matters on page 27.

The Committee maintains a formal agenda of items that are to be considered at each Committee meeting and within the annual audit cycle, to ensure that its work is in line with the requirements of the 2014 Code and all areas of its remit are addressed. The items to be reviewed are agreed by the Committee Chairman on behalf of his fellow members. Each member has the right to require reports on additional matters of interest.

The Company Secretary, who is also the Compliance Director, acts as the Secretary to the Committee.

The Chief Executive and Finance Director normally attend Committee meetings. At the Committee's request, other senior management are invited to present reports as relevant to enable the Committee to discharge its duties. The internal and external auditors are both invited to and do attend all meetings.

Committee activities

The work of the Committee during the year to 31 March 2017, in addition to evaluating the effectiveness of its own performance, fell into three main areas:

1. Accounting and financial reporting

The Committee reviewed the:

a. annual and interim financial statements;
b. significant financial reporting policy disclosures and judgements;
c. the appropriateness of the preparation of the financial statements on a going concern basis;
d. long-term viability statement prior to Board approval; and
e. Annual Report to consider whether, taken as a whole, it is fair, balanced and understandable and provides information relevant to shareholders' assessment of the Group's performance, business model and strategy.

2. Internal controls

The Committee:

a. monitored the integrity and effectiveness of the Company's internal financial controls by reference to the ICAAP, summaries of business risk and mitigating controls, and reports and presentations from internal audit, external audit, other subject matter specialists and heads of compliance and risk;
b. assessed the scope and effectiveness of the systems established to identify, manage, and monitor financial and non-financial risk;
c. reviewed the Group's whistleblowing policy and conduct risk framework and policy;
d. monitored and reviewed the plans, work, resources and effectiveness of the internal audit function together with its recommendations and management's responses to its proposals;
e. challenged management on the effectiveness of controls over spreadsheets used in the financial and regulatory reporting processes; and
f. reviewed actions taken in response to reports on internal controls in order to address any significant weaknesses identified, with particular focus during the year on conduct risk and protection of client assets.

3. External audit

The Committee:

a. oversaw the appointment of BDO LLP (BDO) as auditor following the competitive tender process conducted in the prior year;
b. reviewed the audit approach, scope of work to be carried out and audit findings;
c. reviewed the auditor's independence and objectivity;
d. considered the effectiveness of the external audit; and
e. considered the findings of the FRC's report on its audit quality inspection of BDO.

External auditor

BDO was appointed at the AGM held on 3 August 2016 following a competitive tender. The Committee intend to conduct an audit tender process again before the tenth anniversary of BDO's appointment.

BDO reports to the Committee on its actions taken to comply with professional and regulatory requirements to ensure its independence. Since year end, the Committee is in the process of updating its policy for the engagement of external auditors to perform non-audit work. The updated policy will set out more rigorous controls to ensure the external auditor's independence is not impaired and will be published on the Company's website www.wcgplc.co.uk. BDO also provides reports to the Financial Conduct Authority in respect of client assets and is engaged to undertake an AAF 01/06 review, being an assurance report on internal controls of the Group as a service organisation. BDO is best placed to perform this work in view of their independence, competencies and knowledge acquired through the external audit engagement and resulting efficiencies. No other services have been provided. Details of external audit and non-audit fees are disclosed in Note 10 on page 66 of the notes to the financial statements.

The performance of the external auditor has been monitored through a qualitative assessment of the services provided and takes account of feedback received from management. BDO's knowledge of our sector, quality and experience of the individuals assigned, and effectiveness of communication are taken into account. As part of the Committee's deliberations on audit quality and effectiveness, the co-Chairs of the Committee meet with the external audit partner to discuss this important matter and share feedback. The Committee is satisfied that the external audit process has operated effectively during BDO's first year.

The Committee reviews specific reports and best practice suggestions presented by the external auditor. The Committee discusses and acts upon the external auditor's comments relating to internal financial control and on the preparation of the financial statements. The Committee reports any issues directly to the Board after each meeting. The Committee also meets with the external auditor without management being present at least once a year. The statutory audits have not resulted in any significant control issues that would require material adjustment to the accounts.

Internal audit

The provision of internal audit activities is outsourced to Smith & Williamson LLP (S&W).

The internal audit function reports directly to the Committee. The internal audit plan and scope of work is reviewed and approved by the Committee each year after being appraised by management. The annual budget is agreed between the Committee Chairman and Chief Executive Officer having regard to the planned scope of work.

The internal audit reports and its proposals are presented to the Committee. Management's comments are tabulated and suggested actions debated. Issues arising are followed through.

During the year, internal audit carried out reviews of procedures around conduct risk, regional offices, reputational risk and fraud risk. The focus of internal audit in the coming year is the effectiveness of governance and Committee structures, data security and integrity of regulatory returns.

The Committee also monitors any other services that S&W provide to ensure the integrity and independence of the Group's third line of defence is not compromised. During the year the only additional services S&W provided related to advice in respect of certain disclosures in the financial statements, the accounting treatment of new initiatives and the impact of recent changes in accounting guidance or standards.

The Committee monitors the effectiveness of the internal audit service provided by S&W. The particular focus is on competence and capabilities, subject matter expertise, timely reporting and the quality of communication and recommendations. S&W also perform a self-appraisal, which is discussed with the Committee. The Committee is satisfied with the service provided by S&W and will continue with the arrangements. Areas of focus for the coming year will be more timely and executive summary reporting and improved communication of the scope of work undertaken.

Going concern and longer-term viability statement

Disclosures regarding the adoption of the going concern basis of financial statement preparation and the Directors' viability statement are found on pages 29 and 63. In considering these disclosures the Committee reviewed the projections for the forthcoming year, current business performance against those projections, the stress scenarios set out in the Group's ICAAP, current financial resources and capital expenditure plans. Specifically in respect of the viability statement, the Committee challenged the reasons for the period adopted and the consideration given to any key assumptions and dependencies. The Committee noted in particular that:

- the Group is following a conservative growth strategy;
- the payment of an interim and final dividend from the Group's surplus cash resources and distributable reserves has been and continues to be a key financial objective of the Board;
- 86% of the Group's financial resources at 31 March 2017 are held in cash or cash equivalents and there are no material restrictions on accessing or utilising required liquidity throughout the Group, including for the proposed final dividend in respect of the year;
- the Group's regulatory capital at 31 March 2017 was 202% of its regulatory capital requirement and all regulated entities within the Group held capital in excess of their solo regulatory requirements;
- the Group had no structural debt obligations or critical dependencies on overdraft working capital funding;
- ICAAP stress scenarios demonstrate management actions to mitigate the impact of significant sensitivities such as the loss of key revenue producers, significant falls in markets, a large rogue trade, an operational failure, losses from fraud or cyber attack. In certain cases a key impact in such stress situations is the potential reduction or elimination of dividend payments;
- management have a reasonable basis to conclude any obligation to HMRC as provided for and disclosed in Note 25 on page 75 will be recovered in full from Liontrust Asset Management plc;
- financial commitment and estimated future cash consideration obligations as disclosed in Notes 30, 32 and 35 on page 77 are planned for; and
- management's assessment of the contingent liability disclosed in Note 32 and 35 on page 77 is that no obligation will arise.

Audit Committee report continued

year ended 31 March 2017

In recent years the Group has reported significant non-recurring costs and there will be expenditures in 2017/18 relating to transitional office moving costs, such as new decoration, fitting out and void space. Notwithstanding the continuing incidence of such costs, executive management and the Board project positive cash flows and emphasise efficiency and cost management within the Group's strategic initiatives.

Financial reporting and significant financial judgements

The main areas considered by the Committee are set out below:

Matter considered	Action
Impairment of goodwill and intangible assets The Consolidated Statement Of Financial Position includes goodwill of £4.4m and client lists of £8.3m. These balances arise on business combinations or hiring of individuals or teams of investment managers. The goodwill arose on, and has been allocated to, the acquisitions of London York (£2.9m) and Barker Poland Asset Management (£1.49m), which continue as identifiable cash-generating units (CGUs). The year-end unamortised value of client lists attributed to these CGUs are £nil and £2.8m respectively, with the remaining balance being attributable to individuals or teams of investment managers hired.	Management assess any impairment of goodwill by comparing the book value of assets attributable to the CGUs to the higher of their fair value less cost to sell or value-in-use. The Committee reviewed management's papers supporting the conclusion there was no impairment, with particular challenge regarding the assumptions used and adequacy of the disclosures (see Note 15 to the financial statements on page 68). The values attributed to client lists are amortised over their estimated useful lives, being periods between 3 and 20 years. Management assess any further indicators of impairment by reference to the continuing value of Assets Under Management and Administration, peer comparisons, the loss of senior investment managers, the loss rate of clients, and other causes of possible outflows. The Committee reviewed management's supporting papers in respect of indicators of impairment and amortisation periods and as there have been no impairment triggers identified, no impairment review of these intangible assets is required. BDO's findings were also discussed and considered by the Committee in drawing its conclusions on the appropriateness of judgements in this area and associated disclosures in the financial statements.
HMRC liability re: payments to former fund managers As disclosed in previous interim and annual reports, HMRC assessed the Company as liable for Income Tax, National Insurance and interest in respect of payments made by the purchaser of Walker Crips Asset Managers Limited following its sale in 2012. Under the Sale and Purchase Agreement the purchaser and/or fund managers were considered liable for any such obligations. Previously this has been disclosed as a contingent liability, but in these financial statements full provision for the total estimated amounts due to HMRC of £1.7m has been made (see Note 25 on page 75), together with recognition of an asset for the recovery the same amount from the purchaser included in other debtors as this is considered virtually certain.	The Committee reviewed the paper prepared by management in support of the accounting treatment. This included the rationale for the quantum of the liability and the reasons why the recovery from the purchaser is assessed as virtually certain, the latter reflecting written confirmation from the purchaser that they will meet the liability that falls due in full and assessment of their credit standing. The Committee noted that the obligation and recovery are netted within administrative expenses rather than being recorded gross as expenditure and income respectively and challenged whether this is appropriate. Management considered that such grossing up would not provide meaningful information and that the matter is adequately disclosed in the financial statements. This explanation was accepted. BDO's findings were also discussed and considered by the Committee in drawing its conclusions on the appropriateness of judgements in this area and associated disclosures in the financial statements.

Matter considered	Action
Provisions The financial statements include provisions and liabilities in respect of dilapidations (£0.24m), outstanding legal cases, customer complaints or claims (£0.33m), and future consideration expected to be payable in respect of acquisitions (£2.5m). These amounts are estimated with varying degrees of certainty.	The Committee considered management's determination of the amounts provided and concluded they were reasonable based upon the information available. The Committee also considered BDO's findings when concluding on the reasonableness of the provisions and related disclosures.
Exceptional items The Group classifies certain material items as exceptional to allow a clearer understanding of the underlying trading performance of the business. In 2016/17 these amounted to charges of £0.36m and in 2015/16 they were £0.778m (see Note 7 on page 65).	The Committee requested, received and considered explanations from management setting out the description of items that would fall to be exceptional (see page 61), the reasons for the treatment of each item classified as exceptional in the year, and the proposed disclosures, including the reconciliations provided in the CEO's Statement on page 8, challenging these to ensure clarity. The Committee also discussed and considered the findings of BDO on the classification of disclosure of items identified as exceptional.

Performance evaluation

The Committee evaluates its performance each year, with the most recent one conducted in June 2017. The evaluation is based upon feedback to a questionnaire distributed to Committee members and others who regularly attend Committee meetings. The results are used to form the forward-looking agenda. The latest review concluded that the Committee continued to operate effectively with certain opportunities for improvement, which will be implemented. These include more formal performance appraisals for all Committee members, more timely provision of papers for pre-meeting preparation and improved prioritisation of agenda items.

Approval

This report in its entirety has been approved by the Committee and the Board of Directors and signed on its behalf by:

R. A. Elliott FCA
Joint Chairman
17 July 2017

C. Bouch FCA
Joint Chairman
17 July 2017

Remuneration Committee report

year ended 31 March 2017

Remuneration report – introduction

This is the Remuneration Committee report for the year ended 31 March 2017. It sets out the remuneration policy and remuneration details for both the Executive and Non-Executive Directors of the Company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (referred to below as Schedule 8).

The report is split into three main areas:

- the statement by the Chairman of the Remuneration Committee set out opposite;
- the Annual report; and
- the Policy report.

The Annual report on remuneration provides details on remuneration in the period. The Policy report was approved by the shareholders at the 2014 Annual General Meeting for a period of three years and is therefore now being put to the shareholders at the 2017 AGM.

A resolution to approve the Annual report on remuneration will also be put to this year's Annual General Meeting to be held on 6 September 2017.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Directors' remuneration report and to state whether, in their opinion, those parts of the report to be audited have been properly prepared in accordance with Schedule 8. The parts of the Annual report on remuneration that are subject to audit are indicated in that report. The statement by the Chairman of the Remuneration Committee and the Policy report are not subject to audit.

Annual statement from the Chairman of the Remuneration Committee

This has been a further year of consolidation for the Group, with our focus remaining upon the implementation of the strategy to create a full service investment and wealth management group. Our senior management team has remained stable and basic salaries were increased marginally. Directors' bonuses have been paid to certain Directors based on Group or divisional profitability, as set out on page 35.

Although various existing practices have been codified, no material remuneration policy changes were made in the year to 31 March 2017. As noted last year, having made significant progress in implementing Group strategy to restore profitability and refocus the Group, the Remuneration Committee has reviewed the Company's remuneration arrangements to ensure that it maintains appropriate measures and processes for annual and long-term incentives.

This led to a new Directors' remuneration policy that was developed by the Remuneration Committee which envisaged the introduction of a Long Term Incentive Plan (LTIP) for certain members of the Executive team. No final decision has been taken on this aspect and we continue to consult with key shareholders.

D. M. Gelber
Remuneration Committee Chairman
17 July 2017

Annual report on remuneration – subject to advisory vote by shareholders at the 2017 AGM

This part of the report has been prepared in accordance with Part 3 of Schedule 8 and Listing Rule 9.8.6. In accordance with the regulations, the annual remuneration report will be put to an advisory shareholder vote at the 2017 AGM.

Remuneration for the year ended 31 March 2017 (audited information)

The table below sets out the remuneration received by the Directors in relation to performance in the year to 31 March 2017 together with prior year comparisons. To aid transparency to our shareholders, a single figure for the total remuneration due, or which will become due, to each Director is disclosed.

Name of Director		Fees/basic salary £	Taxable benefits £	Personal pension contributions £	Bonus £	Bonus taken as pension contribution £	Total bonus £	Long Term Incentive Plan £	Share incentive plan matching share contribution £	Loss of office[1] £	Total £
Executive											
R. A. FitzGerald	**2017**	**168,621**	**3,126**	**16,862**	**5,710**	**–**	**5,710**	**–**	**1,800**	**–**	**196,119**
	2016	168,621	1,981	16,862	–	–	–	–	1,800	–	189,264
S. K. W. Lam	**2017**	**168,621**	**1,819**	**16,862**	**5,710**	**–**	**5,710**	**–**	**1,800**	**–**	**194,812**
	2016	168,621	1,295	16,862	–	–	–	–	1,800	–	188,578
D. Hetherton (retired 18 Nov 2016)	**2017**	**139,113**	**881**	**45,873**	**–**	**–**	**–**	**–**	**–**	**58,000**	**243,867**
	2016	109,964	1,375	39,106	–	326	326	–	1,800	–	152,571
G. J. B. Jackson	**2017**	**91,307**	**2,711**	**45,625**	**–**	**10,000**	**10,000**	**–**	**1,800**	**–**	**151,443**
	2016	–	–	–	–	–	–	–	–	–	–
M. J. W. Rushton	**2017**	**155,295**	**2,486**	**10,870**	**86,657**	**–**	**86,657**	**–**	**1,800**	**–**	**257,108**
	2016	155,295	1,768	10,870	–	–	–	–	1,800	–	169,733
Non-Executive											
H. M. Lim	**2017**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	–	–	–	–	–	–	–	–	–	–
C. Bouch (appointed 31 March 2017)	**2017**	**146**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**146**
	2016	–	–	–	–	–	–	–	–	–	–
M. J. Wright[2]	**2017**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	–	–	–	–	–	–	–	–	–	–
D. M. Gelber	**2017**	**41,930**	**–**	**–**	**–**	**–**	**–**	**–**	**1,800**	**–**	**43,730**
	2016	41,412	–	–	–	–	–	–	1,800	–	43,212
R. A. Elliott	**2017**	**27,778**	**–**	**–**	**–**	**–**	**–**	**–**	**1,800**	**–**	**29,578**
	2016	27,435	–	–	–	–	–	–	1,800	–	29,235
Total	**2017**	**792,811**	**11,023**	**136,092**	**98,077**	**10,000**	**108,077**	**–**	**10,800**	**58,000**	**1,116,803**
	2016	671,348	6,419	83,700	–	326	326	–	10,800	–	772,593

Executives can elect to sacrifice fixed or variable remuneration into a pension scheme of their choice.

1 Retirement payments to D. Hetherton which are further disclosed under Loss of office payments. D. Hetherton retired on 18 November 2016.
2 M. J. Wright received fees of £26,852 through Charles Russell Speechlys LLP, of which he is a Partner.

Annual bonus for the year ended 31 March 2017

The Group operates a profit sharing pool from which the Executive Directors may receive a discretionary bonus linked to performance. In addition, the Chief Investment Officer, Mark Rushton, received a performance bonus linked to the profitability of the divisions under his responsibility. All bonuses are paid in cash with no deferred component.

Based on the Group's results and profitability, the Committee has awarded discretionary annual bonuses payable in cash to the Executive Directors, including an adjustment of £326 relating to the prior year bonus paid to David Hetherton.

Outstanding share awards

There were no share options outstanding and not vested at 31 March 2017 and 31 March 2016.

Deferred bonus

There are no deferred bonus arrangements in place.

Remuneration Committee report continued

year ended 31 March 2017

Share Incentive Plan (SIP)

All employees of the Group are eligible to participate in the SIP following three months of service. Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £150) to acquire Ordinary Shares in the Company (Partnership Shares). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one matching share. All shares to date awarded under this scheme have been purchased in the market by the Trustees and it is the intention of the Board to continue this policy in the year to March 2018.

Share schemes under which no awards were made in 2017

Awards under the 2006 Share Option Scheme have been historically granted to Directors; but the scheme has expired and no awards are outstanding for future vesting. Awards have not been made under the Scheme since 2006.

Directors' shareholding and share interests (audited information)

The interests of the Directors and their connected persons in the share capital of the Company are shown in the table below.

Director	Beneficially owned at 31 March 2016	**Beneficially owned at 31 March 2017**	**Beneficially owned at 30 June 2017**
R. A. FitzGerald	285,330	**295,617**	**297,885**
S. K. W. Lam	433,222	**444,727**	**446,995**
M. J. W. Rushton	108,628	**118,480**	**120,748**
G. J. B Jackson	–	**8,790**	**11,058**
D. Hetherton[1]	746,311	**–**	**–**
R. A. Elliott	465,549	**276,831**	**279,097**
D. M. Gelber	132,467	**143,898**	**146,166**
C. Bouch	–	**10,500**	**10,500**
M. J. Wright	16,129	**16,129**	**16,129**

1 D. Hetherton retired as a Director on 18 November 2016.

Share Incentive Plan

The Company also operates the Walker Crips Group Plc Share Incentive Plan (SIP). Participants in the SIP are entitled to purchase up to a prescribed number of new Ordinary Shares in the Company at the end of each month. A total of 718,920 (2016: 664,425) new Ordinary Shares were issued to the 129 employees who participated in the SIP during the year. At 31 March 2017, 3,037,219 shares were held in the SIP on their behalf. There were no forfeited shares not allocated to any specific employee.

Matching shares awarded to Directors under the SIP are as follows:

Director	31 March 2016	**31 March 2017**
R. A. FitzGerald	35,669	**23,723**
S. K. W. Lam	33,799	**37,915**
M. J. W. Rushton	16,129	**20,244**
D. Hetherton[1]	20,680	**–**
G. J. B Jackson	–	**4,395**
D. M. Gelber	34,036	**38,152**
M. J. Wright	–	**–**
R. A. Elliott	32,436	**36,552**
C. Bouch	–	**–**

1 D. Hetherton retired as a Director on 18 November 2016.

Material contracts with Directors

Other related parties include Charles Russell Speechlys, in which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £324,000 (2016: £60,000).

In addition, commission of £8,562 (2016: £3,965) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore where H. M. Lim is a Director), again all on standard commercial terms.

Total pension entitlements

There are no defined-benefit Company pension schemes in operation. The Company contributes a percentage of the Executive Directors' basic salaries into personal pension arrangements of their choice. In addition, salary sacrifice may be exercised in favour of additional pension contributions.

Death-in-service benefits
Executive Directors are eligible for death-in-service benefit cover which is equal to four times the Director's fixed remuneration.

Payments within the year to past Directors
There have been no disclosable payments made to Directors after they have left office during the year.

Loss of office payments
There were £58,000 of loss of office payments made in the year ended 31 March 2017 (2016: £nil). These payments were made to David Hetherton in relation to his retirement in November 2016.

Percentage increase in the remuneration of the Chief Executive

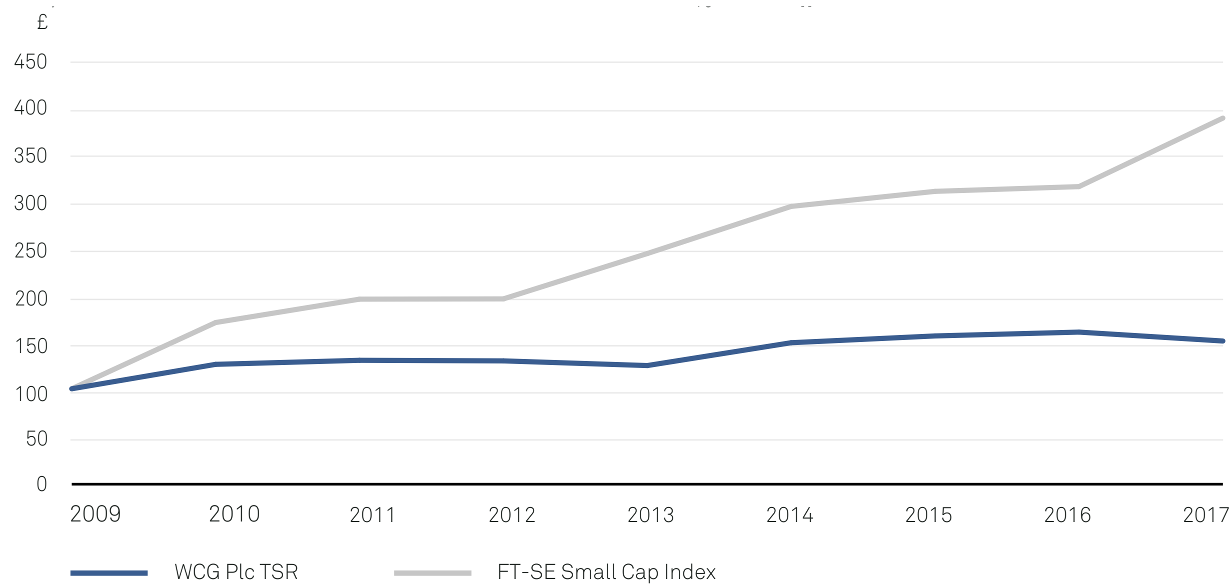
	2016 £	**2017 £**	Change
Chief Executive			
– salary	168,621	**168,621**	0%
– bonus	–	**5,710**	100%
Average per employee (£)			
– salary	35,905	**35,074**	(2.3)%
– bonus	5,988	**5,234**	(12.6)%

The table above shows the movement in salary and annual bonus for the Chief Executive between the current and previous financial year compared to that of the average employee. The Committee has chosen this comparator and it feels that the comparison of basic salary provides a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill, which is distorted by movements in the number of employees. More junior staff receive a base salary and, in some cases, pension contributions. As such a comparison of the movement in benefits for the Chief Executive and the average employee was not considered to be meaningful and has not been included.

Performance graph
The graph below shows a comparison between the Company's total shareholder return (TSR) performance compared with the companies in the FTSE Small Cap Index. The graph compares the value, at 31 March 2017, of £100 invested in Walker Crips Group plc on 31 March 2009 with the value of £100 invested over the same period in the FTSE Small Cap Index. This Index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other small UK public companies.

After the sale of our asset management and corporate finance subsidiaries in 2012 and 2013 respectively, the Group has gradually expanded and has reshaped the business model into two core profitable divisions.

Total shareholder return compared to FTSE Small Cap Index



Remuneration Committee report continued

year ended 31 March 2017

The table below shows the total remuneration figure for the Chief Executive during each of those financial years. The total remuneration figure includes the annual bonus which was awarded based on performance in those years. No long-term incentive awards were made to the highest paid Executive Director during the period.

	Year ended 31 March					
	2012	2013	2014	2015	2016	**2017**
Total remuneration	£174,512	£267,934	£186,769	£187,176	£189,264	**£196,119**

Relative importance of the spend on pay

The table below shows the movement in spend on staff costs versus that in dividends.

	2016 £000	**2017 £000**	Increase
Staff costs	10,160	**10,528**	3.62%
Dividends paid	657	**716**	8.98%

Remuneration Committee governance

The Remuneration Committee is governed by formal terms of reference agreed by the Board. The terms of reference were reviewed during the year to ensure they continued to accurately reflect the remit of the Committee. The terms of reference of the Remuneration Committee can be viewed on the Company's website. All of the Committee members are independent Non-Executive Directors.

The members of the Committee during the last financial year and their attendance at the meetings of the Committee are shown in the Report by the Directors on corporate governance matters.

None of the Remuneration Committee members has any personal financial interests (other than as shareholders), conflicts of interest arising from cross directorships or day-to-day involvement in running the business. The Remuneration Committee determines the individual remuneration packages of each Executive Director. The Chief Executive attends meetings by invitation and assists the Committee in its deliberations, except when issues relating to his own remuneration are discussed. No Directors are involved in deciding their own remuneration. The Committee can call for external reports and assistance. Independent legal advice may be sought by the Committee as required.

The Committee reviews the remuneration policy for senior employees below the Board, as well as the policy on pay and conditions of employees throughout the Group. These are considered when determining Executive Directors' remuneration.

During the period, the Committee met twice and a number of issues were considered and discussed, including but not limited to:

- remuneration policy for Executive Directors, including structure and performance criteria for the annual divisional and bonus pool arrangements;
- determination of remuneration;
- approval of compensation arrangements;
- determination of annual incentive payable to Executive Directors in respect of the year to 31 March 2017;
- oversight of remuneration arrangements for senior Executives;
- review of the Company's Pillar 3 remuneration disclosures; and
- review of the Committee's terms of reference.

External directorships

None of the Executive Directors held external directorships during the current and prior year.

How the remuneration policy will be applied for the year from 1 April 2017 onwards

The base salary review in 2017 resulted in a decision to award no increase to the salaries of the Executives.

	Salary as at 31 March 2016	**Salary as at 31 March 2017**
R. A. FitzGerald	£168,621	**£168,621**
S. K. W. Lam	£168,621	**£168,621**
M. J. W. Rushton	£155,295	**£155,295**
G. J. B Jackson[1]	–	**£91,307**
D. Hetherton (retired 18 November 2016)	£109,964	**–**

1 Excludes salary taken as pension.

Fees for the Chairman and Non-Executive Directors

The Company's approach to setting Non-Executive Directors' fees is detailed in the Policy report. These fees are reviewed periodically by the Board. A summary of current fees for Non-Executive Directors is as follows:

	Year ended 31 March 2017
Chairman	**£41,930**
Senior Independent Director	**£26,852**
Audit Committee Chairman (R. A. Elliott)	**£27,778**
Non-Executive Director (appointed 31 March 2017) (C. Bouch)	**£146**

D. M. Gelber was appointed as Non-Executive Chairman of the Company by a letter agreement dated 11 May 2007 for a term commencing on 11 May 2007 of not less than two years and thereafter terminable by either party on at least six months' notice in writing or otherwise in accordance with the Company's Articles of Association. His remuneration is now a fee of £41,930 p.a. plus reimbursement of expenses incurred on behalf of the Company, plus a contribution by the Company to his share incentive plan.

M. J. Wright, Senior Independent Director, has a letter of appointment dated 9 July 2000 and accepted on 10 July 2000 for a term of not less than two years commencing on 9 July 2000 and terminable by either party on not less than three months' notice in writing or otherwise in accordance with the Company's Articles of Association. His fees are now £26,852 plus VAT p.a. plus expenses. His fees are payable to Charles Russell Speechlys quarterly in arrears.

H. M. Lim has no formal service agreement with and receives no remuneration from the Company.

R. A. Elliott, Co-Chairman of the Audit Committee, was appointed as a Non-Executive Director on 11 April 2005 by a letter agreement with a right for him to resign immediately in accordance with the Company's Articles of Association. The agreement also provides for Mr Elliott's re-election each year at the Company's Annual General Meeting. His annual remuneration is now £27,778 p.a. plus reimbursement of expenses incurred on behalf of the Company, plus a contribution by the Company to his share incentive plan.

C. Bouch was appointed as a Non-Executive Director and later as Joint Chairman of the Audit Committee by a letter agreement dated 24 March 2017 for a term commencing on 31 March 2017 of not less than three years, save that the appointment is terminable by either party on at least three months' notice in writing or otherwise in accordance with the Company's Articles of Association. His remuneration is a fee of £38,000 p.a. plus reimbursement of other specific expenses incurred on behalf of the Company.

The fees were reviewed by the Board and an increase of 1.50% was agreed effective 1 April 2017.

Directors' contracts are available for inspection at the Annual General Meeting or on appointment at our London head office.

LTIP for the Chief Investment Officer

The Company has presented details of the LTIP arrangements for the Chief Investment Officer. These were set out in the financial statements for the year to 31 March 2012. They are summarised briefly in the Policy report below.

Statement of shareholder voting

At last year's AGM, the Directors' remuneration report received the following proxy votes from shareholders:

2016 AGM		
Votes in favour	7,301,917	99.6%
Votes cast against	3,000	0.1%
Abstentions	28,000	0.3%

Remuneration Committee report continued

year ended 31 March 2017

Directors' remuneration policy report – to be approved by shareholders at the 2017 AGM

This Directors' remuneration policy will be put to a binding shareholder vote at the AGM on 6 September 2017 and, if approved, will be effective from that date.

Scope

- The Remuneration Committee (the Committee) determines the Group's policy on the Board Chairman's Director fees and the remuneration of the Executive Directors and other members of executive management including employees designated as code staff under the FCA remuneration Code. The Committee's terms of reference are available on the Group's website.

Fees policy for the Board Chairman and other Non-Executive Directors

The Board as a whole will determine the remuneration of the Non-Executive Directors, with Non-Executive Directors exempting themselves from discussions and voting.

The Committee takes into account the following objectives in determining the Directors' remuneration policy

- This policy has been designed to support the delivery of WCG strategic business objectives and corporate values, by attracting, retaining and motivating talented Directors and senior management of the calibre to manage the business successfully
- To reward and motivate good and above average performance
- To comply with the requirements of the FCA Remuneration Code

Key principles

- To adopt a structure of fixed and variable remuneration that will take account of Group performance and will motivate Directors and staff to develop and expand the business responsibly
- To avoid creating incentives for excessive risk taking that exceeds tolerated risk levels of WCG or its risk appetite
- To adopt only incentive plans that align with the Group's business strategy
- To make proportionate fixed and variable awards that are governed by this policy which should not prevent WCG from meeting its capital requirements and consolidating its capital base
- To ensure that all types of remuneration arrangement operated by WCG outlined in this policy are regularly reviewed
- Where appropriate to reward exceptional contribution with specific arrangements
- To apply consistency with the general remuneration culture prevalent throughout the Group
- To ensure that WCG does not pay variable remuneration through vehicles that facilitate avoidance of local regulation

The following tables summarise the components and policy for Directors' remuneration packages.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
SALARY	Reflect the value of the individual and their role. Reflect skills, experience over time. Provide an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income.	Reviewed annually, effective 1 July. Agreed when results for the previous year have been finalised.	Annual increases are normally in line those provided to the wider employee population unless there is a change in the Director's role or responsibility or there is a significant divergence from market comparatives of similar executive directorship roles.	N/A.
BONUS	Incentive annual delivery of financial and operational goals. Relatively high potential rewards for achieving demanding targets for Group profit before tax which is based on the Board-approved strategy for increasing profit and shareholder value.	Determined after results for the financial year are signed off with Group profit before tax being a primary metric. A discretionary bonus up to 15% of profits is pooled for allocation to the Executive Directors.	There is no maximum but the Committee will exercise its discretion responsibly having regard to the interests of shareholders.	Specific awards agreed on an individual basis consistent with the key principles. A general discretionary award taken from the pool will be allocated based on performance measured over the financial year, including achievement of specific strategic-based objectives and upon profit before tax of the Group for the WCG plc Executive Board. The pool consists of 5% of Group profit before tax in excess of £789,624 and 15% above profit for the year in excess of £1,316,040. The Chief Investment Officer receives a bonus of between 10% and a maximum of 20% of his division's profit before tax.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
LONG TERM INCENTIVE PLAN (LTIP)	Aligned to main strategic objective. Based on subsidiary's measurable key statistics (e.g. NAV growth).	An LTIP is currently in existence for one Executive Director, the CIO, Mark Rushton. Further LTIP awards will not be made to the current Executive Directors unless separately approved by shareholders but may be granted to new Executive Directors. Opportunity to defer growth share award in subsidiary and obtain future matching share award in Parent, which vests after four years. Awards granted under this LTIP will be subject to partial malus and clawback during the vesting period and clawback for four years after vesting. Options can be exercised over a period of four years after vesting.	There is no maximum opportunity.	Performance measured over ten years with an award of 5% of the growth in the value of core businesses of Walker Crips Stockbrokers Limited.
PENSION	Provide modest retirement benefits. Opportunity for Executive to contribute to their own retirement plan.	Contribution to pension scheme of Executive's choice. HMRC-approved salary sacrifice arrangement.	Monthly employer contribution of 5–10% of base salary. Salary sacrifice for employee contribution.	N/A.
OTHER BENEFITS	Provide additional fringe benefit.	Life Assurance – four times basic salary. Medical Insurance for family to age 24. Permanent Health Insurance. Participation in Company Share Incentive Scheme.	Continuous upon recruitment.	N/A.
Non-Executive Directors				
FEES	Reflects the skills and experience brought by the Director and their role.	Fees consist of a base Board fee and fees for Chairmanship of Committees. Account is taken of practice adopted by similar-sized organisations and time commitment.	Fees are reviewed annually but not necessarily increased. Increases are normally in line with inflation.	N/A.
BENEFITS	Provide market-related benefits to Non-Executive Directors.	Benefits include reimbursement of expenditure incurred in connection with their duties.	Reasonable costs.	N/A.

Remuneration Committee report continued

year ended 31 March 2017

Remuneration Committee discretion

In addition to assessing and making judgements on the meeting of performance targets and the appropriate incentives payable, the Committee has certain operational discretions available that can be exercised in relation to Executive Directors' remuneration including, but not limited to:

- amending performance conditions following a major corporate event or in circumstances in which the Committee considers that the impact of external economic influences is such that the original metrics and/or targets are no longer appropriate or where there is other political uncertainty having a significant impact on the business environment to ensure a fair and consistent assessment of performance;
- deciding whether to apply malus or clawback to an award;
- determining whether a leaver is a 'good leaver'; and
- specific bonuses may be agreed with Executive Directors consistent with the key principles.

Where such discretion is exercised, it will be explained in the next Directors' remuneration report.

Notes to the future policy table

Changes from previous approved policy

The following changes have been made from the policy previously approved by shareholders at the 2014 AGM.

- Introduction of malus and clawback provisions to be applied to remuneration at the discretion of the Committee.

Differences in remuneration for Executive Directors compared to other employees

The approach to remuneration for the Executive Directors is generally consistent with that for employees across the Company as a whole.

The Group applies a consistent remuneration philosophy for employees at all levels.

Fixed pay components for all employees, including specifically for new appointments and promotions to new positions, are benchmarked against relevant market comparators and the Committee takes account of the aggregate rate of base salary increase for all employees when determining increases in fixed pay for Directors. Pension contributions are applicable on the same basis to all employees. All employees are eligible for performance-related annual bonus derived from a bonus pool linked to Group profitability. Certain senior employees (other than the Executive Directors) may become eligible to receive LTIP awards.

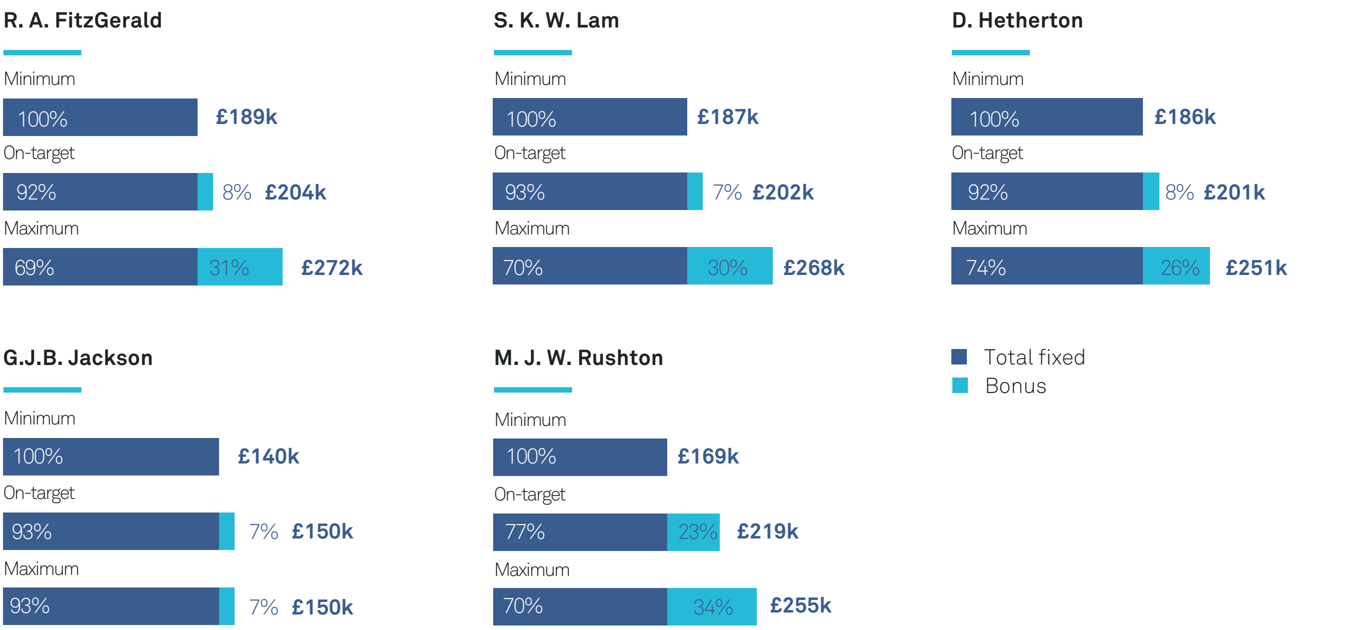
Benchmarking

The Committee takes account of market benchmark data when setting total remuneration packages for Executive Directors. Comparisons are made with other FTSE-listed companies of similar size and business profile. Practices in the private client investment management sector, and other related sectors, are also considered. Benchmark data is used by the Committee as a reference point, alongside other factors such as the individual's role and experience, and the relative size of the company and personal performance, rather than as a direct determinant of pay levels.

Performance conditions and targets

The Remuneration Committee selects the performance metric of profitability because it encourages Executives to drive business strategy.

Performance scenarios



Assumptions

Fixed pay is based on salary and benefits received in the 2017 financial year.

As there is no maximum or target bonus, we have taken the average of the bonuses paid to each Director over the last five years (or his tenure if shorter) for the on-target value and the highest bonus paid to each Director over that period as the maximum.

How the views of shareholders are taken into account

The Committee will regularly compare the Group's Directors' remuneration policy with shareholder guidelines and takes account of the results of shareholder votes on remuneration.

If any material changes to the remuneration policy are contemplated, the Committee Chairman will consult with major shareholders about these in advance.

Details of votes cast for and against the resolution to approve last year's remuneration report are provided in the Annual report on remuneration section of the Directors' remuneration report. If there is a significant vote against any remuneration resolution, the Committee will endeavour to understand the reasons for the lack of support and to address shareholders' concerns.

Consideration of employment conditions elsewhere in the Group

The Group does not operate formal employee consultation on remuneration. However, employees are able to provide direct feedback on the Group's remuneration policies to their line managers or the Human Resources department. The Committee monitors the effectiveness of the Group's remuneration policy in recruiting, retaining, engaging and motivating employees.

The Committee does not seek to apply fixed ratios between the total remuneration levels of different roles in the Group, as this would prevent it from recruiting and retaining the necessary talent in a highly competitive employment market.

External Non-Executive Director positions

Executive Directors are permitted to serve as Non-Executive Directors of other companies, on the grounds that this can help to broaden the skills and experience of the Director, provided there is no competition with the Company's business activities and where these duties do not interfere with the individual's ability to perform his duties for the Company.

Where an outside appointment is accepted in furtherance of the Company's business, any fees received are remitted to the Company.

Approach to remuneration for new Executive Director appointments

The remuneration package for a new Executive Director would be set in accordance with the terms and maximum levels of the Group's approved remuneration policy in force at the time of appointment. The Remuneration Committee is conscious of the importance of not paying more than is necessary to secure the best candidate. However, there may be circumstances in which a higher salary than that of the incumbent needs to be offered to attract a new Director into a role. As noted above, the annual bonus is discretionary and there is no maximum variable pay.

The Committee may also offer additional cash and/or share-based elements when it considers these to be in the best interests of the Group and shareholders, for the purpose of replacing awards or potential foreseeable earnings which are forgone by the individual on becoming an Executive Director. This may involve the use of awards made under 9.4.2 of the Listing Rules. In considering any such payments the Committee would take account of the amount of remuneration foregone and the nature, vesting dates and any performance requirements attached to the remuneration foregone.

Shareholders will be informed of any such payments and the rationale for these.

For an internal appointment, any deferred pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, ongoing remuneration obligations existing prior to appointment may be permitted to continue where this is considered to be in the best interests of the Group and shareholders.

For external and internal appointments, the Company may meet certain relocation expenses as appropriate.

Service contracts, letters of appointment and loss of office payments

Service contracts normally continue until the Director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination. The Company's policy is for Executive Directors' notice periods to be limited to six months by either party. The incumbent CEO, Rodney FitzGerald, has a notice period of 12 months.

If the employing Company wrongfully terminates the employment of an Executive Director without giving the period of notice required under the contract, the Executive Director would be entitled to claim recompense for up to six or the agreed term of months' total fixed pay (i.e. salary and benefits).

Where an Executive Director is considered by the Committee to be a 'good leaver', circumstances in which the individual leaves because of retirement, redundancy, ill-health, death or disability, or otherwise at the Committee's discretion, the Committee may consider a discretionary award of annual variable pay, subject to performance, in respect of the portion of any financial year that the individual has been working with the Company, although not for the period of any notice or 'garden leave'.

In the event of a change of control of the Company there is no enhancement to these terms.

Remuneration Committee report continued

year ended 31 March 2017

Legacy arrangements

For the avoidance of doubt, the Directors' remuneration policy includes any arrangements entered with a Director before 28 June 2012 that is unchanged since that date. Any other remuneration or termination payments made to a Director during the currency of this policy will be consistent with the terms of this policy. Details of any payments to former Directors will be set out in the implementation section of this report as they arise.

Approval

This report was approved by the Board of Directors on 17 July 2017.

Signed on its behalf by:

D. M. Gelber
Remuneration Committee Chairman
17 July 2017

Directors' report

for the year ended 31 March 2017

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2017.

Results and dividends

Results, distributions and retained profits are as follows:

	2017 £000	2016 £000
Retained earnings at 1 April (restated)	**11,273**	11,135
Profit for the year after taxation	**608**	795
Dividends paid	**(716)**	(657)
Retained earnings at 31 March	**11,165**	11,273

The Directors recommend a final dividend of 1.29 pence per Ordinary Share to be paid on 15 September 2017 to Ordinary Shareholders on the register on 1 September 2017.

Capital structure

Details of the Company's share capital are shown in Note 26. The Company has one class of Ordinary Share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Where shares have been issued as consideration for new clients to investment advisers upon commencement with the Company, these shares are restricted from sale for periods of four to six years.

Voting rights of shares held by the Trustees of the Company's Share Incentive Plan (SIP) are not exercised unless the Trustee is directed to vote by the employee SIP participant.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Brief biographies of the Directors eligible and standing for election at the Annual General Meeting are set out on pages 24 and 25.

Ethical responsibility

Our clients specify any ethical preferences that they have when we construct their investment portfolios or make individual recommendations. We actively support the professional institutes and trade associations of which we are members to promote a strong ethical code of conduct.

Employment policy

It is the Group's policy to give appropriate consideration to applications for employment from disabled persons, having proper regard to their particular aptitudes. For the purposes of training, career development and promotion, disabled staff, including any who become disabled in the course of their employment, are treated on equal terms with other employees.

Health and safety policy

The Board has a policy of adopting procedures, appropriate to its activities, to monitor, maintain and, where relevant, improve health and safety standards to safeguard the Group's staff.

None of the Company's activities involve any significant health and safety risks. During the year there were no injuries, illnesses or dangerous occurrences which needed to be reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.

Eligible employees can benefit from the Group's permanent health insurance scheme in the event of long-term illness preventing them from carrying out their function.

Insurance and indemnification of Directors

The Company has put in place insurance to cover its Directors and officers which gives appropriate cover for legal action brought against any of them. In addition, the Company's Articles of Association provide for the ability of the Company to grant qualifying third-party indemnity provisions (as defined in section 234 of the Companies Act 2006) for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

Ordinary and special business

Resolutions will be placed before the Annual General Meeting to confer authority on the Company to allot equity securities of up to an aggregate nominal amount of £933,070 and to authorise and empower the Company to allot equity securities.

The Companies Act 2006 permits a public company to purchase its own shares in accordance with powers contained in its Articles of Association and with the authority of a resolution of shareholders. The Directors believe that the Company should be authorised to take advantage of these provisions and, therefore, pursuant to the power contained in the Company's Articles of Association, it is intended to propose a special resolution at the forthcoming Annual General Meeting to confer authority on the Company to purchase up to a maximum in aggregate of 10% of the Ordinary Shares of $6^2/_3$ pence each in the share capital of the Company at a price or prices which will not be less than $6^2/_3$ pence and which will not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the ten business days before the relevant purchase is made.

The authority was given at the last Annual General Meeting of the Company for a period expiring at the conclusion of the next Annual General Meeting. It is the Directors' intention that a resolution for its renewal will be proposed at each succeeding Annual General Meeting. The Directors will only make use of the authority when satisfied that it is in the interest of the Company to do so. Shareholders should note that any Ordinary Shares purchased by the Company will either be cancelled and the number of Ordinary Shares in issue will accordingly be reduced or will be held as treasury shares.

Financial Instruments and risk management

The risk management objectives and policies of the Group are set out in Note 24 to the financial statements.

Directors' report continued

for the year ended 31 March 2017

Substantial shareholdings

As at 31 March 2017, the following interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Company were held:

	Number	Percentage
L. W. S. Lim	2,700,243	6.5
L. W. Y. Lim	2,700,242	6.5
L. W. J. Lim	2,700,242	6.5
Miton Group plc	2,693,824	6.5

As at 30 June 2017, the following interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Company were held:

	Number	Percentage
L. W. S. Lim	2,700,243	6.4
L. W. Y. Lim	2,700,242	6.4
L. W. J. Lim	2,700,242	6.4
Miton Group plc	2,693,824	6.4

Pillar 3 disclosures

The Basel Capital Accord, issued by the Basel Committee on Banking Supervision, aims to improve the flexibility and risk sensitivity of the existing Accord. The Accord consists of three mutually reinforcing pillars. Pillar 3 recommends requirements aimed at enhancing market discipline through effective disclosure of information to market participants.

The disclosures can be found on the following website: www.wcgplc.co.uk.

Carbon emission reporting

Greenhouse Gas (GHG) emissions data for the year ended 31 March 2017:

	2017 **tCO_2e**	Restated 2016 tCO_2e
Scope 1 – combustion of fuel	**13**	14
Scope 2 – purchased electricity (restated)	**213**	223
Total	**226**	237
Total emissions per employee	**1.05**	1.13

The Greenhouse Gas Protocol assessment methodology and UK Government conversion factors for Company reporting have been applied to calculate the emissions statistics in relation to material sources of emissions for which the Group is responsible.

The reporting boundary used for collation of the above data is consistent with that used for consolidation purposes in the financial statements.

The following sources of emissions are not deemed to be material for the purposes of preparing this disclosure:

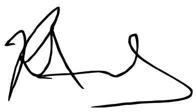
- vehicle use; and
- air conditioning.

Audit Information

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
- a resolution to reappoint the auditor, BDO LLP, will be put to the AGM on 6 September 2017.

By order of the Board



R. A. FitzGerald FCA
Director
17 July 2017

Statement of Directors' responsibilities

year ended 31 March 2017

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for the Group for that period.

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements of the Group have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable UK Accounting Standards have been followed in the preparation of the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' report, a Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

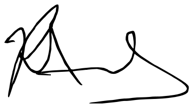
Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

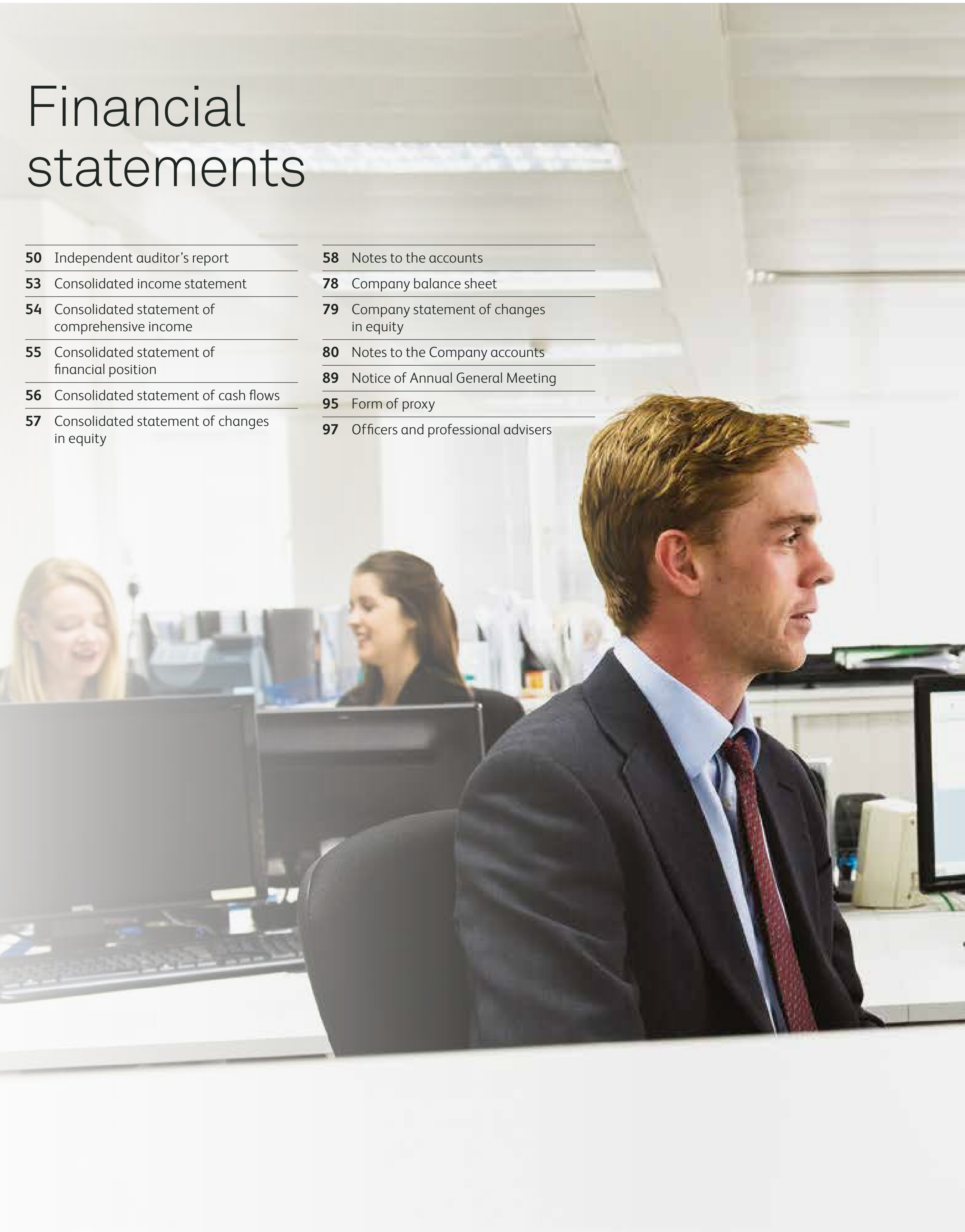
The Directors confirm to the best of their knowledge:
- The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board



R. A. FitzGerald FCA
Director
17 July 2017

Financial statements



Independent auditor's report

to the members of Walker Crips Group plc

Our opinion on financial statements

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What our opinion covers

We have audited the financial statements of Walker Crips Group plc for the year ended 31 March 2017, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated and Parent statement of changes in equity, the Consolidated statement of cash flows, the Parent Company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditor

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our assessment of and response to the risks of material misstatement and overview of the scope of our audit.

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Our Group audit approach was developed by obtaining an understanding of the Group's activities, the key functions undertaken on behalf of the Board by management and the overall control environment. We focused our Group audit scope primarily on the audit work at the Group's three main locations being London, Romford and York which were subject to a full scope audit. These locations represent the principal business units and account for all of the Group's net assets, revenues and profit before tax. They also provide an appropriate basis for undertaking audit work to address the risks of material misstatements noted below.

Based on this understanding we assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement. We tailored our audit approach to address the specific risks in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. We detail below the risks which we considered to have the greatest effect on the overall audit strategy including the allocation of resources in the audit, and our audit response. The Audit Committee's consideration of these risks is set out on page 32.

Risk description	How our audit addressed the risk
Revenue recognition	
The Group's revenue is made up of two distinct components, broking income and non-broking income. Revenue recognition is considered to be a significant audit risk as it is a key driver of shareholder return to investors and there is judgement over the accrual or deferral of revenue, the treatment of performance measures and at the point at which it is probable that the revenue will be realised.	We responded to this risk by performing a range of tests of detail covering all revenue streams. In particular, our audit testing included: – cut-off testing on stockbroking commission and investment management fees around the year end; – recalculating a sample of management and performance fees, including accrued fees, based on underlying contracts, the value of Assets Under Management as agreed to third-party sources and tracing this sample through to invoice and bank receipt; and – agreeing a sample of fees to invoice and bank receipts.

Risk description	How our audit addressed the risk
Recognition and impairment of client lists intangible Acquired client lists of £8,294,000 (2016: £7,992,000) are capitalised on the basis of the expected net discounted future cash flows over the life of the client list. Judgement is exercised in determining whether the consideration paid in respect of acquiring the client lists meets the criteria for capitalisation and if so, then the appropriate period for the capitalised costs to be amortised over. Judgement is also exercised in determining the underlying assumptions used in the impairment review. These risks are explained further in Note 3 Key Sources of estimation uncertainty and in the disclosures in Note 16.	In respect of acquired lists in the year we examined a sample of purchase agreements associated with the acquisition of the client lists to assess whether these costs met the IAS 18 capitalisation criteria. Management have completed an assessment on each intangible at the year end which involved undertaking a review for indicators of impairments. We challenged this assessment by undertaking the following tests: – We compared the Useful Economic Life (UEL) of the intangibles against the actual client attrition rates. – We challenged managements assessment of indicators of impairment by comparing to AUM and revenue generated from the intangible asset.
Provisions for client claims and regulatory reviews Provisions are made for client claims based on management's assessment of the likelihood of success of individual cases whilst taking into consideration factors such as the level of insurance cover and the progress of any claims referred to the Financial Ombudsman Service. The provisions amounted to £328,000 (2016: £212,000) and are disclosed in Note 25.	We obtained management's analysis of claims and agreed this to the relevant correspondence and to the complaints register. We also: – reviewed correspondence from the Group's legal advisers where applicable; – reviewed the level of insurance coverage in place and correspondence with brokers or underwriters; and – reviewed the accuracy of the provisioning basis in prior years. In respect of the ongoing regulatory review we have challenged management's assessment in respect of provisions for costs associated with these reviews.
Carrying value and impairment of goodwill Goodwill of £4,388,000 (2016: £4,388,000) relates to the Group's Wealth Management division and the acquisition of Barker Poland Asset Management LLP. Judgement is exercised in determining the underlying assumptions used in the impairment review; the assumptions include the discount rate, operating margin and growth rate, which gives rise to the risk of material misstatement in the carrying value of goodwill. These risks are explained further in Note 3 Key sources of estimation uncertainty and in the disclosures in Note 15.	We challenged management's assessment of goodwill and the related impairment reviews by undertaking the following procedures: – Reviewed the assumptions used in calculations. In particular the discount rate used to discount expected future cash flows. – Performed sensitivity analysis using a range of acceptable discount factors. The discount rate used is a pre-tax Weighted Average Cost of Capital (WACC) that reflects current market assessments of the time value of money and the risks specific to the cash flows, we benchmarked individual components of the WACC to current market rates. – Corroborated the calculations to forecasts, which we have examined as part of the going concern review, to check for consistency. – Compared cash-generating units results against forecasts made in the prior year.

This is not a complete list of all risks identified.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. We define planning materiality as the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Materiality measure	Purpose	Basis and key considerations	Quantum (£)
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view	Based on 5% of pre-tax profits	40,000

It is appropriate to set financial statement materiality for the Parent Company and the other components at a lower level than Group materiality.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Independent auditor's report continued

to the members of Walker Crips Group plc

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

– the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
– the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Statement regarding the Directors' assessment of principal risks, going concern and longer-term viability of the Company

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report and Directors' report.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

– materially inconsistent with the information in the audited financial statements; or
– apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
– is otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

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

– adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
– the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
– certain disclosures of Directors' remuneration specified by law are not made; or
– we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review the parts of the Directors' statement relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10 R(2). The Listing Rules also require that we review the Directors' statements set out on page 31 regarding going concern and longer-term viability.

We have nothing to report in respect of these matters.

Neil Fung-On (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
17 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

year ended 31 March 2017

	Notes	**2017 £000**	2016 £000
Revenue	4	**29,215**	26,070
Commission payable	6	**(10,009)**	(8,433)
Share of after tax profits of joint ventures	18	**12**	10
Administrative expenses – other		**(18,076)**	(16,996)
Administrative expenses – exceptional items	7	**(360)**	(778)
Total administrative expenses	10	**(18,436)**	(17,774)
Operating profit/(loss)		**782**	(127)
Analysed as:			
Operating profit before tax and exceptional items		**1,142**	651
Administrative expenses – exceptional items	7	**(360)**	(778)
Operating profit/(loss)		**782**	(127)
Gain on disposal of available-for-sale investment	8	**–**	942
Investment revenues	9	**24**	131
Finance costs	9	**(2)**	(2)
Profit before tax		**804**	944
Taxation	12	**(196)**	(149)
Profit for the year attributable to equity holders of the Company		**608**	795
Earnings per share			
Basic	14	**1.56**	2.11
Diluted	14	**1.56**	2.11

Consolidated statement of comprehensive income

year ended 31 March 2017

	Notes	**2017 £000**	2016 £000
(Reversal) of revaluation of available-for-sale investments	19	**–**	(959)
Reversal of deferred tax charge on revaluation of available-for-sale investments		**–**	192
Net loss recognised directly in equity		**–**	(767)
Profit for the year		**608**	795
Total comprehensive income for the year attributable to equity holders of the Company		**608**	28

Consolidated statement of financial position

as at 31 March 2017

	Notes	Group 2017 £000	Restated Group 2016 £000	Restated Group 2015 £000
Non-current assets				
Goodwill	15	**4,388**	4,388	4,388
Other intangible assets	16	**8,294**	7,992	6,631
Property, plant and equipment	17	**836**	841	1,110
Interest in joint ventures	18	**40**	28	28
Available-for-sale investments	19	**68**	57	2,417
		13,626	13,306	14,574
Current assets				
Trade and other receivables	20	**52,179**	38,799	28,332
Financial assets held for trading	19	**1,086**	1,237	2,701
Cash and cash equivalents	21	**7,729**	7,257	6,635
		60,994	47,293	37,668
Total assets		**74,620**	60,599	52,242
Current liabilities				
Trade and other payables	25	**(51,402)**	(36,572)[1]	(27,685)[1]
Current tax liabilities		**(288)**	(117)[1]	(215)[1]
Deferred tax liabilities	22	**(308)**	(512)[1]	(736)[1]
Bank overdrafts	23	**(35)**	(77)	(134)
Shares to be issued – deferred consideration		**(366)**	(912)	(298)
		(52,399)	(38,190)[1]	(29,068)[1]
Net current assets		**8,595**	9,103[1]	8,600[1]
Long-term liabilities	24			
Deferred cash consideration	35	**(372)**	(1,556)	(1,930)
Shares to be issued		**–**	(218)	(453)
Dilapidation provision	25	**–**	(132)	–
		(372)	(1,906)	(2,383)
Net assets		**21,849**	20,503[1]	20,791[1]
Equity				
Share capital	26	**2,826**	2,595	2,545
Share premium account	26	**3,502**	2,279	1,988
Own shares	26	**(312)**	(312)	(312)
Retained earnings	27	**11,165**	11,273[1]	11,135[1]
Revaluation reserve		**–**	–	767
Other reserves	27	**4,668**	4,668	4,668
Equity attributable to equity holders of the Company		**21,849**	20,503[1]	20,791[1]

1 Amounts have been restated and are explained further in Note 34.

The financial statements of Walker Crips Group plc (Company registration no: 01432059) were approved by the Board of Directors and authorised for issue on 17 July 2017.

Signed on behalf of the Board of Directors

R. A. FitzGerald FCA
Director

Consolidated statement of cash flows

year ended 31 March 2017

	Notes	2017 £000	2016 £000
Operating activities			
Cash generated/(used) by operations	29	**2,883**	(1,119)
Tax paid		**(229)**	(120)
Net cash generated/(used) by operating activities		**2,654**	(1,239)
Investing activities			
Purchase of property, plant and equipment		**(499)**	(247)
Net sale of investments held for trading		**151**	1,464
Net sale proceeds/cost of available-for-sale investments		**–**	2,044
Consideration paid on acquisition of client lists	2	**(1,098)**	(810)
Deferred consideration paid on acquisition of subsidiary	2	**–**	(13)
Dividends received		**4**	54
Interest received	1	**20**	85
Net cash (used)/generated by investing activities		**(1,422)**	2,577
Financing activities			
Dividends paid		**(716)**	(657)
Interest paid	1	**(2)**	(2)
Net cash used by financing activities		**(718)**	(659)
Net increase in cash and cash equivalents		**514**	679
Net cash and cash equivalents at beginning of year		**7,180**	6,501
Net cash and cash equivalents at end of year		**7,694**	7,180
Cash and cash equivalents		**7,729**	7,257
Bank overdrafts		**(35)**	(77)
		7,694	7,180

Consolidated statement of changes in equity

year ended 31 March 2017

	Called-up share capital £000	Share premium £000	Own shares held £000	Capital redemption £000	Other £000	Revaluation £000	Retained earnings £000	Total equity £000
Restated[1] equity as at 31 March 2015	2,545	1,988	(312)	111	4,557	767	11,135	20,791
Reversal of revaluation of available-for-sale investments	–	–	–	–	–	(959)	–	(959)
Reversal of deferred tax charge on revaluation of available-for-sale investments	–	–	–	–	–	192	–	192
Comprehensive income for the year	–	–	–	–	–	–	795	795
Total comprehensive income for the year	–	–	–	–	–	(767)	795	28
Contributions by and distributions to owners								
Dividends paid	–	–	–	–	–	–	(657)	(657)
Issue of shares on acquisition of intangibles and as deferred consideration	50	291	–	–	–	–	–	341
Total contributions by and distributions to owners	50	291					(657)	(316)
Restated[1] equity as at 31 March 2016	2,595	2,279	(312)	111	4,557	–	11,273	20,503
Total comprehensive income for the year	–	–	–	–	–	–	608	608
Contributions by and distributions to owners								
Dividends paid	–	–	–	–	–	–	(716)	(716)
Issue of shares on acquisition of intangibles[2] and as deferred consideration	231	1,223	–	–	–	–	–	1,454
Total contributions by and distributions to owners	231	1,223	–	–	–	–	(716)	738
Equity as at 31 March 2017	**2,826**	**3,502**	**(312)**	**111**	**4,557**	**–**	**11,165**	**21,849**

1 Equity as at 31 March 2015, restated (Note 34).
2 The acquisition of intangibles includes the deferred taxation at 20% arising on consolidation.

Notes to the accounts

year ended 31 March 2017

1. General information

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Company financial statements are presented on pages 78 to 88.

The financial statements have been prepared on the historical costs basis, except for certain financial instruments that are measured at fair value. The principal accounting policies adopted are set out below and have been applied consistently to all periods presented in the consolidated financial statements.

Standards and interpretations affecting the reported results or the financial position

In the current year, no standards or interpretations, new or revised, have been adopted that have had a significant impact on the amounts reported in the financial statements.

Future new standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group except for IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'. The effective dates of IFRS 9, IFRS 15 and IFRS 16 are not until 2018, 2018 and 2019 respectively; the Group has decided not to implement these standards early.

In the current year, no standards or interpretations, new or revised, have been adopted that have had a significant impact on the amounts reported in the financial statements.

IFRS 9 'Financial Instruments'

IFRS 9 is effective for periods commencing on or after 1 January 2018. The standard was endorsed by the EU during 2016. The Group has not adopted this standard early.

IFRS 9 changes the classification and measurement of financial assets and the timing and extent of credit provisioning. Although the Group has not quantified the impact of adopting the standard, it has conducted a preliminary assessment of the potential impact, based on the profile of its financial instruments as at the balance sheet date.

Classification of financial assets

The basis classification for financial assets under IFRS 9 is different from that under IAS 39. Financial assets will be classified into one of three categories: amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The held to maturity, loans and receivables and available-for-sale categories available under IAS 39 have been removed. In addition transfers between categories are different under IFRS 9.

The Group does not expect the new classification bases to have a material impact on its financial assets. Those currently carried at amortised cost will continue to be classifies as such.

Classification of financial liabilities

The basis of classification for financial liabilities under IFRS 9 remains unchanged from that under IAS 39. The two categories are amortised cost or FVTPL (either designated as such, or held for trading).

The Group does not currently designate any liabilities as fair value through profit or loss and does not anticipate doing so. Therefore, under IFRS 9, the Group expects to classify all financial liabilities as amortised cost, with no material impact on measurement.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 is effective for periods commencing on or after 1 January 2018. The standard was endorsed by the EU during 2016. The Group has not adopted this standard early.

IFRS 15 changes how and when revenue is recognised from contracts with customers. Although the Group has not quantified the impact of adopting the standard, it has conducted a preliminary assessment of the potential impact, based on its existing revenue streams.

Net fee and commission income

The Group charges initial fees in relation to certain business activities. Under IFRS 15, the Group will be required to make an assessment as to whether the work performed to earn such fees constitutes the transfer of services and therefore fulfils any performance obligation(s). If so, then these fees can be recognised when charged, if not then the fees can only be recognised in the period the services are provided.

The Group does not expect this change to result in a material impact on the consolidated financial statements.

Client relationship intangibles

Where payments are made to new investment managers to secure investment management contracts, such costs are capitalised and amortised, where they are separable, reliably measurable and expected to be recovered, under IAS 18.

1. General information continued

IFRS 15 reinforces this view, stating that incremental costs of obtaining any contract with a customer shall be capitalised if the entity expects to recover those costs.

Therefore, the Group does not believe the adoption of IFRS 15 will materially change the way it accounts for client relationship intangibles.

Transition

The Group plans to adopt IFRS 15 in its consolidated financial statements for the year ending March 2019 using the retrospective approach.

IFRS 16 'Leases'

IFRS 16 is effective for periods commencing on or after 1 January 2019. The standard has not yet been endorsed by the EU and the Group does not plan to adopt this standard early.

IFRS 16 eliminates the classification of leases as either operating leases or financial leases. The Group will be required to recognise all leased with a term of more than 12 months as a right-of-use lease asset on its balance sheet; the Group will also recognise a financial liability representing its obligation to make future lease payments.

Although the Group has not quantified the impact of adopting the standard, it has conducted an initial assessment of the potential impact, based on its existing lease contracts.

Transition

Definition of a lease

On a transition to IFRS 16, the Group can choose whether to
- apply the new definition of a lease to all its contracts; or
- apply a practical expedient approach and retain previous assessments of contracts which contain a lease obligation.

The Group intends to apply the practical expedient.

Retrospective approach

As a lessee, the Group can either apply the standard using a:
- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The Group is assessing the impact of both approaches in relation to its existing lease contracts.

Potential impact

The Group's total assets and total liabilities will be increased by the recognition of lease assets and liabilities. The lease assets will be depreciated over the shorter of the expected life of the asset and the lease term. The lease liability will be reduced by lease payments, offset by the unwinding of the liability over the lease term.

On the Group's statement of comprehensive income, the profile of lease costs will be front-loaded, at least individually, as the interest charge is higher in the early years of a lease term as the discount rate unwinds. The total cost of the lease over the lease term is expected to be unchanged.

In addition to the above impacts, recognition of lease assets will increase the Group's regulatory capital requirement.

2. Significant accounting policies

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and no longer consolidated from the date that control ceases; their results are in the consolidated financial statements up to the date that control ceases.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

Notes to the accounts continued

year ended 31 March 2017

2. Significant accounting policies continued

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are accounted for in the consolidated financial statements under the equity method.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed in future periods.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

(a) Client lists

Client lists are recognised when it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably whilst the risk and rewards have also transferred into the Group's ownership.

Intangible assets classified as client lists are recognised when acquired as part of a business combination or when separate payments are made to acquire funds by adding teams of investment managers.

Acquired client lists and businesses generating revenue from clients and investment managers are capitalised based on the expected future cash flows to be generated over the lives of the assets, discounted at an appropriate discount rate. These costs are amortised on a straight-line basis over their expected useful lives of 3 to 20 years. The amortisation period and amortisation method for intangible assets are reviewed at least each financial year end.

Amortisation of intangible fixed assets is included within Administrative expenses – other in the consolidated income statement.

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

(b) Unit Trust Management Contracts

Acquired Unit Trust Management Contracts are capitalised as intangible assets based on an estimate of the expected future cash flows that those contracts will generate over their useful lives of ten years. These costs are amortised on a straight-line basis over their expected useful lives.

Own shares held

Own shares consist of treasury shares which are recognised at cost as a deduction from equity shareholders' funds. Subsequent consideration received for the sale of treasury shares is also recognised in equity with any difference being taken to retained earnings. No gain or loss is recognised on sale of treasury shares.

Shares to be issued

Shares to be issued represent the Group's best estimate of the Ordinary Shares in the Group which are likely to be issued, following business combinations or the acquisition of client relationships which involve deferred payments in the Group's shares. Where shares are due to be issued within a year, the sum is included in current liabilities. Shares to be issued are dependent on the achievement of pre-defined targets and are treated as a liability until they are allotted and issued, at which time they are reclassified within equity. The Group had recognised as a liability the sum which has been issued and allotted to personnel associated with the Group in order to meet contractual commitments given as part of the recent expansion of its client base.

Revenue recognition

Revenue is measured at a fair value of the consideration or receivable and represents gross commissions, interest receivable and fees in the course of ordinary investment business, net of discounts, VAT and sales related taxes. Gross commissions on stockbroking activities are recognised on those transactions whose bargain date falls within the financial year. Interest is recognised as it accrues in respect of the financial management year. Fees earned from managing various types of client portfolios, in the Investment Management division, are accrued evenly over the period to which they relate. Fees in respect of financial services activities in the Wealth Management division are accrued evenly over the period to which they relate. Fees earned from structured investments are recognised on the date the underlying security of the structured investment is traded. Dividend income is recognised when received.

Operating expenses and other charges are provided for in full up to the statement of financial position date on an accruals basis.

2. Significant accounting policies continued

Exceptional items

To assist in understanding its underlying performance, the Group identifies certain items of pre-tax income and expenditure and discloses them separately in the Consolidated income statement. Such items would include:

1. profits or losses on disposal, closure or impairment of assets or businesses;
2. corporate transaction and restructuring costs;
3. changes in the fair value of contingent consideration; and
4. non-recurring items considered individually for classification as exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the Group's trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The exceptional items arising in 2015/16 and 2016/17 are explained in Note 7 on page 65 and all fall under category 4 above. The related tax effect is also quantified and disclosed in Note 12 on page 67.

Deferred income

Income received from clients in respect of future periods to the transaction or reporting date are classified as deferred income within creditors until such time as value has been received by the client.

Foreign currencies

The individual financial statements of each Group company are presented in Pounds Sterling, which is the functional currency of the Company and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in the consolidated income statement for the period.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Property, plant and equipment

Fixtures and equipment are stated at historical cost less accumulated depreciation and provision for any impairment. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method on the following bases:

Computer hardware	33⅓% p.a. on cost
Computer software	Between 20% and 33⅓% p.a. on cost
Leasehold improvements	Over the term of the lease
Furniture and equipment	33⅓% p.a. on cost

The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income. The gain or loss on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in income. The residual values and estimated useful life of items within property, plant and equipment are reviewed at least at each financial year end. Any shortfalls in carrying value are impaired immediately through profit or loss.

Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

Notes to the accounts continued

year ended 31 March 2017

2. Significant accounting policies continued

Financial assets and liabilities

Financial assets and liabilities are recognised in the Consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are predominantly settled within normal market cycles. Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment.

Investments

Investments are recognised and derecognised on a trade date basis where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs, or at fair value, depending on the nature of the instrument held.

The Group's policy is to de-recognise financial assets when it is deemed that substantially all the risks and rewards of ownership have been transferred. The Group also de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire. Where the Group neither transfers nor retains substantially all the risks and rewards of ownership, the Group will de-recognise the financial asset where it is deemed that the Group has not retained control of the financial asset.

Investments are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value for the period are recognised through other comprehensive income until sold. Depending on the nature of the instrument held, gains and losses arising from changes in fair value of available-for-sale investments are recognised in other comprehensive income, until the security is de-recognised, disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables

Trade payables are recognised and measured at fair value.

Bank overdrafts

Interest-bearing bank overdrafts are recorded at an amount equal to the proceeds received. Finance charges are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

Long-term liabilities – deferred cash consideration

Amounts payable to personnel under recruitment contracts in respect of the client relationships, which transfer to the Group, are treated as long-term liabilities if the due date for payment of cash consideration is beyond the period of one year after the year end date.

Share-based payments

The Group issues equity-settled share-based payments to certain employees and other personnel. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effects of non-market-based vesting conditions.

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Pension costs

The Group contributes to defined contribution personal pension schemes for selected employees. The contribution rate is based on annual salary and the amount is charged to the income statement on an accrual basis.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2. Significant accounting policies continued

Dividends paid

The Group strives to pay consistent rising dividends annually to shareholders taking into account the need to reinvest cash into resources and personnel in order to maintain growth, deliver the implementation of its strategies, preserve appropriate levels of liquid resources and maintain sufficient headroom above its regulatory capital requirements.

Impairment of non-financial items

Costs incurred to acquire and bring to use non-financial assets are capitalised and amortised through profit or loss over their expected useful lives (three to five years).

Going concern

The Group's business activities together with the factors likely to affect its future development, performance and position has been rigorously assessed.

In addition, Note 24 to the financial statements includes details of risk management objectives, policies and processes for managing its capital.

The Group has healthy financial resources together with a long established, proven and tested business model. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current difficult climate.

After conducting enquiries, the Directors believe that the Company and the Group have adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3. Key sources of estimation uncertainty and judgements

Impairment of goodwill – estimation and judgement

Determining whether goodwill is impaired requires an estimation of the fair value less costs to sell and the value-in-use of the cash-generating units to which goodwill has been allocated. The fair value less costs to sell involves estimation of values based on the application of earnings multiples and comparison to similar transactions. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and apply a discount rate in order to calculate present value. The assumptions used and inputs involve judgements and create estimation uncertainty. These assumptions have been stress-tested as described in Note 15. The carrying amount of goodwill at the balance sheet date was £4.4m (2016: £4.4m) as shown in Note 15.

Other intangible assets – judgement

Acquired client lists are capitalised based on current fair values. During the year the Company acquired several investment managers and the business of their clients. When the Group purchases client relationships from other corporate entities, a judgement is made as to whether the transaction should be accounted for as a business combination, or a separate purchase of intangible assets. In making this judgement, the Group assesses the acquiree against the definition of a business in IFRS 3. Payments to newly recruited investment managers are capitalised when they are judged to be made for the acquisition of client relationship intangibles. The useful lives are estimated by assessing the historic rates of client retention, the ages and succession plans of the investment managers who manage the clients and the contractual incentives of the investment managers. The Directors conduct a review of indicators of impairment and also consider a life of up to 20 years to be both appropriate and in line with peers.

4. Revenue

An analysis of the Group's revenue is as follows:

	2017 Broking income £000	**2017 Non-broking income £000**	**2017 Total £000**	2016 Broking income £000	2016 Non-broking income £000	2016 Total £000
Stockbroking commission	**11,194**	**–**	**11,194**	10,007	–	10,007
Fees and other revenue[1]	**–**	**15,795**	**15,795**	–	13,632	13,632
Investment Management Division	**11,194**	**15,795**	**26,989**	10,007	13,632	23,639
Wealth Management, Financial Planning & Pensions	**–**	**2,226**	**2,226**	–	2,431	2,431
Revenue	**11,194**	**18,021**	**29,215**	10,007	16,063	26,070
Net investment revenue	**–**	**22**	**22**	–	129	129
Total income	**11,194**	**18,043**	**29,237**	10,007	16,192	26,199
% of total income	**38.3**	**61.7**	**100.0**	38.2	61.8	100.0

1 Includes Investment Management, Structured Investments, Alternative Investments.

5. Segmental analysis

For segmental reporting purposes, the Group currently has two operating segments, Investment Management, being portfolio-based transaction execution and investment advice, and Wealth Management, being financial planning and pension advice. Unallocated corporate expenses, assets and liabilities are not considered to be allocable accurately, or fairly, under any known basis of allocation and are therefore disclosed separately.

The Investment Management division activities focus predominantly on investment management of various types of portfolios and asset classes. The Wealth Management division provides advisory and administrative services to clients in relation to their financial planning, life insurance, inheritance tax and pension arrangements. These divisions, both of which conduct business in the UK only, are the basis on which the Group reports its primary segment information.

Notes to the accounts continued

year ended 31 March 2017

5. Segmental analysis continued

2017	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2017 £000
Revenue			
External sales	**26,989**	**2,226**	**29,215**
Result			
Segment result	**2,420**	**72**	**2,492**
Unallocated corporate expenses			**(1,710)**
Operating profit			**782**
Gain on disposal of available-for-sale investments			**–**
Investment revenues			**24**
Finance costs			**(2)**
Profit before tax			**804**
Tax			**(196)**
Profit after tax			**608**

2017	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2017 £000
Other information			
Capital additions	**497**	**2**	**499**
Depreciation	**486**	**18**	**504**
Statement of financial position			
Assets			
Segment assets	**67,362**	**2,213**	**69,575**
Unallocated corporate assets			**5,045**
Consolidated total assets			**74,620**
Liabilities			
Segment liabilities	**51,623**	**738**	**52,361**
Unallocated corporate liabilities			**410**
Consolidated total liabilities			**52,771**

2016	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2016 £000
Revenue			
External sales	23,639	2,431	26,070
Result			
Segment result	987	165	1,152
Unallocated corporate expenses			(1,279)
Operating loss			(127)
Gain on disposal of available-for-sale investments			942
Investment revenues			131
Finance costs			(2)
Profit before tax			944
Tax			(149)
Profit after tax			795

5. Segmental analysis continued

2016	Restated Investment Management £000	Wealth Management £000	Restated Consolidated year ended 31 March 2016 £000
Other information			
Capital additions	231	16	247
Depreciation	497	19	516
Statement of financial position			
Assets			
Segment assets	52,131	1,963	54,094
Unallocated corporate assets			6,505
Consolidated total assets			60,599
Liabilities			
Segment liabilities	39,137[1]	543	39,680[1]
Unallocated corporate liabilities			416
Consolidated total liabilities			40,096[1]

1 Amounts have been restated and are explained further in Note 34.

6. Commission payable

Commission payable comprises:

	2017 £000	2016 £000
To authorised external agents	**37**	27
To approved persons	**9,972**	8,406
	10,009	8,433

7. Administrative expenses – exceptional items

As a result of their materiality the Directors decided to disclose certain amounts separately in order to present results which are not distorted by significant exceptional events.

	2017 £000	2016 £000
Costs incurred on suitability project	**(58)**	778
Exceptional employment-related costs	**418**	–
	360	778

During the period to 31 March 2016, and as disclosed in the prior year, the Group incurred substantial legal and professional adviser costs of an exceptional nature to improve its regulatory control framework in relation to suitability of advice given to clients. In the year to 31 March 2017, £58,000 of the estimated costs provided in the prior year were not required and therefore have been reversed. In the year to 31 March 2017 the Group also incurred significant legal fees and other costs in connection with employment matters of an exceptional nature.

8. Gain on disposal of investment

Net gains comprise:

	2017 £000	2016 £000
Gain on disposal of available-for-sale investment	**–**	942

There were no gains or losses on the disposal of investments in the current period.

During the period to 31 March 2016, the Group disposed of its holding of 1,809 shares in Euroclear plc, realising a gain of £942,000. Due to the level of materiality and one-off nature, the Board has decided to disclose this item separately.

Notes to the accounts continued

year ended 31 March 2017

9. Investment revenues and finance costs

Net investment revenue comprises:

	2017 £000	2016 £000
Investment revenue		
Interest on bank deposits/fixed income securities	**20**	77
Dividends from equity investment	**4**	54
	24	131
Finance costs		
Interest on overdue liabilities	**(2)**	(2)
Net investment revenue (see Note 4)	**22**	129

10. Profit for the year

Profit for the year on continuing operations has been arrived at after charging:

	2017 £000	2016 £000
Depreciation of property, plant and equipment (see Note 17)	**504**	516
Amortisation of intangibles (see Note 16)	**525**	407
Staff costs (see Note 11)	**10,528**	10,161
Settlement costs	**1,110**	977
Communications	**1,098**	906
Computer expenses	**587**	537
Other expenses	**3,289**	3,387
Other employment cost – provision	**1,786**	–
Other employment cost – recoverable	**(1,786)**	–
Auditor's remuneration	**147**	229
Lease payment	**648**	654
Total administrative expenses	**18,436**	17,774

Other employment costs include £1.7m expensed in relation to a provision established in respect of the potential income tax and national insurance liability relating to payment to two former fund managers of Walker Crips Asset Managers Limited, a wholly-owned subsidiary, which was sold to Liontrust Asset Management plc (Liontrust) in April 2012. As explained in Note 25, under the Sale and Purchase Agreement, this amount will be met by Liontrust by way of reimbursement under the terms of the Sale and Purchase Agreement. Therefore a corresponding credit for the same amount has also been recorded in other employment costs.

A more detailed analysis of auditor's remuneration is provided below:

	2017 £000	2017 %	2016 £000	2016 %
Audit services (2017: BDO LLP; 2016: Deloitte LLP)				
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**35**	**24**	12	5
The audit of the Company's subsidiaries pursuant to legislation	**75**	**51**	169	75
Non-audit services				
FCA client assets reporting	**10**	**7**	24	10
Reported under AAF 01/06	**25**	**17**	24	10
Interim review	**2**	**1**	–	–
	147	**100**	229	100

11. Staff costs

Particulars of employee costs (including Directors) are as shown below:

	2017 £000	2016 £000
Employee costs during the year amounted to:		
Wages and salaries	**8,761**	8,463
Social security costs	**945**	921
Other employment costs	**822**	777
	10,528	10,161

Staff costs do not include commissions payable mainly to self-employed account executives, as these costs are included in total commissions payable to approved persons disclosed in Note 6. At the end of the year there were 65 self-employed account executives who were approved persons of the Group (2016: 63).

The average number of staff employed during the year was:

	2017 Number	2016 Number
Executive Directors	**4**	4
Approved persons	**60**	61
Other staff	**151**	145
	215	210

12. Taxation

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

	2017 £000	2016 £000
UK corporation tax at 20% (2016: 20%)	**414**	293
Overseas tax	**–**	158
Prior year adjustments	**(4)**	(5)
Double tax relief	**–**	(147)
Deferred tax	**(214)**	(150)
	196	149

Corporation tax is calculated at 20% (2016: 20%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017 £000	2016 £000
Profit	**805**	944
Tax on profit on ordinary activities at the standard rate UK corporation tax rate of 20% (2016: 20%)	**161**	189
Effects of:		
Tax rate changes for deferred tax	**–**	(58)
Expenses not deductible for tax purposes	**4**	30
Chargeable gains	**–**	(8)
Prior year adjustment	**(4)**	(5)
Amortisation of intangible assets	**34**	–
Overseas taxes	**–**	11
Non-taxable income	**–**	(10)
Other	**1**	–
	196	149

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Finance Act 2016 enacted a reduction in the 18% rate to 17% with effect from 1 April 2020. These reductions in the tax rate will impact the current tax charge in future periods.

The exceptional costs of £360,000, disclosed separately on the consolidated income statement, are tax deductible to the value of £72,000 of corporation tax. Classifying these costs as exceptional has no effect on the tax liability.

Notes to the accounts continued

year ended 31 March 2017

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2017 £000	2016 £000
Final dividend for the year ended 31 March 2016 of 1.27p (2015: 1.17p) per share	**487**	439
Interim dividend for the year ended 31 March 2017 of 0.58p (2016: 0.58p) per share	**229**	218
	716	657
Proposed final dividend for the year ended 31 March 2017 of 1.29p (2016: 1.27p) per share	**542**	487

The proposed final dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as liabilities in these financial statements.

14. Earnings per share

The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the financial year of £608,000 (2016: £795,000) and on 38,974,002 (2016: 37,678,525) Ordinary Shares of $6\frac{2}{3}$ pence, being the weighted average number of Ordinary Shares in issue during the year.

The effect of options granted would be to reduce the reported earnings per share. The calculation of diluted earnings per share is based on 38,974,002 (2016: 37,678,525) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period adjusted for the dilutive effect of potential Ordinary Shares.

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

Earnings	2017 £000	2016 £000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the Parent	**608**	795
Earnings for the purposes of diluted earnings per share	**608**	795

Number of shares	2017 Number	2016 Number
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**38,974,002**	37,678,525
Effect of dilutive potential Ordinary Shares:		
– Share option schemes	**–**	–
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**38,974,002**	37,678,525

This produced basic earnings per share of 1.56 pence (2016: 2.11 pence) and diluted earnings per share of 1.56 pence (2016: 2.11 pence).

15. Goodwill

	£000
Cost	
At 1 April 2015	7,056
At 1 April 2016	7,056
At 31 March 2017	**7,056**
Accumulated impairment	
At 1 April 2015	2,668
Impaired during the year	–
At 1 April 2016	2,668
Impaired during the year	–
At 31 March 2017	**2,668**
Carrying amount	
At 31 March 2017	**4,388**
At 31 March 2016	4,388

15. Goodwill continued

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination or intangible asset. The carrying amount of goodwill has been allocated as follows:

	2017 £000	2016 £000
London York CGU	**2,901**	2,901
BPAM CGU	**1,487**	1,487
	4,388	4,388

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs have first been determined based upon value-in-use calculations, which are based on discounted five year cash flow projections and terminal values. The key assumptions for these calculations are a pre-tax discount rate of 12%, terminal growth rates of 2.5% and the expected changes to revenues and costs during the five year projection period. The pre-tax discount rate is determined by management based on current market assessments of the time value of money and risks specific to the CGUs. The terminal growth rate is determined by management based on assessment of past experience and future expectations, in light of anticipated market and economic conditions. Based upon the value-in-use calculations there was headroom of £3.2m. The base value-in-use cash flows were stress tested for an increase in discount rates and a 20% fall in net inflows. The discount rate would need to increase to 18.1% for the London York CGU and 13.2% for Barker Poland Asset Management LLP (BPAM) for the recoverable amounts to equal the respective carrying values. The 20% fall in net inflows gives rise to a potential impairment of £130,000 and headroom of £57,000 respectively for the London York and BPAM CGUs.

Management also estimate the fair values less cost to sell for each CGU using average price earnings ratios, observed from publicly quoted shares in similar businesses, discounted for illiquidity and applied to historic earnings. The valuation ranges determined exceeded those using the value-in-use valuation approach.

Based upon the above assessments management has concluded there is no impairment to goodwill.

16. Other intangible assets

	Unit trust management contracts £000	Client lists £000	Total £000
Cost			
At 1 April 2015	240	7,894	8,134
Additions in the year	–	1,768	1,768
At 1 April 2016	240	9,662	9,902
Additions in the year	–	827	827
At 31 March 2017	**240**	**10,489**	**10,729**
Amortisation			
At 1 April 2015	240	1,263	1,503
Charge for the year	–	407	407
At 1 April 2016	240	1,670	1,910
Charge for the year	–	525	525
At 31 March 2017	**240**	**2,195**	**2,435**
Carrying amount			
At 31 March 2017	**–**	**8,294**	**8,294**
At 31 March 2016	–	7,992	7,992

The intangible assets are both amortised over their estimated useful lives. 'Unit trust management contracts' are amortised over ten years and 'Client lists' are amortised over 3 to 20 years. There are no indications that the value attributable to client lists should be impaired.

Notes to the accounts continued

year ended 31 March 2017

17. Property, plant and equipment

	Leasehold improvements furniture and equipment £000	Computer software £000	Computer hardware £000	Total £000
Cost				
At 1 April 2015	1,448	1,754	877	4,079
Additions	50	106	91	247
At 1 April 2016	1,498	1,860	968	4,326
Additions	2	257	240	499
At 31 March 2017	**1,500**	**2,117**	**1,208**	**4,825**
Accumulated depreciation				
At 1 April 2015	755	1,559	655	2,969
Charge for the year	280	99	137	516
At 1 April 2016	1,035	1,658	792	3,485
Charge for the year	256	94	154	504
At 31 March 2017	**1,291**	**1,752**	**946**	**3,989**
Carrying amount				
At 31 March 2017	**209**	**365**	**262**	**836**
At 31 March 2016	463	202	176	841

18. Interest in joint venture

The Group has a 50% (2016: 50%) interest in a joint venture, JWPCreers Wealth Management Limited, a regulated financial services company. The primary activity of JWPCreers Wealth Management Limited is to provide financial advice to the clients of JWPCreers LLP Accountants, who hold the other 50% interest in the joint venture.

The contractual arrangement provides the Group with equal rights to the net assets of the joint arrangement, with the rights to the assets and obligation regarding the liabilities resting primarily with JWPCreers Wealth Management Limited. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised financial information in relation to the joint venture is presented below:

As at 31 March	**2017 £000**	2016 £000
Current assets	**90**	64
Non-current assets	**–**	–
Current liabilities	**11**	8
Non-current liabilities	**–**	–
Included in the above amounts are:		
Cash and cash equivalents	**77**	45
Current financial liabilities (excluding trade payables)	**–**	3
Non-current financial liabilities (excluding trade payables)	**–**	–
Net assets (100%)	**80**	56
Group share of net assets (50%)	**40**	28
Period ending 31 March		
Revenue	**99**	76
Profit before tax	**30**	24
Profit after tax	**24**	19
Other comprehensive income	**–**	–
Total comprehensive income (100%)	**24**	19
Group share of total comprehensive income (50%)	**12**	10
Dividends received by Group from Joint Venture	**–**	(10)
Included in the above amounts are:		
Depreciation and amortisation	**–**	–
Interest income	**–**	–
Interest expense	**–**	–
Income tax expense (income)	**–**	–

18. Interest in joint venture continued

The Group owns 50% of JWPCreers Wealth Management Limited (20,000 ordinary 'B' shares). JWPCreers LLP owns 50% of JWPCreers Wealth Management Limited (20,000 ordinary 'A' shares). Each share caries equal rights to voting and dividends. Both entities have joint control and joint ownership of JWPCreers Wealth Management Limited. The Board of Directors and officer is represented by two Directors from JWPCreers LLP and two Directors from Walker Crips Wealth Management Ltd.

The joint arrangement of control and ownership leads to the classification of JWPCreers Wealth Management Limited as a joint venture. The Group's share of both JWPCreers Wealth Management Ltd contingent liabilities and capital commitments is nil (2016: nil).

19. Investments

Available-for-sale investments	Life policy investments £000	Equity investments £000	Qualifying collective investment scheme £000	Total £000
Fair value (Level 3)				
At 1 April 2015	–	1,034	1,383	2,417
Additions in the year	57	–	–	57
Disposals/movement in fair value recognised in comprehensive income	–	(1,034)	(1,383)	(2,417)
At 1 April 2016	57	–	–	57
Additions in the year	11	–	–	11
Disposals/movement in fair value recognised in comprehensive income	–	–	–	–
At 31 March 2017	**68**	**–**	**–**	**68**

The Group's life policy investments are held in relation to a number of customer complaints. The fair value is based upon the life company's forecast terminal value. During the period to 31 March 2017 there were £11,000 of additional policy units purchased.

	2017 £000	2016 £000
Financial assets held for trading		
Fair value (Level 1)	**1,086**	1,237

Financial assets held for trading represent investments in equity securities and collectives that present the Group with opportunity for return through dividend income, interest and trading gains. The fair values of these securities are based on quoted market prices.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The trading investments fall within this category;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Group does not hold financial instruments in this category; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Group's available-for-sale investments fall within this category.

Further IFRS 13 disclosures have not been presented here as the balance represents 0.095% (2016: 0.094%) of total assets.

There were no transfers of investments between any of the Levels of hierarchy during the year.

20. Other financial assets

Trade and other receivables	**2017 £000**	2016 £000
Amounts falling due within one year:		
Due from clients, brokers and recognised stock exchanges	**40,939**	30,524
Other debtors[1]	**5,185**	3,075
Prepayments and accrued income	**6,055**	5,200
	52,179	38,799

1 Other debtors includes a receivable from Liontrust Asset Management plc of £1,786,000 as described in Note 10.

Notes to the accounts continued

year ended 31 March 2017

21. Cash and cash equivalents

	2017 £000	2016 £000
Short-term cash deposits held at bank, repayable on demand with penalty	**2,550**	2,850
Cash deposits held at bank, repayable on demand without penalty	**5,179**	4,407
	7,729	7,257

Cash and cash equivalents do not include deposits of client monies placed by the Group with banks and building societies in segregated client bank accounts (free money and settlement accounts). All such deposits are designated by the banks and building societies as clients' funds and are not available to satisfy any liabilities of the Group. The amount of such net deposits which are not included in the consolidated statement of financial position at 31 March 2017 was £310,200,000 (2016: £220,500,000).

The credit quality of banks holding the Group's cash at 31 March 2017 is analysed below with reference to credit ratings awarded by Fitch.

	2017 £000	2016 £000
A	**1,288**	88
AA–	**2,936**	3,017
BBB+	**3,505**	4,152
	7,729	7,257

22. Deferred tax liability

	Revaluation £000	Capital allowances £000	Restated Short-term temporary differences and other £000	Restated Total £000
At 1 April 2015	(192)	(33)	(511)[1]	(736)[1]
Use of loss brought forward	–	–	(118)	(118)
Credit to the income statement	–	18	132	150
Credit to the statement of comprehensive income	192	–	–	192
At 1 April 2016	–	(15)	(497)[1]	(512)[1]
Use of loss brought forward	–	–	(10)	(10)
Credit to the income statement	–	7	207	214
Credit to the statement of comprehensive income	–	–	–	–
At 31 March 2017	–	**(8)**	**(300)**	**(308)**

1 Amounts have been restated and are explained further in Note 34.

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Finance Act 2016 enacted a reduction in the 18% rate to 17% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2017.

23. Bank overdrafts

	2017 £000	2016 £000
Bank overdrafts	**35**	77

The borrowings are repayable on demand and are all denominated in Sterling. As the borrowing represent book overdrafts only, no bank interest has been paid during the period.

24. Financial instruments and risk profile

Financial risk management

Procedures and controls are in place to identify, assess and ultimately control the financial risks faced by the Group arising from its use of financial instruments. Steps are taken to mitigate identified risks with established and effective procedures and controls, efficient systems and the adequate training of staff.

The Group's risk appetite, along with the procedures and controls mentioned above, are laid out in the Group's Internal Capital Adequacy Assessment Process document prepared in accordance with the requirements of the Financial Conduct Authority (FCA).

The overall risk appetite for the Group is considered by management to be low, despite operating in a marketplace where financial risk is inherent in the core businesses of investment management and financial services.

24. Financial instruments and risk profile continued

The Group considers its financial risks arising from its use of financial instruments to fall into three main categories:
(i) credit risk;
(ii) liquidity risk; and
(iii) market risk.

Financial risk management is a central part of the organisation's strategic management which recognises that an effective risk management programme can increase a business' chances of success and reduce the possibility of failure. Continual assessment, monitoring and updating of procedures and benchmarks are all essential parts of the Group's risk management strategy.

(i) Credit risk

The Group's credit risk is primarily attributable to its trade receivables or pledged collateral which is the risk that a client, market counterparty or recognised stock exchange will be unable to pay amounts in full when due. Significant changes in the economy or a particular sector could result in losses that are different from those that the Group has provided for at the year-end date.

The Board is responsible for oversight of the Group's credit risk. The Group accepts a limited exposure to credit risk but aims to mitigate and minimise the risk through various methods.

Trade receivables (includes settlement balances)

Settlement risk arises in any situation where a payment of cash or transfer of a security is made in the expectation of a corresponding delivery of a security or receipt of cash. Settlement balances arise with clients, market counterparties and recognised stock exchanges.

In the vast majority of cases, control of the stock purchased will remain with the Group until client monetary balances are fully settled.

Where there is an absence of securities collateral, clients are usually required to hold sufficient funds in their managed deposit account prior to the trade being conducted. Holding significant amounts of client money helps the Group to manage credit risks arising with clients. Many of our clients also hold significant amounts of stock and other securities in our nominee subsidiary company, providing additional security should a specific transaction fail to be settled and the proceeds of such securities disposed of can be used to settle all outstanding obligations.

In addition, the client side of settlement balances are normally fully guaranteed by our commission-sharing approved persons who conduct transactions and manage the relationships with our mutual clients.

Exposures to market counterparties also arise in the settlement of trades or when collateral is placed with them to cover open trading positions. Market counterparties are usually other FCA-regulated firms and are considered creditworthy, some reliance being placed on the fact that other regulated firms would be required to meet the stringent capital adequacy requirements of the FCA.

Maximum exposure to credit risk:

	2017 £000	2016 £000
Cash	**7,729**	7,257
Trade receivables	**40,939**	30,524
Other debtors	**5,185**	3,075
Accrued income	**5,340**	4,465
	59,193	45,321

Analysis of trade receivables:

		2017 £000	2016 £000
Neither past due nor impaired		**39,071**	28,015
Past due but not impaired	<30 days	**1,772**	2,394
	>30 days	**40**	58
	>3 months	**56**	57
		40,939	30,524

The tables above represents a worst case scenario of credit risk exposure to the Group at 31 March 2017 and 2016 without taking account of any rights to dispose of assets held which acts as a credit mitigant. The exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Notes to the accounts continued

year ended 31 March 2017

24. Financial instruments and risk profile continued

Concentration of credit risk

In addition, daily risk management procedures to actively monitor disproportionately large trades by a customer or market counterparty are in place. The financial standing, pattern of trading, type and size of security or instrument traded are amongst the factors taken into consideration.

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Historically, sufficient underlying cash has been prevalent in the business for many years as the Group is normally cash-generative. The risk of unexpected large cash outflows could arise where large amounts are being settled daily of which only a fraction forms the commission earned by the Company. This could be due to clients settling late or bad deliveries to the market or CREST, also resulting in a payment delay from the market side.

The Group's policy with regard to liquidity risk is to carefully monitor balance sheet structure and borrowing limits, including:

– monitoring of cash positions on a daily basis;
– exercising strict control over the timely settlement of trade debtors; and
– exercising strict control over the timely settlement of market debtors and creditors.

The Group holds its cash and cash equivalents spread across a number of highly rated financial institutions. All cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash without penalty.

All the regulated Group subsidiaries are subject to the provisions of FCA Liquidity standards if they are within the scope of the rules in the FCA Handbook chapter IFPRU 7.

During the year, the Group made contractual undiscounted cash payments of £1,098,000 being deferred cash consideration for acquisition of intangible assets.

The tables below analyse the Group's future cash outflows based on the remaining period to the contractual maturity date.

2017	**Less than 1 year £000**	**Total £000**
Bank overdrafts	**35**	**35**
Trade and other payables	**52,364**	**52,364**
	52,399	**52,399**

2016	Less than 1 year £000	Total £000
Bank overdrafts	77	77
Trade and other payables	38,113	38,113
	38,190	38,190

Future contracted undiscounted cash flows for deferred cash consideration amounts to £2,143,000.

(iii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates or equity prices, on financial assets and liabilities will affect the Group's results.

They relate to price risk on available-for-sale and trading investments and are subject to ongoing monitoring.

Fair value of financial instruments

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as they have been revalued at 31 March 2017 using closing market prices.

A 10% fall in global equity markets would, in isolation, result in a pre-tax decrease to net assets of £108,600 (2016: £123,700). A 10% rise would have an equal and opposite effect.

The impact of foreign exchange and interest rate risk is not material and is therefore not presented.

25. Other financial liabilities

Trade and other payables

	2017 £000	Restated 2016 £000
Amounts owed to clients, brokers and recognised stock exchanges	**38,913**	27,621[1]
Other creditors	**8,333**	5,190
Accruals and deferred income	**4,156**	3,761[1]
	51,402	36,572[1]

1 Amounts have been restated and are explained further in Note 34.

Trade creditors and accruals comprise amounts outstanding for investment-related transactions, to customers or counterparties, and ongoing costs. The average credit period taken for purchases in relation to costs is 14 days (2016: 13 days).

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

Other creditors and long-term liabilities

Provisions included in other creditors and long-term liabilities are made up as follows:

	2017 Income tax[1] £000	2017 Claims/ complaints[2] £000	2017 Dilapidations £000	2017 Total £000
At start of year	**–**	**212**	**132**	**344**
Additions	**1,786**	**354**	**104**	**2,244**
Utilisation of provision	**–**	**(238)**	**–**	**(238)**
Unused amounts reversed during the year	**–**	**–**	**–**	**–**
At end of year	**1,786**	**328**	**236**	**2,350**

1 A provision is included in respect of a potential income tax and national insurance liability relating to payments to two former fund managers of Walker Crips Asset Managers Limited, a wholly-owned subsidiary, which was sold to Liontrust Asset Management plc (Liontrust) in April 2012. Under the terms of the 2012 Sale and Purchase Agreement, to the extent that this liability crystallises, the cost is to be met by Liontrust. The Board has concluded that recovery from Liontrust would be virtually certain and, in accordance with IAS 31, an offsetting debtor has been crystallised with no net impact on the income statement. See Note 10.

2 These provisions relate to outstanding claims and complaints from third parties which, in the opinion of the Board, need providing for after taking into account the risks and uncertainties surrounding each claim or complaint.

26. Called-up share capital

	2017 £000	2016 £000
Called-up, allotted and fully paid		
42,386,423 (2016: 38,924,046) Ordinary Shares of 6⅔p each	**2,826**	2,595

During the year the Company allotted nil Ordinary Shares (2016: nil Ordinary Shares) in connection with the exercise of share options.

The Company received £nil consideration during the year in respect of the exercise of share options (2016: £nil).

During the year 3,462,377 new Ordinary Shares were issued and allotted to various personnel associated with the Company in order to meet contractual commitments made by the Company as part of the ongoing expansion of its client base. All shares issued to personnel under recruitment contracts are restricted from sale for periods between four to six years.

The following movements in share capital occurred during the year:

	Number of shares	Share capital £000	Share premium £000	Total £000
At 1 April 2015	38,186,958	2,545	1,988	4,533
Shares issued to personnel	737,088	50	291	341
At 1 April 2016	**38,924,046**	**2,595**	**2,279**	**4,874**
Shares issued to personnel	3,462,377	231	1,223	1,454
At 31 March 2017	**42,386,423**	**2,826**	**3,502**	**6,328**

The Group's capital is defined for accounting purposes as total equity. As at 31 March 2017 this totalled £21,849,000 (2016: £20,503,000). The increase during the year was attributable to the Company issuing shares to personnel under recruitment contracts, the profit for the year less dividends paid.

Notes to the accounts continued

year ended 31 March 2017

26. Called-up share capital continued

The Group's objectives when managing capital are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- maintain a strong capital base in a cost-efficient manner to be able to support the development of the business when required;
- optimise the distribution of capital across Group companies, reflecting the requirements of each business;
- strive to make capital freely transferable across the Group where possible; and
- comply with regulatory requirements at all times.

Walker Crips is classified for capital purposes as an investment management group and performs an Internal Capital Adequacy Assessment Process (ICAAP), which is presented to the FCA on request. Regulatory capital resources for ICAAP purposes are calculated in accordance with published rules. These require certain adjustments to and certain deductions from accounting capital, the latter largely in respect of intangible assets. The ICAAP compares regulatory capital resources against regulatory capital requirements derived using the FCA's Pillar 1 and Pillar 2 methodology. The Group has adopted the standardised approach to calculating its Pillar 1 credit risk component and the basic indicator approach to calculating its operational risk component. Capital management policy and practices are applied at both Group and entity level.

In addition to a variety of stress tests performed as part of the ICAAP process, and daily reporting in respect of treasury activity, capital levels are monitored and forecast to ensure that dividends and investment requirements are appropriately managed and appropriate buffers are kept against adverse business conditions.

Regulatory capital

No breaches were reported to the FCA during the financial years ended 31 March 2016 and 2017.

The Company holds 750,000 of its own shares, purchased for total cash consideration of £312,000. In line with the principles of IAS 32 these treasury shares have been deducted from equity. No gain or loss has been recognised in the income statement in relation to these shares.

27. Reserves

Apart from share capital and share premium, the Group holds reserves at 31 March 2017 under the following categories:

Own shares held (£312,000) – the negative balance of the Group's own shares, which have been bought back and held in treasury.
Retained earnings (£11,165,000) – the net cumulative earnings of the Group not paid out as dividends retained to be reinvested in our core, or new, business.
Other (£4,668,000) – the cumulative share premium on the issue of shares as deferred consideration for corporate acquisitions.

28. Share-based payments

Share options

The Company had granted market-priced share options to Directors, employees and other approved persons, which expired in the prior year. The scheme was not renewed.

	2017		2016	
	Options	**Weighted average exercise price (in £)**	Options	Weighted average exercise price (in £)
Outstanding at beginning of year	**–**	**–**	611,250	0.78
Forfeited/lapsed during the year	**–**	**–**	611,250	0.78
Exercised during the year	**–**	**–**	–	–
Outstanding at the end of the year	**–**	**–**	–	–
Exercisable at the end of the year	**–**	**–**	–	–

The options outstanding at 31 March 2017 had a weighted average remaining contractual life of nil years (2016: nil years). The Company option scheme ceased operation in June 2016.

LTIP

The Company recognised total expenses of £nil (2016: £nil) and £nil (2016: £nil) related to equity-settled share-based payment transactions.

29. Cash generated/(used) from operations

	2017 £000	2016 £000
Operating profit/(loss) for the year	**782**	(127)
Adjustments for:		
Amortisation of intangibles	**525**	407
Share of joint venture income	**(12)**	(10)
Depreciation	**504**	516
(Increase) in debtors	**(13,380)**	(10,467)
Increase in creditors	**14,464**	8,562
Net cash inflow/(outflow)	**2,883**	(1,119)

30. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £168,000 (2016: £nil) contracted but not provided for and £nil (2016: £104,000) capital commitments authorised but not contracted for.

Lease commitments

The Group leases various offices and other assets under non-cancellable operating lease agreements.

The minimum lease payments under non-cancellable operating leases fall due are as follows:

	2017 £000	2016 £000
Within one year	**541**	625
Within two to five years	**423**	457
More than five years	**48**	–

31. Related parties

Directors, employees, related parties and their close family members have dealt on standard commercial terms with the Group. The commission earned by the Group included in revenue through such dealings is as follows:

	2017 £000	2016 £000
Commissions received from Directors, employees, approved persons and their family	**186**	96

Other related parties include Charles Russell Speechlys, of which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £324,000 (2016: £60,000) included in administrative expenses or other receivables if the costs are reimbursable.

Commission of £8,562 (2016: £3,965) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore, where H. M. Lim is a Director), again all on standard commercial terms, both these items being included in revenue.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are accordingly not disclosed.

Remuneration of the Directors who are the key management personnel of the Group totalled £1,117,000 (2016: £773,000).

32. Contingent liability

During the year, two Group companies, Walker Crips Group plc (WCG) and Walker Crips Stockbrokers Limited (WCSB), received draft proceedings in respect of a potential claim, from a former listed corporate client of Keith Bayley Rogers & Co (KBR), a former subsidiary of the Group. The corporate client alleges that its former Executive Chairman and his associates misappropriated assets of £5.6m from it between 2010–2014 and used these assets to purchase and sell shares in the client through the brokerage of WCG, WCSB and KBR. The client asserts that WCG and WCSB acted dishonestly to assist the Chairman to perpetrate the alleged fraud and was party to an unlawful means conspiracy to cause it loss. It is also claimed that WCG, WCSB are vicariously liable for any wrongdoing on the part of KBR. The potential quantum of the claim is in excess of £1m.

The claims are strenuously denied by the Directors and the Directors consider the claim to be without any merit, as supported by a legal opinion obtained by WCG and WCSB, which advises that the claims are 'weak'. A detailed response denying liability for the claims was submitted to the client's representatives in December 2016. The Directors have heard nothing further from the former KBR client since then.

33. Subsequent events

There are no material events arising after 31 March 2017, which have an impact on these financial statements.

34. Prior year adjustment

An adjustment has been made to retained earnings brought forward at 1 April 2015, as shown in the Consolidated statement of changes in equity, to reflect unused holiday entitlement costs of £148,000 at 31 March 2015 together with the tax impact of £29,000. This has had the effect of increasing trade and other payables by £148,000, reducing tax liabilities by £29,000 and reducing retained earnings by £119,000 as at 31 March 2015 and 2016. Movements in the liability since are considered immaterial and there is therefore no impact to profit before tax for subsequent years.

35. Long-term liability – deferred cash consideration

	2017 £000	2016 £000
Amounts due to personnel under recruitment contracts/acquisition agreements	**372**	1,556

These amounts are based on fixed contractual terms and the fair value of the liability approximates carrying value, due to the consistency of the prevailing market rate of interest when compared to the inception of liability.

Company balance sheet

as at 31 March 2017

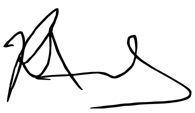
	Notes	2017 £000	Restated 2016 £000	Restated 2015 £000
Fixed assets				
Tangible	39	**158**	376	571
Intangible	40	**4,418**	3,953	2,365
Investments	41	**17,425**	17,425	19,842
		22,001	21,754	22,778
Current assets				
Debtors	42	**383**	526[1]	138
Trading investments		**570**	518	1,194
Cash at bank and in hand		**1,034**	2,187	1,042
		1,987	3,231[1]	2,374
Creditors: amounts falling due within one year				
Other creditors	44	**(3,122)**	(1,726)	(1,186)[1]
Shares to be issued	45	**(366)**	(912)	(298)
		(3,488)	(2,638)	(1,484)[1]
Net current assets		**(1,501)**	593[1]	890[1]
Total assets less current liabilities		**20,500**	22,347[1]	23,668[1]
Creditors: amounts falling due after more than one year				
Other creditors	49	**(342)**	(1,486)	(1,720)
Shares to be issued		**–**	(218)	(453)
		(342)	(1,704)	(2,173)
Net assets		**20,158**	20,643[1]	21,495[1]
Capital and reserves				
Called-up share capital	48	**2,826**	2,595	2,545
Share premium account		**3,502**	2,279	1,988
Own shares held	48	**(312)**	(312)	(312)
Profit and loss account	48	**9,474**	11,413[1]	12,606[1]
Other reserves	48	**4,668**	4,668	4,668
Equity shareholders' funds		**20,158**	20,643[1]	21,495[1]

1 Amounts have been restated and are explained further in Note 54.

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. Walker Crips Group plc reported a loss for the financial year of £1,223,000 (2016: loss of £536,000).

The financial statements of Walker Crips Group plc (Company registration no: 01432059) were approved by the Board of Directors and authorised for issue on 17 July 2017.

Signed on behalf of the Board of Directors



R. A. FitzGerald FCA
Director

Company statement of changes in equity

year ended 31 March 2017

	Called-up share capital £000	Share premium £000	Own shares held £000	Other £000	Profit and loss account £000	Total equity £000
Restated[1] equity as at 31 March 2015	2,545	1,988	(312)	4,668	12,606	21,495
Comprehensive income for the year						
Loss for the year	–	–	–	–	(536)	(536)
Total comprehensive income for the year	–	–	–	–	(536)	(536)
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(657)	(657)
Issue of shares on acquisition of intangibles	50	291	–	–	–	341
Total contributions by and distributions to owners	50	291			(657)	(316)
Restated[1] equity as at 31 March 2016	2,595	2,279	(312)	4,668	11,413	20,643
Comprehensive income for the year						
Loss for the year	–	–	–	–	(1,223)	(1,223)
Total comprehensive income for the year	–	–	–	–	(1,223)	(1,223)
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(716)	(716)
Issue of shares on acquisition of intangibles	231	1,223	–	–	–	1,454
Total contributions by and distributions to owners	231	1,223	–	–	(716)	738
Equity as at 31 March 2017	**2,826**	**3,502**	**(312)**	**4,668**	**9,474**	**20,158**

1 Equity as at 31 March 2015, restated (Note 54).

Notes to the Company accounts

year ended 31 March 2017

36. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006.

The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 37).

The financial statements are presented in the currency of the primary activities of the Company (its functional currency). For the purpose of the financial statements, the results and financial position are presented in Sterling (£). The principal accounting policies have been summarised below. They have all been applied consistently throughout the year and the preceding year.

The Company has chosen to early adopt the amendments to FRS 102, paragraph 34.22, which revise the disclosure requirements for financial institutions, specifically in relation to the fair value hierarchy, as presented within Note 46. These amendments were approved for issue on 3 March 2016 and are otherwise effective for accounting periods beginning on or after 1 January 2017.

The Company has chosen to adopt the disclosure exemption in relation to the preparation of a cash flow statement under FRS 102.

Tangible fixed assets

Tangible fixed assets comprise fixtures and equipment and are recorded at the point at which payment is made at cost. Fixtures and equipment are stated at historical cost less accumulated depreciation and provision for any impairment. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method on the following bases:

Computer hardware	33 $\frac{1}{3}$% p.a. on cost
Computer software	Between 20% and 33 $\frac{1}{3}$% p.a. on cost
Leasehold improvements	Over the term of the lease
Furniture and equipment	33 $\frac{1}{3}$% p.a. on cost

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

Intangible assets

Client lists and Unit Trust Management Contracts

Acquired client lists and businesses are recognised when acquired, generating revenue from clients and investment managers are capitalised based on the expected future cash flows to be generated over the lives of the assets, discounted at an appropriate discount rate. These costs are amortised on a straight-line basis over their expected useful lives of 10 to 20 years.

Acquired Unit Trust Management Contracts are capitalised as intangible assets based on an estimate of the expected future cash flows that those contracts will generate over their useful lives of ten years. These costs are amortised on a straight-line basis over their expected useful lives.

Client lists are recognised when it is probable that future economic benefits will flow to the Company and the cost of the asset can be measured reliably whilst the risk and rewards have also transferred into the Company's ownership.

Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Taxation

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

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Current tax charges arising on the realisation of revaluation gains recognised in the statement of comprehensive income are also recorded in this statement.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

36. Significant accounting policies continued

Own shares held
Own shares consist of treasury shares which are recognised at cost as a deduction from equity shareholders' funds. Subsequent consideration received for the sale of treasury shares is also recognised in equity with any difference being taken to retained earnings. No gain or loss is recognised on sale of treasury shares.

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

Deferred income
Income received from clients in respect of future periods to the transaction or reporting date are classified as deferred income within creditors until such time as value has been received by the client.

Investments
Investments are recognised and derecognised on a trade date basis where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at cost including transaction costs or at fair value depending on the nature of the instrument held.

Financial assets are derecognised when the rights to receive cash flows have expired, or the Company has transferred substantially all the risks and rewards of ownership.

Investments are classified as basic financial instruments and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

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

Valuation of investments
The fair valuation of the Company's basic financial instrument investments is based upon the underlying market price and volatility which may be subject to fluctuation from year to year (see Note 46 for further information).

Debtors
Accrued income and other debtors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Financial liabilities are initially recognised at fair value and classified as fair value through profit or loss. No liabilities are held for trading.

Share-based payments
Shares to be issued represent the Company's best estimate of the Ordinary Shares in the Company which are likely to be issued following business combinations or the acquisition of client relationships which involve deferred payments in the Company's shares. Where shares are due to be issued within a year, the sum is included in current liabilities.

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted based upon management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

For employees and account executives of a subsidiary of the Company, the share-based payment is accounted for as a capital contribution in the respective subsidiary. The subsidiary will then take a charge to its income statement in respect of the share-based payment.

Shares to be issued
Shares to be issued represent the Company's best estimate of the Ordinary Shares in the Company which are likely to be issued the following business combinations or the acquisition of client relationships which involve deferred payments in the Company's shares. Where shares are due to be issued within a year, the sum is included in current liabilities. Shares to be issued are dependent on the achievement of predefined targets and are treated as a liability until they are allotted and issued, at which time they are reclassified within equity. The Company had recognised as a liability the sum which has been issued and allotted to personnel associated with the Company in order to meet contractual commitments given as part of the recent expansion of its client base.

Notes to the Company accounts continued

year ended 31 March 2017

36. Significant accounting policies continued

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term even if the payments are not made on such a basis. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Going concern

After conducting enquiries, the Directors believe that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The Company's business activities, together with the factors likely to affect its future development, performance and position, has been rigorously assessed.

37. Key sources of estimation uncertainty and judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Intangible and financial assets – judgement

Acquired client lists are capitalised based on current fair values. During the year the Company acquired several investment managers and the business of their clients. By assessing the historic rates of client retention, the ages and succession plans of the investment managers who manage the clients and the contractual incentives of the investment managers, the Directors consider a life of up to 20 years to be both appropriate and in line with peers.

Financial assets comprise equity investments which are held for trading, with fair value determined by the market price of each investment.

The determination of what constitutes 'observable' requires significant judgement by the Directors when using peer comparisons to rationalise our assessments. The Directors consider observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market.

38. Profit for the year

Loss for the financial year of £1,223,000 (2016: loss of £536,000) is after an amount of £35,000 (2016: £12,000) related to the auditor's remuneration for audit services to the Company.

Particulars of employee costs (including Directors) are as shown below:

	2017 £000	2016 £000
Employee costs during the year amounted to:		
Wages and salaries	**435**	314
Social security costs	**45**	32
Other costs	**51**	65
	531	411

Employee costs are those of R. A. FitzGerald, the Non-Executive Directors and a proportion of D. Hetherton. The employee costs of the remaining Executive Directors are borne by Walker Crips Stockbrokers Ltd.

The monthly average number of staff employed during the year was:

	2017 Number	2016 Number
Executive Directors	**4**	4
Non-Executive Directors	**4**	4
	8	8

39. Tangible fixed assets

	Leasehold improvements furniture and equipment £000	Computer software £000	Total £000
Cost			
At 1 April 2016	976	858	1,834
Additions	–	–	–
At 31 March 2017	**976**	**858**	**1,834**
Accumulated depreciation			
At 1 April 2016	607	851	1,458
Charge for the year	215	3	218
At 31 March 2017	**822**	**854**	**1,676**
Carrying amount			
At 31 March 2017	**154**	**4**	**158**
At 31 March 2016	369	7	376

40. Intangible assets

	Client lists £000	Total £000
Cost		
At 1 April 2016	4,273	4,273
Additions	733	733
At 31 March 2017	**5,006**	**5,006**
Accumulated depreciation		
At 1 April 2016	320	320
Charge for the year	268	268
At 31 March 2017	**588**	**588**
Carrying amount		
At 31 March 2017	**4,418**	**4,418**
At 31 March 2016	3,953	3,953

41. Fixed asset investments

	2017 £000	2016 £000
Subsidiary undertakings	**17,425**	17,425
	17,425	17,425

A complete list of subsidiary undertakings can be found in Note 55.

42. Debtors

	2017 £000	Restated 2016 £000
Amounts due from subsidiary undertakings	**–**	127
Deferred tax asset	**302**	85[1]
Prepayments	**58**	77
Other debtors	**23**	237
	383	526[1]

1 Amounts have been restated and are explained further in Note 54.

Notes to the Company accounts continued

year ended 31 March 2017

43. Deferred tax asset/(liability)

	2017 £000	Restated 2016 £000
At 1 April	**85**	(119)[1]
Use of loss brought forward	**–**	(118)
Credit to the income statement	**217**	322
At 31 March	**302**	85[1]

1 Amounts have been restated and are explained further in Note 54.

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Finance Act 2016 enacted a reduction in the 18% rate to 17% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2017.

It is estimated that £155K of timing differences will reverse in the next 12 months. This is mainly due to an anticipated utilisation of the losses being carried forward at 31 March 2017.

44. Creditors

	2017 £000	2016 £000
Accruals and deferred income	**410**	416
Amounts due to subsidiary undertakings	**1,074**	–
Amount due to personnel under recruitment contracts	**1,638**	1,310
	3,122	1,726

45. Shares to be issued

	2017 £000	2016 £000
Amount due to personnel under recruitment contracts/acquisition agreements	**366**	912
	366	912

46. Fair value disclosures

FRS 102 requires a three-level hierarchy disclosure for categorising financial assets and liabilities carried at fair value and requires enhanced disclosures about fair value measurement. The fair value hierarchy classifies financial assets and liabilities according to the source of inputs ranked according to availability of observable market prices used in measuring fair value as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets and liabilities that the entity can access at the measurement date. The Company's trading investments fall within this category;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. The Company does not hold financial instruments in this category; and
- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset and liability. The Company's basic financial instruments held at fair value (within fixed asset investments) fall within this category.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety should be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The categorisation of the Company's investments within the hierarchy is based upon the pricing transparency of the investments and does not necessarily correspond to the Directors' perceived risk of the investments.

The following tables analyse within the fair value hierarchy the Company's investments measured at fair value:

At 31 March 2017	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets held at fair value through profit and loss	**570**	**–**	**–**	**570**

At 31 March 2016	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets held at fair value through profit and loss	518	–	–	518

Determining the fair value of the Company's investments requires judgement and considers factors specific to the investment. The valuation policies applied by the Directors are detailed in Note 37.

47. Risk management policies

Procedures and controls are in place to identify, assess and ultimately control the financial risks faced by the Company arising from its use of financial instruments. Steps are taken to mitigate identified risks with established and effective procedures and controls, efficient systems and the adequate training of staff.

The Company's risk appetite, along with the procedures and controls mentioned above, are laid out in the Group's Internal Capital Adequacy Assessment Process document prepared in accordance with the requirements of the Financial Conduct Authority (FCA).

The overall risk appetite for the Company and for the Group as a whole is considered by management to be low, despite operating in a marketplace where financial risk is inherent in the core businesses of investment management and financial services.

The Group considers its financial risks arising from its use of financial instruments to fall into three main categories:
(i) credit risk;
(ii) liquidity risk; and
(iii) market risk.

Further information on the disclosures and policies carried out by the Company and the Group are made in Note 24 of the consolidated financial statements.

(i) Credit risk

Maximum exposure to credit risk:

	2017 £000	2016 £000
Cash	**1,034**	2,187
Other debtors	**23**	237
	1,057	2,424

The credit quality of banks holding the Group's cash at 31 March 2017 is analysed below with reference to credit ratings awarded by Fitch.

	2017 £000	2016 £000
A	**64**	69
BBB+	**970**	2,118
	1,034	2,187

Analysis of other debtors due from financial institutions:

		2017 £000	2016 £000
Neither past due nor impaired		**23**	237
Past due but not impaired	<30 days	**–**	–
	>30 days	**–**	–
	>3 months	**–**	–
		23	237

(ii) Liquidity risk

The tables below analyse the Company's future undiscounted cash outflows based on the remaining period to the contractual maturity date:

2017	**2017 £000**	2016 £000
Other creditors	**3,464**	3,212
	3,464	3,212

2017	**2017 £000**	2016 £000
Within one year	**3,122**	1,726
Within two to five years	**342**	1,486
	3,464	3,212

Notes to the Company accounts continued

year ended 31 March 2017

47. Risk management policies continued

(iii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates or equity prices will affect the Group's income.

These relate to price risk breached on available-for-sale and trading investments and closely monitored using limits to prevent significant losses.

Fair value of financial instruments

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values as they have been revalued at 31 March 2017 using closing market prices.

A 10% fall in global equity markets would, in isolation, result in a pre-tax decrease to net assets of £57,000 (2016: £51,800). A 10% rise would have an equal and opposite effect.

48. Called-up share capital

	2017 £000	2016 £000
Called-up, allotted and fully paid		
42,386,423 (2016: 38,924,046) Ordinary Shares of 6⅔p each	**2,826**	2,595

During the year the Company allotted nil Ordinary Shares (2016: nil Ordinary Shares) in connection with the exercise of share options. The Company received £nil consideration during the year in respect of the exercise of share options (2016: £nil).

During the year 3,462,377 new Ordinary Shares were issued and allotted to various personnel associated with the Company in order to meet contractual commitments made by the Company as part of the ongoing expansion of its client base.

The Company holds 750,000 of its own shares, purchased for total cash consideration of £312,000. In line with the principles of FRS 102, section 11, these treasury shares have been deducted from equity. No gain or loss has been recognised in the profit and loss account in relation to these shares.

The following movements in share capital occurred during the year:

	Number of shares	Share capital £000	Share premium £000	Total £000
At 1 April 2015	38,186,958	2,545	1,988	4,533
Shares issued to personnel	737,088	50	291	341
At 1 April 2016	**38,924,046**	**2,595**	**2,279**	**4,874**
Shares issued to personnel	3,462,377	231	1,223	1,454
At 31 March 2017	**42,386,423**	**2,826**	**3,502**	**6,328**

Walker Crips is classified for capital purposes as an investment management group and performs an Internal Capital Adequacy Assessment Process (ICAAP), which is presented to the FCA on request. Regulatory capital resources for ICAAP purposes are calculated in accordance with published rules. These require certain adjustments to and certain deductions from accounting capital, the latter largely in respect of intangible assets. The ICAAP compares regulatory capital resources against regulatory capital requirements derived using the FCA's Pillar 1 and Pillar 2 methodology. The Group has adopted the standardised approach to calculating its Pillar 1 credit risk component and the basic indicator approach to calculating its operational risk component. Capital management policy and practices are applied at both Group and entity level.

In addition to a variety of stress tests performed as part of the ICAAP process, and daily reporting in respect of treasury activity, capital levels are monitored and forecast to ensure that dividends and investment requirements are appropriately managed and appropriate buffers are kept against adverse business conditions.

Apart from share capital and share premium, the Company holds reserves at 31 March 2017 under the following categories:

Own shares held (£312,000) – the negative balance of the Company's own shares, which have been bought back and held in treasury.
Profit and loss account (£9,474,000) – the net cumulative earnings of the Company not paid out as dividends retained to be reinvested in our core, or new, business.
Other (£4,668,000) – the cumulative share premium on the issue of shares as deferred consideration for corporate acquisitions.

49. Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Deferred cash consideration	**342**	1,486
Shares to be issued to personnel under recruitment contracts	**–**	218
	342	1,704

Amounts due represent deferred cash consideration based on fixed contractual terms which means that there is no difference between fair value and the carrying amounts.

50. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £nil (2016: £nil) contracted but not provided for and £nil (2016: £nil) capital commitments authorised but not contracted for.

Lease commitments

The commitments under non-cancellable operating leases fall due as follows:

	2017 £000	2016 £000
Within one year	**416**	506
Within two to five years	**404**	368
More than five years	**47**	–

51. Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group, or in relation to the Company, the Company. In the opinion of the Board, the Group and the Company's key management are the Directors of Walker Crips Group plc. Total compensation to key management personnel is £1,116,803 (2016: £772,593).

52. Contingent liability

During the year, two Group companies, Walker Crips Group plc (WCG) and Walker Crips Stockbroker Limited (WCSB) received draft proceedings in respect of a potential claim, from a former listed corporate client of Keith Bayley Rogers & Co (KBR) a former subsidiary of the Group. The corporate client alleges that its former Executive Chairman and his associates misappropriated assets of £5.6m from it between 2010 and 2014 and used these assets to purchase and sell shares in the client through the brokerage of WCG, WCSB and KBR. The client asserts that WCG and WCSB acted dishonestly to assist the Chairman to perpetrate the alleged fraud and was party to an unlawful means conspiracy to cause it loss. It is also claimed that WCG, WCSB are vicariously liable for any wrongdoing on the part of KBR. The potential quantum of the claim is in excess of £1m.

The claims are strenuously denied by the Directors and the Directors consider the claim to be without any merit as supported by a legal opinion obtained by WCG and WCSB, which advises that the claims are 'weak'. A detailed response denying liability for the claims was submitted to the client's representatives in December 2016. The Directors have heard nothing further from the former KBR client since then.

53. Subsequent events

There are no material events arising after 31 March 2017, which has an impact on these financial statements.

54. Prior year adjustment

An adjustment has been made to retained earnings brought forward at 1 April 2015, as shown in the Company statement of changes in equity, to reflect the tax impact of £3,000, relating to unused holiday entitlement costs of £15,000 as at 31 March 2015, recorded in the Group Company Barker Poland Asset Management LLP (BPAM). This has the effect of reducing tax liability and increasing retained earnings by £3,000 as at 31 March 2015 and 2016. Movements in the liability since are considered immaterial and there is therefore no impact to taxation for subsequent years.

Notes to the Company accounts continued

year ended 31 March 2017

55. Subsidiaries and jointly-owned entities

Group	Country of incorporation	Principal activity	Class and percentage of shares held
Trading subsidiaries			
Walker Crips Stockbrokers Limited[a)]	United Kingdom	Investment management	Ordinary Shares 100%
London York Fund Managers Limited[c)]	United Kingdom	Management services	Ordinary Shares 100%
Walker Crips Wealth Management Limited[c)]	United Kingdom	Financial services advice	Ordinary Shares 100%
Ebor Trustees Limited[c)]	United Kingdom	Pensions management	Ordinary Shares 100%
Barker Poland Asset Management LLP[a)]	United Kingdom	Investment management	Membership 100%
Non-trading subsidiaries			
Walker Crips Financial Services Limited[a)]	United Kingdom	Financial services	Ordinary Shares 100%
G & E Investment Services Limited[c)]	United Kingdom	Holding company	Ordinary Shares 100%
Ebor Pensions Management Limited[c)]	United Kingdom	Dormant company	Ordinary Shares 100%
Investorlink Limited[a)]	United Kingdom	Agency stockbroking	Ordinary Shares 100%
Walker Cambria Limited[a)]	United Kingdom	Dormant company	Ordinary Shares 100%
Walker Crips Trustees Limited[a)]	United Kingdom	Dormant company	Ordinary Shares 100%
W.B. Nominees Limited[b)]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (PEP) Nominees Limited[b)]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (ISA) Nominees Limited[b)]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB Nominees Limited[b)]	United Kingdom	Nominee company	Ordinary Shares 100%
Walker Crips Investment Management[a)] Limited	United Kingdom	Dormant company	Ordinary Shares 100%
TBWC No 2 Limited[a)]	United Kingdom	Dormant company	Ordinary Shares 100%
TBWC No 3 Limited[a)]	United Kingdom	Dormant company	Ordinary Shares 100%
Jointly controlled entities			
JWPCreers Wealth Management Limited[d)]	United Kingdom	Financial services advice	Ordinary Shares 50%

The registered office for subsidiary and associate undertakings is:
a) Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ
b) St James House, 27-43 Eastern Road, Romford, Essex RM1 3NH
c) Foss Islands House, Foss Islands Road, York, Yorkshire YO31 7UJ
d) Genesis, 5 Church Lane, Heslington, Yorkshire YO10 5DQ

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Walker Crips Group plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the Annual General Meeting of Walker Crips Group plc (Walker Crips Group or the Company) will be held at the South Place Hotel, 3 South Place, London EC2M 2AF on 6 September 2017 at 11.00 a.m. for the following purposes:

As ordinary business

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Directors' report and audited financial statements for the year ended 31 March 2017.
2. To approve the Directors' remuneration report (excluding the Directors' remuneration policy set out on pages 40 to 44 of the Directors' remuneration report) for the year ended 31 March 2017.
3. To approve the Directors' remuneration policy, the full text of which is set out on pages 40 to 44 of the Directors' remuneration report for the year ended 31 March 2017, which takes effect from 1 April 2018.
4. To declare a final dividend of 1.29 pence per Ordinary Share for the year ended 31 March 2017.
5. To re-elect as a Director Mr David Gelber.
6. To re-elect as a Director Mr Martin Wright.
7. To re-elect as a Director Mr Hua Min Lim.
8 To re-elect as a Director Mr Rodney FitzGerald.
9. To re-elect as a Director Mr Sean Kin Wai Lam.
10. To re-elect as a Director Mr Guy Jackson.
11. To re-elect as a Director Mr Clive Bouch.
12. To appoint BDO LLP as auditor of the Company until the conclusion of the next meeting at which accounts are laid.
13. To authorise the Directors to set the auditor's remuneration.

As special business

To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

14. That the authority and power conferred upon the Directors to allot shares or to grant rights to subscribe for or to convert any security into shares in accordance with Article 12 of the Company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution and for that period the Section 551 Amount (as defined in Article 12(B)) shall be £933,070 (equivalent to one third of the Company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(B) are revoked, subject to Article 12(D).

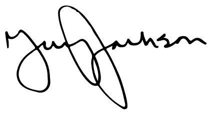
To consider, and if thought fit, pass the following resolutions which will be proposed as special resolutions:

15. That, subject to the passing of Resolution 15, the authority and power conferred upon the Directors to allot equity securities for cash in accordance with Article 12 of the Company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution and for that period the Section 561 Amount (as defined in Article 12(C)) shall be £279,921 (equivalent to 10% of the Company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(C) are revoked, subject to Article 12(D).
16. That the Company be and is hereby granted pursuant to section 701 of the Companies Act 2006 general and unconditional authority to make market purchases (within the meaning of section 693 of the Companies Act 2006) on the London Stock Exchange of Ordinary Shares of $6\frac{2}{3}$ pence each in the capital of the Company (Ordinary Shares) provided that:
    a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is limited to 10% of the Company's issued share capital then in issue;
    b) the minimum price which may be paid for any Ordinary Shares is $6\frac{2}{3}$ pence per Ordinary Share;
    c) the maximum price (exclusive of expenses) which may be paid for any Ordinary Shares is not more than 5% above the average of the middle market quotations for the Ordinary Shares (as derived from the London Stock Exchange Daily Official List) for the ten business days before the purchase is made;
    d) the authority hereby conferred shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution; and
    e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares pursuant to any such contract or contracts. This resolution shall confer on the Directors all rights for the Company to make any such market purchase of the Company's own shares as are required under the terms of Article 11(B).

Notice of Annual General Meeting continued

17. That the Company be authorised to call a general meeting of the shareholders, other than an Annual General Meeting, on not less than 14 clear days' notice.

By order of the Board



Guy J.B. Jackson LLB (Hons)
Secretary
28 July 2017

Walker Crips Group plc
Finsbury Tower, 103–105 Bunhill Row, London EC1Y 8LZ
Reg No. 01432059

Notes on resolutions

The following paragraphs explain, in summary, the resolutions to be proposed at the Annual General Meeting (the Meeting).

Resolution 1: Receipt of the 2017 Report and Accounts

The Directors of the Company must present their report and the annual accounts to the Meeting and shareholders may raise any questions on the Report and Accounts under this resolution.

Resolution 2: Approval of the 2017 Directors' remuneration report

In accordance with section 439 of the Companies Act, shareholders are requested to approve the Directors' remuneration report (other than the Directors' remuneration policy set out on pages 40 to 44), which can be found on pages 34 to 39 of the Report and Accounts for the year ended 31 March 2017. The vote is advisory only and does not affect the actual remuneration paid to an individual Director.

Resolution 3: Approval of the 2017 Directors' remuneration policy

Under section 439A of the Companies Act 2006, the Directors' remuneration policy is required to be put to shareholders for approval, and the vote is binding. Accordingly, shareholders are asked to approve the Directors' remuneration policy set out on pages 40 to 44 of the Directors' remuneration report for the year ended 31 March 2017.

If approved by the shareholders, the policy is intended to be valid for a period of three years from 1 April 2018. Once in effect, the Company will not be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director, unless that payment is consistent with the policy or has otherwise been approved by a resolution of the shareholders of the Company.

Resolution 4: Final dividend

Shareholders are being asked in Resolution 4 to approve a final dividend of 1.29 pence per Ordinary Share for the year ended 31 March 2017. If you approve the recommended final dividend, this will be paid on 15 September 2017 to all ordinary shareholders who were on the register of members at the close of business on 1 September 2017.

Resolutions 5 to 11: Re-election of Directors

The Company's Articles of Association require that at each Annual General Meeting, Directors who were in office at the time of the previous two Annual General Meetings and who have not been elected or re-elected in that period must retire by rotation. A retiring Director is eligible for re-election. This year, Mr Rodney FitzGerald and Mr Sean Lam are retiring in this manner and are seeking re-election.

Mr David Gelber, Mr Martin Wright and Mr Hua Min Lim are retiring because each of them have been Non-Executive Directors for more than nine years and Mr Robert Elliott is not seeking re-election. Mr Gelber, Mr Wright and Mr Lim are seeking re-election.

In addition, Mr Guy Jackson and Mr Clive Bouch, who were appointed by the Directors since the Annual General Meeting in 2016, are retiring in accordance with the Company's Articles of Association and are seeking re-election.

The biographies of the Directors eligible and standing for re-election at the Meeting are set out on pages 24 and 25 in the 2017 Report and Accounts.

Resolution 12: Appointment of auditor

The Company is required to appoint its auditor at each general meeting at which accounts are laid before the shareholders and is usually appointed to hold office from the conclusion of an Annual General Meeting until the conclusion of the next Annual General Meeting.

Accordingly, shareholders are being asked in resolution 12 to approve the appointment of BDO LLP as auditor of the Company from the conclusion of the Meeting until the conclusion of the next meeting at which accounts are laid.

Resolution 13: Remuneration of the auditor

The resolution also authorises the Directors, in accordance with standard practice, to set the remuneration of the auditor. In accordance with its terms of reference, the Audit Committee will approve the terms of engagement and the level of audit fees payable by the Company to the auditor and recommend them to the Board.

Resolution 14: Renewal of the Directors' authority to allot shares

Resolution will be proposed before the Meeting to confer authority on the Directors to allot shares or grant rights to subscribe for or to convert any security into shares of up to an aggregate nominal amount of £933,070 (being one-third of the Company's issued share capital (excluding treasury shares) as at 28 July 2017). This resolution, which is an ordinary resolution, will replace the authority given to the Directors at the last Annual General Meeting on 3 August 2016.

750,000 shares are held in treasury as at 28 July 2017 (representing approximately 2% of the Company's issued share capital (excluding treasury shares) on that date).

The Directors have no present intention to issue new Ordinary Shares in addition to commitments disclosed in the Annual Report. However, the Directors consider it prudent to maintain the flexibility to take advantage of business opportunities that this authority provides.

This authority will expire on the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of the resolution, whichever is the earlier.

Notice of Annual General Meeting continued

Resolution 15: Renewal of the Directors' authority to disapply pre-emption rights
Resolution will be proposed before the Meeting to confer authority on the Directors to allot equity securities for cash up to an aggregate nominal amount of £279,921 (being 10% of the Company's issued share capital (excluding treasury shares) as at 28 July 2017) as if section 561(1) of the Companies Act 2006 did not apply. This resolution, which is a special resolution, will replace the authority given to the Directors at the last Annual General Meeting on 3 August 2016.

The Directors have no present intention to make use of this authority and will only do so when satisfied that it is in the interest of the Company.

This authority will expire on the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of the resolution, whichever is the earlier.

Resolution 16: Authority for the Company to purchase its own shares
The Companies Act 2006 permits a public company to purchase its own shares in accordance with powers contained in its Articles of Association and with the authority of a resolution of shareholders. The Directors believe that the Company should be authorised to take advantage of these provisions and therefore, pursuant to the power contained in the Company's Articles of Association, it is intended to propose a special resolution at the Meeting to confer authority on the Company to purchase up to a maximum in aggregate of 10% of the Ordinary Shares of $6\frac{2}{3}$ pence each in the share capital of the Company at a price or prices which will not be less than $6\frac{2}{3}$ pence and not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the ten business days before the relevant purchase is made.

The authority was given at the last Annual General Meeting of the Company for a period expiring at the conclusion of the next Annual General Meeting. It is the Directors' intention that a resolution for its renewal will be proposed at each succeeding Annual General Meeting. The Directors will only make use of the authority when satisfied that it is in the interest of the Company to do so. Shareholders should note that any Ordinary Shares purchased by the Company will either be cancelled and the number of Ordinary Shares in issue will accordingly be reduced or will be held as treasury shares.

Shareholders may further note that the total number of warrants and options to subscribe for equity shares in the Company that are outstanding as at 28 July 2017 is nil.

This authority will expire on the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of the resolution, whichever is the earlier.

Resolution 17: Notice period for general meeting
The notice period for general meetings of the Company is 21 days unless shareholders approve a shorter notice period which cannot be less than 14 clear days. Annual general meetings will continue to be called on at least 21 clear days' notice.

Resolution 17, which is a special resolution, will enable the Company to call general meetings (other than Annual General Meetings) on 14 clear days' notice. The Directors believe that this is in the best interests of the shareholders and it is intended that this shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

The approval will be effective until the Company's Annual General Meeting in 2018 when it is intended that a similar resolution to renew the authority will be proposed.

Shareholder notes
The following pages provide more detailed information about your voting rights and how you may exercise them.

Entitlement to attend and vote
1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
   - 6.00 p.m. on 4 September 2017; or
   - if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies
2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited to obtain an extra proxy card on 0121 585 1131.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA; and
   - received by Neville Registrars Limited no later than 11.00 a.m. on 4 September 2017.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included in with the proxy form.

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://my.euroclear.com/euilegal). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent ID (7RA11) by no later than 11.00 a.m. on 4 September 2017, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first name being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited on 0121 585 1131.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of the proxies will take precedence.

Notice of Annual General Meeting continued

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited no later than 11.00 a.m. on 4 September 2017.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

12. As at 27 July 2017 (being the latest practicable day prior to the date of this notice), the Company's issued share capital comprised 42,738,158 Ordinary Shares of $6\frac{2}{3}$ pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company. The Company held 750,000 Ordinary Shares in treasury on 27 July 2017 and, therefore, the total number of voting rights in the Company as at 27 July 2017 is 41,988,158.

Communication

13. You may not use any electronic address provided either in this notice of meeting or any related documents (including the letter with which this notice of meeting was enclosed and proxy form) to communicate with the Company for any purposes other than those expressly stated.

Website giving information regarding the Meeting

14. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.wcgplc.co.uk.

Questions at the Meeting

15. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the Meeting unless (i) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on the Company's website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Website publication of audit concerns

16. Pursuant to section 527 of the Companies Act 2006, where requested by members meeting the qualification criteria set out in that section, the Company must publish on its website a statement setting out any matter that such members propose to raise at the Meeting relating to either (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (ii) the circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Accounts were laid in accordance with section 437 of the Companies Act 2006.

    Where the Company is required to publish such a statement on its website:

- it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and
- the statement may be dealt with as part of the business of the Meeting.

Nominated person

17. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person), you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Form of proxy

For use at the Annual General Meeting (the Meeting) of Walker Crips Group plc (the Company) to be held at the South Place Hotel, 3 South Place, London EC2M 2AF on 6 September 2017 at 11.00 a.m. and at any adjournment thereof.

I/We (name(s) in full) .... (BLOCK LETTERS PLEASE)

Of (address) ....

being (a) holder(s) of shares in the above-named Company HEREBY APPOINT (see Note 3):

(name(s) in full) .... (BLOCK LETTERS PLEASE)

Of (address) ....

or failing him (or in the event that no person is named) the Chairman of the Meeting to act as my/our proxy and to vote for me/us on my/our behalf at the above mentioned Meeting and any adjournment thereof, and I/we desire this proxy to be used as directed below or, failing any direction(s) as regards the Resolution(s), the proxy will abstain or vote at his discretion.

Enter the number of shares in relation to which your proxy is authorised to vote or leave blank to authorise your proxy to act in relation to your full entitlement (see Note 4).

Please also mark this box if you are appointing more than one proxy (see Note 5).

The manner in which the proxy is to vote should be indicated by inserting 'X' in the box provided:

	For	Against	Vote withheld
1) To receive and adopt the Directors' report and audited financial statements			
2) To approve the Directors' remuneration report			
3) To approve the Directors' remuneration policy			
4) To declare a final dividend of 1.29p per Ordinary Share			
5) To re-elect David Gelber as a Director			
6) To re-elect Martin Wright as a Director			
7) To re-elect Hua Min Lim as a Director			
8) To re-elect Rodney FitzGerald as a Director			
9) To re-elect Sean Kin Wai Lam as a Director			
10) To re-elect Guy Jackson as a Director			
11) To re-elect Clive Bouch as a Director			
12) To appoint BDO LLP as auditor			
13) To authorise the Directors to set the remuneration of the auditor			
14) To authorise the Directors to allot shares			
15) To disapply pre-emption rights[1]			
16) To authorise the Company to make market purchases of its own shares[1]			
17) To authorise the Company to call a general meeting of shareholders on not less than 14 clear days' notice[1]			

Signed: .... Dated: ....

(for a company see Note 8 to this form of proxy)

1 Special resolution.

Form of proxy continued

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space above. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. If the proxy is being appointed in relation to less than your full voting entitlement, please indicate the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or, if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited on 0121 585 1131 to obtain an extra proxy card. Please indicate the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).
6. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant 'Vote withheld' box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. To appoint a proxy using this form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA; and
   - received by Neville Registrars Limited no later than 11.00 a.m. on 4 September 2017.
8. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
9. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
10. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, CREST ID (7RA11) by 11.00 a.m. on 4 September 2017. See the notes to the notice of meeting for further information on proxy appointment through CREST.
11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
13. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
14. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

Officers and professional advisers

Executive Directors
R. A. FitzGerald FCA – Chief Executive Officer
S. K. W. Lam FCPA (Aust.), Chartered FCSI – Group Managing Director
M. J. W. Rushton – Chief Investment Officer
G. J. B. Jackson – Group Compliance Director

Non-Executive Directors
D. M. Gelber – Chairman
R. A. Elliott FCA, Cert PFS – Audit Committee Joint Chairman
H. M. Lim
M. J. Wright – Senior Independent Director
C. Bouch FCA – Audit Committee Joint Chairman

Secretary
G. J. B. Jackson LLB (Hons)

Registered office
Finsbury Tower
103–105 Bunhill Row
London EC1Y 8LZ

Bankers
HSBC Bank plc
London

Solicitors
Charles Russell Speechlys LLP
London

Auditor
BDO LLP
London

Registrars
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