WALKERCRIPS

Making investment rewarding

Annual Report and Accounts 2022

Key performance indicators

Performance in 2022 is set out below with data from preceding years. Year-on-year data is presented on a consistent basis providing measurable indicators. The Board monitors these KPIs regularly.

Breakdown of AUMA

£5.5bn

Commentary
The Group's Assets Under Management and Administration ("AUMA") as at 31 March 2022 saw a marginal increase of 1.8%, with overall levels reflecting markets declining in response to inflationary pressures brought on by world events.

Type of asset	2022 £'bn	2021 £'bn	2020 £'bn	2019 £'bn
a. Administration	**1.895**	1.974	1.541	1.750
b. Advisory	**1.632**	1.523	1.292	1.630
c. Discretionary	**1.930**	1.863	1.479	1.639
Total	**5.457**	5.360	4.312	5.019

Revenue

£32.8m

Year	Revenue
2022	£32.8m
2021	£30.3m
2020	£31.4m

Commentary
An 8.1% increase in revenue from strong performances in our core business.

Operating profit

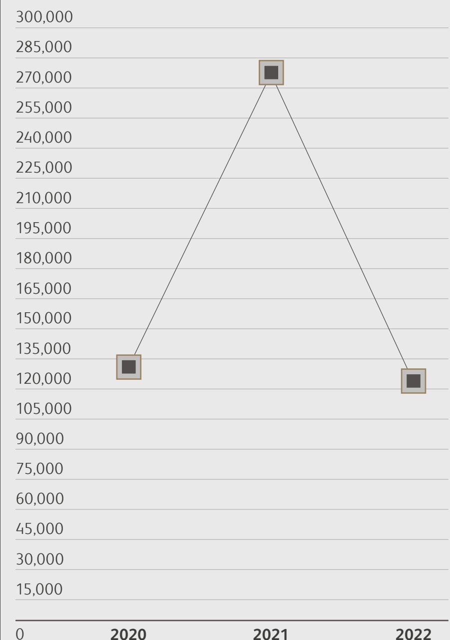
£0.33m

Year	Operating profit
2022	£0.33m
2021	£0.02m
2020	£1.09m

Commentary
The strong performance in our core business drove the Group's return to profitability, but the 2022 results were negatively impacted by reorganisation and redundancy costs together with other significant exceptional costs.

Transaction volume

124,421



Commentary
Trading volumes have returned to lower levels since the hyperactivity witnessed at the height of the pandemic.

Operating profit before exceptional items

£1.86m

Year	Operating profit before exceptional items
2022	£1.86m
2021	£0.44m
2020	£0.72m

Commentary
A good indication of the strength in our core business.

Total dividends (pence per share)

1.50p

Year	Total dividends
2022	1.50p
2021	0.75p
2020	0.60p

Commentary
With improving financial performance and strengthening of our core business the Directors look to reward shareholders for their continued support.

During over a hundred years of experience in managing investments for our clients, we have seen many challenging periods, resurgences and booms. Walker Crips' predecessors first bought and sold shares for clients on the London Stock Exchange in 1914.

We are a cohort of people, both employed and self-employed, within a culture of constant development and commitment to serve our clients fairly and to help them grow their investments in line with their goals and risk appetites.

We continue to make progress as we cultivate our technology to strengthen our Group, increase efficiency and deliver value for our stakeholders.

This report forms part of our wider communications suite. But as part of our commitment to being a sustainable business operating in the right manner, we want to reduce our carbon footprint on the world. With that in mind, we would like you to consider opting for digital pdfs in the future. We will be empowering our online experience and ensuring that you get the same Walker Crips experience of our Annual Reports online.

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At a glance

The Walker Crips Group offers investment management and wealth management services, pensions administration and related cloud-based technology solutions.

Our offices

Walker Crips operates 10 offices throughout the UK, headed and staffed by dedicated individuals.

Offices in the UK

10

- London (head office)
- Birmingham
- Bristol
- Epping
- Inverness
- Newbury
- Solent
- Truro
- Wymondham
- York

Key
■ Head office
● Branch

At Walker Crips, our mission is to help our clients navigate intimidating and ever more complex investment markets, through our highly capable people and technology.

Years of looking after clients

108

Clients across the UK

28,084

(2021: 32,904)

Total Assets Under Management and Administration

£5.5bn

(2021: £5.4bn)

Investment management

Private Clients
Our Private Client teams and our associate investment managers provide discretionary services, both model and bespoke, and advisory services to our clients.

Investment Management
Our professional investment managers and advisers provide clients with a wide range of services to suit their life and financial goals, balanced with their risk profiles. These services are supported by our wealth of experience, knowledge, and technological systems. Our model portfolios provide a range of risk-managed investment strategies, designed to reflect our team's centralised views on macro-economic and market trends, and emphasis on implementation using collective investment schemes where appropriate.

Structured Investments
Specialist products offered by Walker Crips Structured Investments ("WCSI") provide carefully considered investment opportunities to investors through professional financial intermediaries. Our structured investment plans are designed to complement traditional investment strategies, offering alternative exposure to a wide range of markets and counterparties.

Alternative Investments
We have a successful International Equity Arbitrage team that is continually looking at market opportunities.

On 17 February 2022, the Government announced the immediate closure of the Tier 1 Visa programme for all new applicants, which has resulted in the cessation of this business line for new clients. However, existing clients with entry clearance to remain as Tier 1 Investor Migrants, can remain in the programme until its natural conclusion.

Wealth management

Preserving and nurturing client wealth
Our wealth management team assists clients in financial planning by learning about them as people and understanding their requirements. As independent financial advisers, Walker Crips Wealth Management ("WCWM") provides guidance on an extensive range of financial matters such as life assurance, pre-retirement planning, at-retirement advice, savings plans, tax-efficient management of investments and estate planning.

Pensions

Serving clients to better care for their futures
Through Self-Invested Personal Pensions ("SIPP") and Small Self-Administered Schemes ("SSAS"), our pensions administration team assists clients in efficiently exercising control over their SIPP pension fund investments. They also provide company directors with the infrastructure using SSAS to grow pension funds for their retirement.

EnOC Technologies

Engineering out complexities ("EnOC")
Our Software as a Service ("SaaS") division continues to provide cloud-based software solutions to our business partners. EnOC's aim is to close the technology gap by providing companies of all sizes access to enterprise level technology and software.

Chairman's statement

Return to operational profitability and continued focus on improving operating margins.

Martin Wright
Chairman

The combination of the recovery in financial markets and focus on profit improvement has seen the Group return to profit for the full year. The core business delivered a strong performance, and continues to do so in the first part of our new financial year, albeit the impact of good growth in revenues and improving margins were marred by the exceptional costs we are reporting and which are explained further below and in the CEO's report. At a strategic level, we continue to progress a number of projects that will incur additional costs in the near-term and, as I said in my statement for the interim report, the Investment Management division's project to improve operating margins will be a long-term exercise, with the overall impact on operating margins expected to be positive, but unlikely to be smooth from reporting period to reporting period.

Overview of 2021/2022

The tumultuous events that accompanied my first year as Chairman of your company have been succeeded by conditions that are, mercifully, less traumatic but which, perhaps, still deserve to be labelled as extraordinary. The rapid rise of inflation to 40-year highs has made management strategy and investment conditions tricky, to say the least, and markets are understandably struggling to cope with the impact.

The rewards of Management's efforts to reduce costs during the pandemic, accompanied by the more-benign market conditions which applied throughout the first three quarters of the financial year, gave the Group breathing space to focus on improving operating margins within the Investment Management division, in tandem with the ongoing efforts to renew growth in the Wealth Management division. That strategy is bearing fruit and should continue to do so over the longer-term.

I am also pleased to report that the Structured Investments business has bounced back from its annus horribilis of the previous year, under the guidance of its new managers, and I wish them continued success. The Investment Management division, which includes the structured investment team, was the principal driver of growth in operating profits during the year, and the division's performance was also enhanced by the improved contributions of the investment management teams in the firm's York, London and Inverness offices and the Barker Poland Asset Management team in London. We were disappointed that two investment managers from the division's Truro office have departed. Having spent eight successful years in Truro, we are committed to maintaining a local presence, and will continue to serve our existing clients. I thank our team members who have stepped in to provide continuity to our clients, while we recruit locally.

As set out in the financial highlights, revenues for the year grew by £2.5 million to £32.8 million and Adjusted EBITDA* increased by £1.29 million to £3.90 million (2021: £2.61 million), an incremental operating margin of 51.6% and testament to Management's focus on margin improvement. It is therefore extremely disappointing that the very welcome improvements in financial performance generally have been undermined by a number of matters that have given rise to significant exceptional costs. Although certain exceptional costs relate to the restructuring initiated during the pandemic, those required firstly to improve our financial crime framework and separately for the estimated cost of redress to a small number of customers caused by the actions of one associate, were neither anticipated nor acceptable. We are making the changes necessary to address these matters and the associate concerned has been sanctioned. I would add that insurers have been informed of the redress matter, although at this stage no recovery has been recognised in the accounts pending finalisation of the loss and insurer's confirmation of cover. The Group is taking all appropriate measures to ensure losses in relation to this matter are recovered. I can also confirm that the Executive Directors were not awarded the discretionary bonuses approved by shareholders at last year's Annual General Meeting.

Results have also been hampered by the residual effect of the decline in Bank of England base rates during the previous year and lower contributions from the Group's alternative businesses.

After exceptional costs, the Group's profit before tax for the year is £324,000, an improvement on the loss of £114,000 reported in the previous year. The exceptional costs noted are non-recurring and therefore, given the underlying improvement in trading, the Directors are recommending a final dividend of 1.20 pence per share, doubling the previous year's final dividend.

Strategy

The pandemic demonstrated the resilience of the core Investment Management business, which, exceptional costs aside, has bounced back robustly. The Wealth Management business has rebounded from adviser and client losses during the previous year and its recruitment strategy has started to produce revenue growth. The York office, which is home to our biggest Wealth Management team and one of our largest Investment Management teams, leads the firm in its ability to derive revenue-synergies from both types of service, and points the way forward for the rest of the Group in generating top-line growth. We hope to replicate that close working relationship between the Wealth Management division's new Solent office and our other teams of investment managers around the country.

The Group's seamless transition to flexible working, which is now more entrenched than ever as a working practice at our own and most other companies, justified our focus on technology. The Group believes that continued investment in technology is crucial to providing innovative and effective services to our clients, investment managers and staff. EnOC Technologies Limited's project to commercialise our technology remains a key limb of our growth plan. The Group will therefore maintain its focus on revenue growth and margin improvement, and continue keeping a tight rein on costs in light of current inflationary pressures and the tight labour markets.

Dividend

Our aim is always to reward our shareholders for their continued support. In that light, having taken into account the Group's improved profitability and potential for continuing improved operating margins, capital headroom, and short-term and long-term cash flow considerations, the Board will recommend for shareholders' approval at the forthcoming AGM for a final dividend of 1.20 pence per share (2021: 0.60 pence) payable on 7 October 2022 to those shareholders on the register at the close of business on 23 September 2022, with an ex-dividend date of 22 September 2022. As noted earlier, this is a twofold increase on the previous year's final dividend.

Our community

We believe that in challenging times, it is important that we continue to support our chosen charities. In addition to financial support, we try to do more by using our technology for good, engaging in technology philanthropy, and using technology as a catalyst to boost the efforts of those charities, working with them to design, deploy and maintain those systems.

Our partner charity, **twiningenterprise.org.uk**, has a mission to combat mental health stigma and to assist people who are struggling with mental health issues around work. Their goal is to ensure that everyone with a mental health issue can find employment and cope with the challenges of working life, to support employers and raise awareness around mental health in general and to reduce stigma and discrimination.

This is a mission whose work is crucial, as has been highlighted during this pandemic. We urge you to join us by signing on to support Twining in their mission, staying informed of their latest news and activities, and support them financially by going to **enoc.pro/community**.

Directors, Account Executives and staff

Whilst I am hopeful that the challenging period of the pandemic is behind us all, and pleased to have reported a return to profit, the Group nevertheless faces challenges ahead. This includes acknowledging and making the necessary changes to our culture, leadership team, behaviours and controls to mitigate recurrence of the failures that gave rise to the exceptional costs noted above. We know these costs and the reasons therefore will be disappointing news for our shareholders. Your Directors and the leadership team are focused on the required changes and the need to make them without distracting from the many positive actions being taken to grow the business and improve margins. I would like to thank my fellow Directors, our investment managers and advisers and all members of staff for their efforts, resilience and continued commitment to the highest levels of client service, support and diligence.

Outlook

The rebound in the underlying trading performance this year demonstrates the Group's potential to generate revenue growth and improve profitability, which continues to bode well for the future.

Martin Wright
Chairman

29 July 2022

* Adjusted EBITDA represents earnings before interest, taxation, depreciation and amortisation, and exceptional items. The Directors present this result as it is a metric widely used by stakeholders when considering an entity's financial performance. A full reconciliation to IFRS results is provided in the Finance Director's review on page 17.

Financial highlights

Capitalising on the strength of the underlying business – A strong performance in the underlying business, albeit marred by exceptional costs impacting the results for the year, means the Group increases its final dividend in respect of the year to 1.20 pence per share, doubling the previous year.

Revenue

Total revenues increased 8.1% to **£32.8 million** (2021: £30.3 million).

Operating profit

A significant improvement in operating profit to **£326,000** (2021: £22,000), being **£1,866,000** (2021: £441,000) when adjusted for operational exceptional items*.

Profit before tax

Profit before tax **£324,000** (2021: loss before tax £114,000), being profit before tax **£1,761,000** (2021: £305,000) when adjusted for total exceptional items*.

Adjusted EBITDA

Adjusted EBITDA increased 49% to **£3.90 million** (2021: £2.61 million)**.

* Exceptional items are disclosed in note 10 to the accounts and a full reconciliation to IFRS results is presented in the Finance Director's review on page 17.

** Adjusted EBITDA represents earnings before interest, taxation, depreciation and amortisation, and exceptional items. The Directors present this result as it is a metric widely used by stakeholders when considering an entity's financial performance. A full reconciliation to IFRS results is provided in the Finance Director's review on page 17.

*** Underlying cash generated from operations represents the cash generated from operations adjusted for lease liability payments under IFRS 16, non-cyclical working capital movements and exceptional items. The Directors consider that this metric helps readers understand the cash generating performance of the Group. A full reconciliation to the IFRS results is provided in the Finance Director's review on page 17.

Underlying cash generated from operations improved 71% to **£1.34 million** (2021: £0.78 million)***.

Underlying cash generated

Cash and cash equivalents **£11.11 million** (2021: £8.86 million).

Cash and cash equivalents

Assets Under Management ("AUM") increased by 5.9% to **£3.6 billion** (2021: £3.4 billion).

Assets Under Management

Proposed final dividend of **1.20 pence** per share (2021: 0.60 pence per share), bringing the total dividends for the year to **1.50 pence** per share (2021: 0.75 pence per share).

Proposed final dividend

CEO's statement

Innovating, digitising and focusing on customer outcomes

Sean Lam
Chief Executive Officer

Our values
We serve our clients with the following values:

Integrity

Courtesy

Fairness

Loyalty

I am proud that our investment managers, financial planners, advisers, and our staff have continued to serve our customers diligently through the global challenges of the past few years. There was a job to be done, and they got it done. I am thankful to, and grateful for, all my colleagues for ensuring that our customers were well taken care of, without interruption in service.

After nearly two years of working from home, we have now comfortably settled into a hybrid working model where members can either work all week in the office, desk-share a few days a week, hot-desk once in a while, or work from home, depending on the needs of the department while balancing the needs of the staff. This can only work if there's mutual trust and responsibility, and I'm pleased to say that we have both in spades. As long as our performance and customer engagement remains high, hybrid working can continue.

Group's performance
In our Investment Management division, we were sensitive to the dual risk of a simultaneous fall in asset values and a decline in interest income, but we reviewed and streamlined certain parts of our business during the past two years which led to significant improvements in operating margins and profitability.

We will accelerate our effort to simplify and digitise our business further, making our business more efficient, more scalable, but still providing good outcomes to our customers. We will continue to improve the revenue-growth potential of the existing businesses, generate greater profitability from such growth opportunities, while also maintaining a tight control of, and increasing the productivity of, our cost-base. The division generally had a strong year, with robust, double-digit growth in fee income offsetting the decline in commissions and interest income.

Our Wealth Management and Barker Poland Asset Management divisions have also had a year of strong revenue growth. Our new Solent branch in Fareham has had a great start and contributed strongly to the Wealth Management division. Our York office has worked very well together, providing financial planning, investment management and pensions (SIPP and SSAS) services, working together for our customers. The investment team continues to manage the firm's flagship Service First model portfolios, Inheritance Tax Relief model portfolios, and has oversight over the Truro branch, ensuring that we maintain our service offering to our customers in Cornwall.

Our Structured Investments team contributed to the Investment Management division's performance with significant growth in fee income, as the industry bounced back vigorously from a very difficult last financial year. Walker Crips is now the leading structured products distributor in the UK and we thank the team for holding fast during the difficulties of last year, where one of the most significant players exited the market completely, and we are now poised to capitalise on the opportunities of this year.

Challenges
We continue to invest heavily in our regulatory framework. Regulation continues to move forward unabated and we must adapt swiftly. The next big regulatory initiative is Consumer Duty which, amongst other things, places emphasis on consumer outcomes and firms' obligations to proactively deliver them. Firms are required to take all reasonable steps to avoid causing foreseeable harm to customers, enabling them to pursue their financial objectives, and always act in good faith towards them.

During the year, the Investment Management division incurred significant costs that have been designated exceptional in the accounts that follow and explained in note 10 to the financial statements, including two material items I want to address upfront. The first relates to expenditure to upgrade and improve our financial crime control framework, which was subject to an independent review. I wish to stress that there has been no evidence of financial crime, but our controls and procedures around this area needed significant improvement. The remediation and enhancement project commenced during the year and the total estimated cost of £595,000 has been provided for. Secondly, and separate from upgrading and improving our financial crime control framework, we identified that there was inappropriate conduct by an associate that caused financial detriment to a small number of customers. The associate concerned has been sanctioned and their contract terminated, and whilst we should have identified it in a timelier manner, Management is satisfied that this was an isolated incident. All relevant parties have been informed, including the regulator, and we are in the process of finalising the redress calculation which is presently estimated to be £650,000 including associated costs before any potential insurance recoveries. Any future recovery will also be treated as an exceptional item.

In light of these weaknesses, Management is embedding a broader review of the Group's regulatory compliance framework to ensure our processes are at industry standards and are able to adapt to the changing regulatory landscape. Our financial planning and budgeting reflect this planned step-up in risk and compliance costs. We are also reinforcing a tenet of our core principles that "Compliance and Risk are everybody's responsibility", renewing our emphasis and setting the tone from the top.

During the year, the Group sold its one-third share of its investment in Walker Crips Property Income Limited for £105,000. This will have minimal impact on our future revenues. We stopped onboarding new customers to the Tier 1 Investor Visa programme in November 2021 and the government permanently closed the Tier 1 (Investor) Visa route for foreign nationals on 17 February 2022. For customers who are already in the programme, we will continue to service them until its natural conclusion.

Nevertheless, the Group is able to report a profit before tax of £324,000 for the full year after all exceptional items, an improvement on the £114,000 loss reported in the previous year. This was assisted by the return to growth of the core businesses of investment management, wealth management and structured investments.

Technology advantage

We will accelerate our vision to "Simplify and Digitise". We will do what we do but we must do it better, faster, and more economically. We will use our EnOC Pro Platform to create technologies that will transform processes, create greater efficiencies, reduce the use of paper, provide better services to our customers, and allow our staff to do the more complex, thinking work and less of the manual repetitive processes. We must continue to adapt and innovate, and our dependence on technology will only increase. We will continue to prioritise and invest in developing our own technology, utilising our digital capabilities to create and innovate for our customers and the firm. We are technology makers, not just technology takers.

Reducing our carbon footprint

If we want our children to see tomorrow, like we saw yesterday, then let's not screw up today. We must not pillage the earth like a Ponzi scheme; it is unconscionable to plunder from the future to satisfy today. Put simply, we must safeguard our planet for our children, and for our children's children.

We consciously began our journey in small teps back in 2007 when we moved offices. We installed PIR lighting, refurbished the old doors instead of buying new (surprisingly, it costs the same!), and for the first time embarked on a de-papering exercise. In 2013, we decided to better utilise cloud services which resulted in the long-term reduction of our server room size by 75%, reducing heat emissions by requiring fewer on-site servers, less air conditioning and less electricity. Our lighting is powered by low-energy consumption LEDs.

Hybrid working is here to stay, and we are currently merging some of our offices to better utilise our available square footage. We have turned off excess appliances like refrigerators and dishwashers. It may seem minuscule, but it all adds up. We are also persuading the landlords of our buildings to sign up with "green" energy suppliers using sustainable resources. One of our mantras is to "Simplify and Digitise"; digitisation increases efficiencies and reduces the drain on resources. We have engaged carbon emission auditors to determine our carbon output, and our goal is to continue to reduce it each year. Time is running out for our planet, so it needs to be more like a sprint, and less like a marathon.

We can all do our part in reducing our carbon footprint:

- **REFUSE –** Avoid buying harmful, wasteful or non-recyclable products, e.g. unnecessary product packaging and single-use plastics. Don't need, don't buy. Less painful on the pocket too.
- **REDUCE –** Reduce the use of harmful, wasteful, and non-recyclable products so that fewer of them end up in landfill. Use the minimum required to avoid unnecessary waste. For example, don't need, don't print. Reduce single-use plastics, plastic packaging, and Styrofoam cups.
- **REUSE –** Get rid of the "buy and throw-away" mindset. Use what you have as often, and for as long, as you can.
- **REPAIR –** Try to repair things before tossing them out.
- **REPURPOSE –** If something is no longer useful for its original purpose, think creatively of ways it can be broken down and reconstituted as something else. I am a big fan of upcycling!
- **ROT –** Compost if you can, try not to let your trash end up in landfill.
- **RECYCLE –** Make recycling your last step, after going through all the R's above.

We must purposefully and actively practise the seven "R"s at home and in the office, so that they become automatic and habitual.

Outward focus

As a Group, we continue to support **twiningenterprise.org.uk**, the mental health charity. In addition to financial support, we also try to use our technology for good, through technology philanthropy. If you wish to find out more, or want to support Twining financially, please visit **enoc.pro/community**.

Conclusion

As I conclude, I wish to reiterate our mission: to make investment rewarding for our customers, our shareholders and our staff, and to give our customers a fair deal. And we support our investment advisers and our staff by being a technology-driven financial services company.

I wish to thank all my colleagues at Walker Crips for their energy, enthusiasm, loyalty, dedication and their can-do attitude, and for their unwavering focus on ensuring that our customers are well looked after.

Sean Lam
Chief Executive Officer

29 July 2022

Our strategy and business model

Our strategy – We are committed to growing our core business and to do so with greater efficiency, which has helped us emerge from a challenging year last year and maintains our focus on improving profitability.

Core business

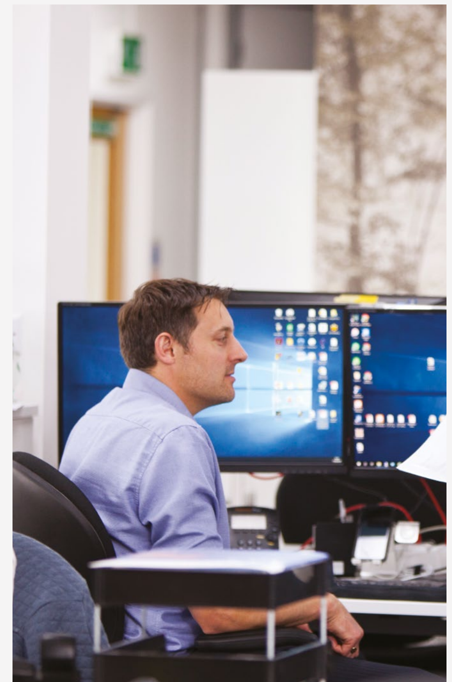
Nurture and promote our core business

This is our largest revenue generator, providing clients with investment, wealth, pensions, collectives advice and the creation of structured investments and structured deposits for clients, IFAs and counterparties. We aim to both grow organically by home-growing investment managers, as well as attracting new investment managers with established client lists.

Companion services

Identify higher margin alternative investment business

This subset of our core Investment Management business is where we create innovative and higher margin new business lines.



Software as a service

Identify and close the technology gap

Systems development is a core competency and we create much of our own technology, allowing us to build and integrate many of our systems into one central platform. Our offerings have been taken up by external customers, and we continue to develop products to meet various needs in staff management.

Our business model – The Walker Crips Group operates within the financial services industry and specialises in providing a range of financial services and financial products to our customers. Our core business is the provision of investment management, wealth management, pensions administration, collectives model portfolio and structured investments. And through our Software as a Service subsidiary, EnOC Technologies, we create technology for the Group and our business partners.

Our people

The backbone of our business

Our workforce comprises highly experienced and qualified specialists in investment management, financial advice, and pensions administration, as well as a cohort of new generation members who will provide continuity into the future, all with a clear focus on customer engagement and customer outcomes. Our cadre of dedicated, loyal and experienced people across our business is focused on serving our clients.

Management are proud and privileged to be working alongside all the members of the Walker Crips family, and are grateful for all their hard work and their dedication to our clients and to the Group.

Our culture

Investing in a future that works for everyone

Walker Crips started advising clients and dealing in securities in 1914. We uphold the long-standing traditional values of honesty and integrity, and our mission is to make investment rewarding for our clients, our shareholders and our staff and give our customers a fair deal. We encourage a culture of compliance and adherence to rules and regulations to ensure that client interests are protected. We support our investment managers and our staff by being a technology-driven financial services company.

Through our technology core competency, we strive to innovate, and build systems that will primarily serve our investment managers, our advisers, our staff, and our clients. Through our Software as a Service division, we also deploy proprietary technology to our business partners.

Chief Investment Officer's analysis

Long after the peak in equity markets, signs of speculation in the mega-caps were still abundant, with announcements of stock splits by US technology companies greeted by extremely outsized responses.

Chris Darbyshire
Chief Investment Officer

Having reached peak exuberance during the year, investor sentiment ended up accelerating into the trough of despair. But it was a hard-fought contest and, for much of the year, the enormous amounts of cash being pumped into the economy by central banks and governments continued to find their way into financial assets. The nature of the assets being bought showing very clearly who was doing the buying: analysts at Bank of America estimated that American retail investors poured nearly $900 billion into global equity funds in the year to November 2021, more than the combined total over the previous 19 years. Robust inflows continued right through the inflation shock and the situation in Ukraine, with US equity funds taking in an estimated $84 billion in the first calendar quarter of 2022. Meanwhile, US corporate share buybacks reached all-time highs during our financial year, and were still accelerating as the year ended.

The vast majority of flows were captured by index trackers, reinforcing the dominance of the world's largest companies which, in turn, reinforced the dominance of the technology sector. Flush with money and enthusiasm, investors in the US ignored a growing, global wave of anti-technology lawsuits and regulations. Indeed, as recently as December, a three-times leveraged fund tracking the Nasdaq 100 stock index saw record inflows (of $1.5 billion) in a single day. At the same time, Apple's market value reached nearly 3% of the value of all the world's stock markets combined, and the top five US technology companies represented over 10% of the world's stock market value. Not only did the behemoths lead indexes higher, but they did so with an unusual serenity for most of the year: at one point in the fourth calendar quarter of 2021, the S&P 500 rose to all-time highs for seven days in a row. Long after the peak in equity markets, signs of speculation in the mega-caps were still abundant, with announcements of stock splits by US technology companies greeted by extremely outsized responses. Alphabet (Google) enjoyed a $130 billion boost to its market value on the day of the announcement, Amazon saw an $80 billion boost for its stock split and, more recently, Tesla an $84 billion boost.

As a result, equity markets were able to maintain their relative calm while bond markets entered an inflation-inspired meltdown, but that's now history, of course. Within two months of the end of 2021, the capital markets were in panic mode, catalysed by inflation and the war in Ukraine. Indeed, markets themselves have now become the headlines, and not in a good way. Having spent most of the last two years blithely ignoring any and all risks, many investors have no choice but to focus only on risk.

Nothing captured the zeitgeist better than the cryptocurrency universe, whose total market value exceeded $2 trillion in April 2021, supposedly driven by "institutional" demand as traditional asset managers discovered its true value. To put that in perspective, $2 trillion exceeded the cash in circulation of most national currencies, and you could have bought the entire German stock market with it. At one point the government of El Salvador caught the speculative bug with its historic, but ultimately botched, decision to make Bitcoin legal tender. Other governments moved in the other direction: central banks in the developed world began to encircle the technology with the threat of regulation, and China went all-out when it declared all crypto-currency transactions to be illegal. In case anybody missed it, this edict was issued simultaneously by the People's Bank of China and nine other government institutions, including the Supreme Court and the police. Cryptos were already losing value by the end of the year as the inflows of cash required to pump prices higher began to subside and, subsequent to the year-end, there has been a more substantial implosion caused by failures of the technologies involved. Books about cryptocurrencies will soon take their place in the economic literature about speculative bubbles.

The rise of inflation and the fall of central bankers

A sharp acceleration in inflationary forces first became visible in the economic data in May 2021, but it was fully six months before bond markets began to pay much attention. By then, expectations for inflation had already doubled. Month after month, as each inflation report trounced expectations, bonds refused to concede defeat. In July 2021, for example, German government 10-year bonds rallied by the most since the start of the pandemic. It was a similar story across the rest of the developed world, with bonds rallying despite economic growth roaring back and inflation surging towards its highs of the last two decades.

Central bankers were complicit in the delusion. As late as August, Federal Reserve Chairman Powell was reiterating his view that the surge in inflation was only temporary and, not only would the asset purchases continue in the near-term, but any "tapering" of asset purchases would not be accompanied by higher interest rates. At that time, Chairman Powell was unwilling to pick a fight with markets, even if that meant running more inflation risk and further inflating asset-price bubbles. Everything was priced for perfection, but with a massive, post-pandemic rebound in the economy, record levels of corporate profits, and ultra-loose monetary policy providing maximum support, perfection was still very much on the menu. By the end of the year, inflation had more than doubled but $300 billion a month was still being injected into government bond markets via asset purchase programmes. The monetary policy needle was still set to "maximum growth", and bond markets had begun to reflect uncertainty around the extent, duration and consequences of inflation.

The Federal Reserve's ("the Fed") credibility was further undermined by reports in the media that Fed officials had front-run crucial decisions by the central bank, and that the Chairman's own portfolio had been advantaged by the choice of assets under the Fed's asset purchase programme. The officials concerned immediately liquidated their personal portfolios, and the Chairman initiated a review of the rules on investments by Fed insiders. As a result, Fed officials were forced to exit markets in their personal portfolios, while simultaneously facing the biggest policy dilemma since the Credit Crunch.

Within a couple of months, the energy crisis had begun to materialise and central banks went from dismissing inflation as being "transitory" to inflation being their main concern. At first, only the tone changed, while the existing policy guidance was left intact. However, bond markets weren't buying it, prompting gut-wrenching shifts in rate expectations all around the world. Such was the momentum that, at one point, investors were able to observe in real time the President of the European Central Bank ("ECB") explaining at length why the ECB would not be raising rates anytime soon while, simultaneously, Eurozone bond yields rocketed into orbit. It was like a visit to the Hall of Mirrors.

By now, Fed governors were queuing up to signal a faster withdrawal from the Fed's $120 billion a month asset-purchase programme but, in a sign of the times, markets initially reacted with exuberance. Equity markets hit new all-time highs in December and even Bond markets managed a decent rally during the fourth calendar quarter of 2021. It was January before they finally got the message: bond markets shifted from steady eddies to screaming demons in a regime change of record-breaking rapidity.

The mood darkened further, however, as successive inflation reports outstripped forecasters' expectations, and inflation spread from pandemic-affected goods to the broader service economy. With higher house prices also feeding into higher rental costs, a major component of inflation calculations, a higher trajectory for inflation was locked-in.

China went from investable to uninvestable, and back again

Having been the lead underwriter of global economic growth since the Credit Crunch, China spent the year in reverse gear. China's economy was the first to lose some momentum following the pandemic, as the central bank acted early to tighten interest rates and the costs of financing. The Chinese government, meanwhile, reined in borrowing by heavily-indebted local authorities to fund infrastructure projects. A series of high-profile corporate restructurings dealt a further blow to China's economic credibility, starting with Huarong Asset Management, a state-owned enterprise and one of China's biggest issuers. Huarong threatened to default on $42 billion of debt, of which $23 billion was denominated in US dollars and held by foreigners. This was followed by the effective bankruptcy of the giant, debt-laden Chinese property company Evergrande, whose debt burden was estimated by some sources to be equivalent to 2-3% of Chinese GDP.

But what really scared investors was a year-long regulatory crackdown on technology companies. First was the authorities' cancellation of the flotation of Ant Financial, one of the largest initial public offerings ever planned, apparently following public criticisms by its founder, Jack Ma, of China's regulatory approach to the finance sector. Jack Ma disappeared from view for several months afterwards, but was back in the spotlight recently when another of his creations, internet giant Alibaba Group Holdings, was fined a record $2.8 billion by Chinese regulators for anti-competitive practices.

These fears moved to a whole new level of intensity with the announcement of probes into three Chinese companies that had listed on US stock exchanges within the last few weeks. One of them, Didi Global (the Chinese version of on-line taxi company Uber), had listed on the New York Stock Exchange a mere two days previously. All three companies were ordered to halt new user registrations, and app stores were told to remove Didi's service from their platforms. That the authorities were targeting Chinese companies that have just raised money in the US should be seen in the context of the broader trade war between China and the developed world. By doing this, Beijing demonstrated its dislike of overseas listings, discouraged Chinese technology firms from having foreign investors and, moreover, undermined the credibility of the New York Stock Exchange as a venue for Chinese listings. Capital markets became weaponised. This would normally have subdued capital markets in the developed world but, fortunately for investors, pandemic stimulus had replaced Chinese government stimulus as the driver of sentiment.

Chief Investment Officer's analysis continued

Meanwhile, the rapid downward spiral in US-China political and trade relations continued. President Biden put another nail in the coffin with a ban on investment in a blacklist of Chinese companies with ties to China's military; US investors were given one year to divest any holdings. The legislation was a continuation of an initiative started by President Trump, but Biden took it a step further, adding more companies to the list and strengthening it against legal challenges. International investors and global corporates were faced with a dilemma: Chinese markets are attractive because the economic growth expectations are huge. But to participate you have to bow-down to the powers in Beijing, while running the gauntlet of western public opinion.

Adding to these issues, the pandemic continued to cause serious problems for China's economy due to the government's zero-tolerance approach to managing Covid risk. Although the onset of the Omicron variant initially panicked markets all over the world, causing the worst daily decline in more than a year, it took only a month for developed world stock markets to shrug it off. This largely reflected the response of western consumers, whose behaviour (influenced by vaccination programmes) has been progressively less affected by each wave of the virus. China's zero-Covid policy, on the other hand, which was so effective at containing the first wave of the pandemic, has led to a lack of acquired immunity. Moreover, Sinovac, the Chinese Covid vaccine, was found to be relatively ineffective against Omicron – a result that increases the risk of any given variant causing a healthcare crisis. This makes it very unlikely that China will be able to alter its zero-tolerance approach to Covid even if it wanted to, and increases the likelihood of Chinese factory closures, further global supply chain blockages and persistent inflation.

The Chinese off-shore stock market, and its technology sector in particular, reflected this sequence of disasters. The Hang Seng China Enterprises Index, which measures the prices of Chinese companies listed in Hong Kong, fell by 32% during our financial year, and subsequently fell another 10% on top of that. The Nasdaq Golden Dragon Index, an index of Chinese companies listed in the US, fell 70% from peak-to-trough. Even the on-shore domestic equity markets, which were reported to have benefited from government support, traded below the levels reached in 2015.

Following our year-end, the pendulum swung back in favour of investors, with a series of supportive statements from the authorities, including from President Xi himself. First among them, the top Chinese financial regulator committed to stability in capital markets, supporting overseas stock listings, resolving risks in the property market and to completing the crackdown on the technology sector "as soon as possible." The Nasdaq Golden Dragon Index of Chinese companies listed in America promptly rallied by a third. At one point, the Hang Seng China Enterprises Index, comprising Chinese companies listed in Hong Kong, rallied by 20% in two days. Next, the central bank intervened to weaken the Chinese yuan, and the Chinese government distanced itself from the conflict in Ukraine. Finally, President Xi offered the prospect of a change in the country's longstanding zero-Covid policy by committing to reduce Covid's economic impact. Optimists described this as akin to Draghi's "we will do whatever it takes" moment during the eurozone crisis. While the pace of good news-flow has slowed somewhat since then, such public statements are usually perceived by Chinese investors as a state-sanctioned buy-signal.

How did we do?

The year started with our clients' portfolios enjoying some of the best returns in years, with UK shares having been caught up in the all-encompassing global stock market rally. The further down the size-scale you went, the better it got: the FTSE 100 index had rallied but was outshone by small and mid-sized British companies, where our portfolios are typically overweight compared with relevant benchmarks. The FTSE 250, which tracks the performance of small and mid-sized British companies, reached new all-time highs early in our financial year and the FTSE AIM, which tracks the smallest UK listed companies, rose to 35% above its pre-pandemic level.

The pound sterling was the missing piece, however, as acrimonious post-Brexit dealings with the EU damaged confidence in the prospects for what is still the UK's single biggest trading relationship. Threats by the British government to walk away from its treaty obligations with the EU set a worrying precedent and, at the very least, are hardly likely to encourage investment from the EU. Meanwhile the EU was aggressively encouraging providers of financial services – one of the UK's biggest exports – to relocate within the single market.

As the year went on, and the speculative fervour supporting small-cap stocks wore off, the FTSE 100's bias towards energy, mining and banking stocks meant it actually benefited from the surge in inflation, while most other global stock market indices slipped. Our portfolios benefited from an inherent overweight to UK large-cap exposure and to old-economy dividend-payers. The decision by European countries, notably Germany, to increase military expenditure predictably sent defence-related stocks soaring. This was a boon to a host of British companies. For the first time in nearly two decades, investors seeking income outperformed those seeking growth. It's tempting to say that the long-running pre-eminence of growth stocks over value stocks has finally come to an end, but there have been many false dawns of this kind in the past.

Clients seeking growth have been impacted by the crash in the valuations of growth stocks. However, the reversal in the market's attitude to growth stocks has been indiscriminate, punishing some companies whose prospects for revenues and profits remain undimmed by inflationary trends. The ability of a company to prosper despite inflation, or even during a recession, depends on the strength of its brand, products and business model. It's extremely unlikely that good companies become bad companies overnight, but that is what the market is pricing. Good companies are now available on very attractive valuations, and we are inclined to see this as an opportunity. Time will tell whether we are correct, but, for now, we do not believe that the current market swing towards value will endure long enough to justify wholesale changes to portfolios. We remain long term investors and believe the quality of the underlying investments will outlast this uncertainty.

Where now for ESG?

Progress towards a parallel, Environmental, Social and Governance ("ESG") conscious world for investors is accelerating. Even central banks are getting in on the act. During our financial year, the European Central Bank set out plans to involve climate change considerations in its analysis of the economy and financial markets, the Bank of Japan published a climate change strategy, in which it will purchase foreign currency-denominated green bonds issued by governments and other foreign institutions. Meanwhile, the UK became the first country to introduce a green savings product from a sovereign issuer.

Should investors be weighting portfolios towards ESG-friendly investments? With extreme weather events affecting the harvests of coffee, corn, wheat and sugar this year, sending their commodity-market prices soaring, and with wildfires and other extreme weather-events becoming seemingly commonplace, it's natural to want to respond.

The war in Ukraine may have caused some governments to roll back plans to mothball fossil fuel technologies, but it has also been a boon to energy generators everywhere, including those of renewable energy. Moreover, performance of ESG-friendly funds has been strong over the past several years, though that has more to do with their historically large allocations to the technology sector than their inherent ESG qualities.

Ultimately, all types of risk end up being financial if they cause asset prices to fluctuate. The ESG concept isolates and unites particular sources of risk under a common banner, which is increasingly being championed by governments, the financial services sector and regulators worldwide. It's not unusual for major risks to attract this level of attention – witness the pandemic stimulus programmes that united governments and central banks in a coordinated policy response.

The difference is that the "E" in ESG is going to be with us for a very long time. Unlike social and governance issues, climate-related risks have potentially profound and wide-ranging consequences for asset prices. The good news is that these will most likely unfold over a long horizon, giving investors – and asset prices – the ability to react appropriately. Financial theory says that competitive markets are very quick to assess and incorporate threats and opportunities, so it should not be easier to earn returns in ESG investments than in any other sector. But it's worth considering the risks and potential rewards that are specific to this sector, and which make it so distinctive. One is the pace of climate change itself which, if it becomes very volatile, raises the risk of abrupt, unforeseen shifts in government policies. These would be reflected in increasing volatility of prices of fossil fuel-dependent industries as well as of green champions.

Another distinct risk is whether, and how, societies adapt to the long-term goal of a zero-emissions world. After all, adapting to the post-Covid world has not exactly gone smoothly. Like vaccine-deniers, climate change-deniers abound, and society as a whole must bear the cost of the transition to sustainable energy production and consumption. With inflation already raging, that looks unlikely to be a vote-winner in the short-term. Volatility in the pace of policy change is therefore a distinct possibility, despite the current momentum towards green goals.

Chris Darbyshire

Chris Darbyshire
Chief Investment Officer

29 July 2022

Finance Director's review

Our response to the pandemic challenged the Group to focus on revenue generation, cost reduction and cash management in the core business.

Sanath Dandeniya
Finance Director

The business responded well to the challenges caused by the pandemic, and now we look to build on that resilience as the Group continues its focus on revenue growth and margin improvement.

Financial performance

Our response to the pandemic challenged the Group to focus on revenue generation, cost reduction and cash management in the core business. These actions served us well and the resilience of the core business, recovery in markets and actions taken have returned the Group to profitability, notwithstanding the inflationary pressures we now face and the significant investment we made and continue to make in strengthening our risk and compliance functions.

Total revenue

Total revenue increased by 8.1% to £32.8 million (2021: £30.3 million), a record for the Group and more than offsetting the loss in interest income that adversely impacted the results in recent years. The increase was due to strong performances in our core business. Management fee income was robust, rising by 9.7%. The recovery in markets played a role in this, but most of our businesses were also able to generate additional revenue growth, strengthening our position against the heightened uncertainty encountered in market conditions since the start of the current calendar year. Our Structured Investment business recovered from an extremely difficult year in 2020/21, and made a significant contribution to revenue growth. Barker Poland Asset Management also had another strong year, generating revenue growth of 19%. The Wealth Management division began to see the benefits of its recruitment drive, with revenue growth of 14.9%.

These sources of revenue growth compensated for other areas of our business where performance was below that of the previous year. Specifically, trading commissions decreased by 10.5% (equating to £0.95 million) due to lower volumes, our arbitrage desk made a positive but reduced contribution (£0.67 million down), and the investor immigration business contracted by £0.1 million. This latter business has subsequently closed to new applicants following the government's decision to shut the Tier 1 Investor Visa route based on rising worldwide security concerns, but we will continue to service our existing clients. The effects of the reduction in base rates from the previous year continued to exert a residual downward effect on revenues and operating profit, reducing both by £0.1 million.

As a result of the strength in management fees and the changing mix in our business, broking income fell to 24.5% of revenues, from 29.7% in 2021. Our gross operating margin also increased from 68.2% to 72.4%, reflecting the changing mix and management actions to improve profitability. Notwithstanding the increase in revenues, commissions and fees paid reduced by £0.6 million, reflecting a strong performance by the Private Client Department teams and actions tilting the mix of revenue growth towards full-time employees and away from self-employed associates. Commissions and fees paid decreased as a percentage of revenues from 32% to 27.8%, although some of this gain was offset by higher staff costs in administrative expenses.

The Wealth Management division, excluding exceptional income and the new Solent addition, has seen a marginal growth in revenue in the year and the increase in both client numbers and Assets under Administration ("AUA") bodes well for the future. Client numbers increased by 144 to 1,117 and AUA increased by £61 million to £579 million. The new Solent office is now up and running and continuing to onboard new clients and recorded recurring revenues of £164,000 by the year-end.

The Wealth Management division is continuing its graduate training plan which was successfully launched last year and replicated this July, with the idea of growing its talented financial planners of the future. Additionally, the continual search for advisers to join the firm who share the same ethos on looking after clients' long-term and holistic needs. Working more closely with the internal investment managers is gaining momentum to facilitate greater client servicing for the wider Group.

Expenses

Administrative expenses, excluding exceptional items, increased by £1.63 million, or 8.0%, but this increase does not represent a like-for-like comparison due to various initiatives taken during the height of the pandemic last year to reduce costs. In addition, we have made further investments to develop our new Solent office. Adjusting for these factors, expenses increased by 5.4%, largely driven by increases in staff costs, including the restoration of Directors' pay from a voluntary pay-cut taken in the previous year. It should be noted that with tight labour markets, we continue to experience inflationary wage pressures.

We are also reporting significantly increased exceptional costs this year. These relate to the restructuring and redundancy initiatives initiated during the pandemic along with specific items noted in the CEO's report and the Chairman's statement. These costs were partially offset by the exceptional income from a confidential settlement agreement also reported in the interim results. The exceptional items are further explained in note 10.

Cash management

The Group is highly cash generative and recorded a cash inflow from operations of £4.2 million (2021: £1.8 million). Underlying cash generated from operations, principally reflecting the impact of lease liability payments, non-cyclical working capital movements and cash flows from exceptional items (see reconciliation on page 17), was £1.34 million (2021: £0.78 million), demonstrating cash generative ability of the Group's operating model. After deducting cash deployed in investing activities and dividends paid, cash and cash equivalents increased to £11.11 million at year-end (2021: £8.86 million).

Financial result and alternative performance measures

The Group's operating profit and profit before tax for the year of £326,000 and £324,000, respectively (2021: £22,000 and a loss of £114,000, respectively), reflect the continued momentum from the first half of the year, although the pace of revenue growth slowed as markets declined and volatility increased towards the end of our financial year. Nevertheless, the Group was able to report operating profit of £206,000 in the second half of the financial year, up from £120,000 in the first half.

Reconciliation of operating profit to operating profit before exceptional items	2022 £'000	2021 £'000
Operating profit	326	22
Operating exceptional items (note 10)	1,540	419
Operating profit before exceptional items	**1,866**	411

Reconciliation of profit/(loss) before tax to profit before tax and total exceptional items	2022 £'000	2021 £'000
Profit/(loss) before tax	324	(114)
Total exceptional items (note 10)	1,437	419
Profit before tax and exceptional items	**1,761**	305

Adjusted EBITDA	2022 £'000	2021 £'000
Operating profit	326	22
Operating exceptional items (note 10)	1,540	419
Amortisation/depreciation (note 31)	1,165	1,212
Right-of-use assets depreciation charge (note 31)	873	961
Adjusted EBITDA	**3,904**	2,614

Underlying cash generated from operations	2022 £'000	2021 £'000
Net cash inflow from operations	4,217	1,806
Working capital (note 31)	(2,257)	(8)
Lease liability payments under IFRS 16 (note 31)	(1,052)	(1,133)
Cash outflow on operating exceptional items (note 10)	435	118
Underlying cash generated in the period	**1,343**	783

Finance Director's review continued

The annual results include operating exceptional charges of £1,540,000, being total exceptional charges of £1,437,000 including the profit on disposal of our associated company Walker Crips Property Income Limited (renamed Crystal Property Income Limited) (2021: £419,000). Adjusting for exceptional items (see reconciliation on page 17 and further detail in note 10 on page 79), the Group's operating profit and profit before tax for the year are £1.87 million and £1.76 million respectively (2021: £441,000 and £305,000 respectively), and reflect the improvement in the Group's core business.

The Group's adjusted EBITDA (being EBITDA adjusted for exceptional items – page 17) is £3.9 million (2021: £2.6 million), an increase of 49.3% demonstrating a robust current year trading performance.

Total Assets Under Management and Administration ("AUMA") averaged £5.6 billion during the year, compared with £4.9 billion in the previous year, reflecting the recovery in equity markets from the global pandemic. Discretionary and Advisory Assets Under Management similarly benefited from the market recovery, rising by the end of the year to £3.6 billion (2021: £3.4 billion). Total AUMA is up slightly from March 2021 levels to £5.5 billion (2021: £5.4 billion).

Divisional performance

The Investment Management division, including exceptional costs, delivered an operating profit of £1.16 million for the year, compared to £1.33 million in the previous year. Operating profits when adjusted for exceptional costs grew by £1.2 million to £2.9 million (2021: £1.27 million). This reflects the strong performance of Investment Management and advisory fees, plus a rebound in Structured Investments business, offset by reduced activity in commissions, in the arbitrage and investor immigration businesses, as well as the continuing drag from the reduction in BoE base rate in the previous year. Regarding the latter: the change in the interest rate cycle, with continued increases in base rate expected, should exert a favourable impact on revenues and profits during the next financial year. Nevertheless, Management will remain focused on initiatives to improve the division's operating margins and reduce reliance on interest returns. The prospects for the Structured Investments business remain positive as pricing conditions have improved and certain competitors have exited this sector, we believe that the Structured Investments team is well-positioned to build on its prominent market position.

Regulatory own funds and and own funds requirements	2022 £'000	2021 £'000
Own funds		
Own shares	**2,888**	2,888
Share premium	**3,763**	3,763
Retained earnings	**11,050**	11,260
Other reserves	**4,723**	4,723
Less:		
Own shares held	**(312)**	(312)
Regulatory adjustment	**(9,804)**	(10,584)
Total own funds	**12,308**	11,738
Total own funds requirement	**(4,676)**	(5,382)
Regulatory capital surplus	**7,632**	6,356
Cover on own funds as a %	**263.2%**	218.1%

The Wealth Management division has cemented its recovery from departures of several advisers in the previous year, and revenues have been rejuvenated by the hiring of new advisers and the acquisition of a client book with funds under management. The cost-base should improve as recruitment-related costs subside but, as yet, the division has not returned to profit, reporting a loss before tax of £258,000 (2021: loss before tax of £127,000).

Our tech arm, EnOC Technologies Limited ("EnOC"), reported an operating loss of £86,000 (2021: £122,000). EnOC's tech capabilities are integral to the Group's operational efficiencies, deploying cloud solutions to the business and we continue to invest in its capabilities and prospects.

Capital resources, liquidity and regulatory capital

The Group's capital structure, comprising solely of equity capital, provides a stable platform to support growth. At year end, net assets are £22.11 million (2021: £22.32 million), reflecting a net decrease of £0.21 million (2021: reduction of £0.3 million), due to the reported profit after tax less dividends paid. Liquidity remains strong with cash and cash equivalents increasing over the year to £11.1 million (2021: £8.9 million), testimony to the Group's underlying resilience and the continued recovery from the pandemic. Regulatory capital at year end, including audited reserves for the year, is £12.3 million (2021: £11.7 million), comfortably in excess of the Group's capital requirements as shown in the tables below. The finance team has also implemented the new prudential regulatory regime.

Dividends

In view of the Group's financial performance, capital and liquidity position, the Board is recommending a final dividend of 1.20 pence per share to be paid on 7 October 2022 for those members on the shareholders' register on 23 September 2022. The ex-dividend date of 22 September 2022. Including the interim dividend of 0.30 pence per share (2021: 0.15 pence per share), the total dividend for the year is 1.50 pence per share (2021: 0.75 pence per share).

Sanath Dandeniya
Finance Director

29 July 2022

Supporting our community

Positive impact

In the world we live in today, it is important for companies to understand the ideals of good citizenship just as much as people and governments. As a business, of course, we endeavour to be successful for our clients, our shareholders and our staff, but we also try to do our part and give back wherever we can to the community in which we live and participate in positive movements to safeguard our environment and planet. We believe that success should not only be defined in the commercial sense, but that it should also be measured by the positive impact that we have on those who are in need and by the difference that our work makes for future generations. To this end, we seek to develop partnerships with organisations that we can support, and when possible, to use our technology to assist them in multiplying their efforts. Many of our employees are also personally involved in charitable organisations and activities, and occasionally organise events at a local level, which we endeavour to support where we can.

We also try to act responsibly in our daily operations to ensure that we are as paperless as can practically be, we utilise recycled materials, we encourage waste recycling, we use automated lighting and many other modern energy and resource efficiency methods. We have also engaged with an external adviser to measure our carbon footprint from period to period with the target of reaching net zero carbon emissions by 2050 or sooner.

Human rights

We recognise our responsibility to operate with respect to human rights. We are committed to ensuring that the Company, its staff and its self-employed associates, including other businesses in our supply chain, reflect our values and operate in compliance with applicable laws. We do not tolerate any form of slavery, human trafficking, bribery or corruption, both within our workforce or within our supply chain.

We consider our suppliers to be low-risk entities, especially as they are providers of materials such as stationery and IT equipment, as well as professional service providers. We carry out a rigorous client and staff onboarding process including interviews, criminal record checks, credit checks and court record checks.

Our partner charity

We are pleased to continue supporting Twining Enterprise, a charity whose mission is to help individuals with mental health challenges find and sustain mainstream employment through skills training, practical advice, coaching, community outreach, partnerships with wide-ranging community organisations, and other forms of support. By helping people get work and keep work, supporting employers and campaigning against mental health stigma, Twining Enterprise makes a real difference to people's lives.

A year in review

We are pleased to report that Twining Enterprise has had a fantastic year; final figures for 2021/22 saw them supporting 1,793 clients, 57% of which were from minority backgrounds. This underlines the continued need for employment support for individuals struggling with mental health conditions as we navigate our way out of the pandemic.

This underlines the continued need for employment support for individuals struggling with mental health conditions as we navigate our way out of the pandemic.

Furthermore, 63% of programme participants achieved a "hard" outcome, such as returning to work or completing new skills training and 64% of participants improved their wellbeing over the course of their programme.

Years supporting the people of London

27 years

Individuals supported in 2021/22

1,793

Participants achieving a "hard" outcome, such as returning to work or completing new skills training

63%

Participants improving their wellbeing over the course of the programme

64%

No. of different projects delivered to over 15,000 individuals

70 projects

A huge thank you to Walker Crips! It's only with the continued support of generous individuals like yourselves that we can keep helping people like Dabir and Laila get back into work, creating brighter futures for themselves and their families.

Oliver Jacobs
CEO, Twining Enterprise

About Twining

Twining has provided mental health and employment support across London for over 27 years and since 2008 has delivered 70 different projects to over 15,000 individuals. These projects have spanned a range of employment support models, including Individual Placement and Support (IPS) models, peer support and job retention. They have in-depth experience in the London boroughs across North and West London with strong statutory, community and employer relationships built up over the years.

Twining's impact

During 2021/22 alone, Twining supported over 1,793 individuals, with 63% of them achieving a "hard" outcome, such as returning to work or completing new skills training. Since the start of the pandemic, Twining have had to do a lot more given the increased demand for their services; going forward, rising unemployment and concurrent mental health challenges will mean the charity's work is going to be needed more than ever. If you are able to, please join them in their mission to end the vicious cycle of mental health and unemployment. If you wish to find out more about their work, make a donation or sign up as a supporter, please visit **walkercrips.co.uk/Community**.

Twining's services

Services for clients: supporting individuals to become self-responsible, financially independent, have a sense of purpose and engage with others and their community. We achieve this through 1-2-1 and group interventions, individually tailored support and coaching and mentoring.

Support for employers: helping business owners and managers to positively address mental health at work and recruit and retain staff with mental health conditions as effectively as possible.

Spotlight case studies

Refugee Dabir was finding it difficult to find work in the UK after his contract was terminated due to Covid. Anxiety around job uncertainty caused him to seek counselling, which led him to Twining Enterprise. Twining's Education Specialist supported Dabir in finding a course that filled a critical gap in his CV, whilst their Employment Specialist provided psychological support throughout his job search. He now has his dream job in global banking!

Laila was hit particularly hard by Covid, losing her husband to the virus and then sinking into depression. However, with the support of Twining Enterprise, she is now healing through her work as a care assistant in her local community.

Find out more

For more information about Twining go to **twiningenterprise.org.uk**

Principal risks and uncertainties

Approach
The Board is ultimately responsible for establishing an effective risk management framework to support the Group achieve its strategic objectives. Our approach to risk management continually evolves as we manage the Group's principal risks and respond to emerging risks.

Our framework
The Group operates a three lines of defence model as set out below.

Risk management
Effective risk management is attained by:

- Promoting a strong risk management culture and tone from the top and within, based around our long-standing and core values of integrity, courtesy, fairness and loyalty.
- Operating a three lines of defence model.
- Horizon scanning to ensure developments in the risk landscape are identified and proactively addressed.
- Subjecting new business initiatives to robust challenges via the Group's New Initiative Risk Assessment (NIRA) process, ensuring requisite controls are embedded within any new activities.
- Comprehensive risk identification and assessment captured within the Group's Risk Matrix.
- Establishing risk appetites, tolerances and limits to allow business to be conducted within clear parameters and an apposite balance between risk and reward.
- Ongoing risk monitoring and escalation via quantitative and qualitative management information.
- Articulation and annual assessment of the Group's overall approach to risk via the Group Internal Capital Adequacy Assessment Process ("ICAAP") document.

Framework

Board
- Responsible for establishing an effective risk management framework.
- Sets risk appetite.
- Identification and assessment of principal and emerging risks.

Audit Committee
The Audit Committee assists the Board with the following risk management framework activities:

- Oversight of the adequacy and effectiveness of the risk management systems and internal control environment.
- Assessment of the effectiveness of internal audit.

Third line
Internal Audit
- Undertakes certain assurance procedures to enable reports into the Audit Committee on the Company's governance and risk control framework.
- Provides an independent and objective appraisal of company activities, furnishing management with analyses and recommendations.

Second line
Risk Management Committee
- Evaluates, reviews and reports on:
  - risk appetite, strategy and tolerance, including integration with the Group's culture, values and behaviour;
  - the operation of risk management frameworks in the effective mitigation of strategic, operational and external risks.
- Defines, monitors and review key risk indicators, evaluates risk exposure, strategy and tolerance and reviews significant risk exposures.
- Reviews the ICAAP for approval by the Board.

Compliance Committee
- Consider's the Group's regulatory obligations and determines how they should be disseminated, engaged with and implemented.
- Develops and maitains Compliance policies and ensures they are implemented and embedded.
- Alerts the boards to areas of weakness and suggests remedial actions.
- Escalates persistent issues of non-compliance to the Audit Committee, pursues the enforcement of remedial action, and where necessary, imposition of penalties upon non-compliant individuals.
- Ensures Group's Financial Crime Framework, Suitability Framework and Training and Competence Regime, keeps pace with regulatory expectations.

Second line control teams
- Provide independent challenge and oversight of first line control activities.
- Monitoring and reporting of risks to the Board and Senior Management.
- Ensures first line risk owners adopt best risk control practice in their operational processes.
- Includes Group Risk, Group Compliance, CASS and Financial Crime teams.

First line
First line risk owners
- Perform quarterly assessment of risks within Group Risk Matrix.
- Ensure risks within their areas remain robustly identified, assessed, controlled and mitigated.
- Engages with professional advisers and the second line to ensure compliance with regulatory obligations is designed and embedded in operational arrangements.
- Includes Client Onboarding & Suitability, Operations, Finance, HR, T&C and Technology teams.

Risk appetite

The Group's risk appetite is defined as both the amount and type of risk the Group is prepared to take or retain in the pursuit of its strategy, as established in the ICAAP. The Group's description of risk appetite against each category can be mapped to the maximum levels of the Pillar 2 capital requirement as follows:

Risk appetite in each category	Maximum Pillar 2 capital requirement
Zero/Low	Less than £0.5m
Low/Medium	£0.5m – £3m
Medium	£3m – £5m
Medium/High	£5m – £7m
High	Greater than £7m

The Board has no appetite for any single unforeseen unmitigated risk exposure in excess of £250,000 or multiple unforeseen exposures which occur in any 12-month period in excess of £750,000.

During the period, as noted in the CEO's statement section **Challenges**, there were two matters that exceeded these tolerances, being shortcomings in the financial crime control framework and inappropriate conduct by an investment manager combined with an internal control failure. Remedial action has been taken and investment is being made to enhance our regulatory control frameworks.

Changes to regulatory framework

From 1 January 2022, as a Group containing FCA regulated subsidiaries, the Group has been subject to the rules of the FCA's new prudential regime for MiFID Investment firms, the Investment Firms Prudential Regime ("IFPR"). The IFPR aims to streamline and simplify the prudential requirements for MiFID investment firms and replaces the previous regime under CRD4 and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("IFPRU").

The Group's aim is to leverage and refocus our existing risk management framework to align with the FCA IFPR objectives, focusing on the prevention of harm to customers, markets and the Group, both now and in the future.

This approach will be articulated in the Group Internal Capital and Risk Assessment (ICARA) process and document, which replaces the existing ICAAP process. The Group has engaged with its regulatory consultants to advise on the ICARA process and its completed ICARA document will be reviewed and challenged by the Board by Autumn 2022.

Risk management developments

The following key developments will contribute to improvements in risk management at the Group:

- Establishment of the Financial Crime Committee, which reports to the Compliance Committee and will improve oversight in this area.
- Implementing the recommendations arising from targeted reviews by independent specialists, the Head of Group Risk, Head of Compliance and internal audit.

Principal risks and uncertainties

The tables below detail the Group's principal risks and uncertainties. It is not an exhaustive list of all the risks and uncertainties faced by the Group, which are captured and assessed within the Group Risk Matrix.

Changes in risk status reflect the change in values of Pillar 2 capital requirements in the Group Risk Matrix during the financial year ended 31 March 2022 and forward-looking assessment of the risk landscape in the financial year ending 31 March 2023, as recommended by the Head of Group Risk. Changes to the Group Risk Matrix are based on assessments by the relevant risk event owner, of changes to the estimated impact or likelihood of a particular risk event as part of the Group's Internal Capital Adequacy Assessment Process.

Emerging risks and uncertainties

The following emerging risks and uncertainties have been assessed as likely to have an impact on the Group's delivery of its strategic imperatives:

Near-term (within 1 year)

- Cost of Living Crisis, conflict in Ukraine, failure to respond proactively and effectively to the threats and opportunities of FCA Consumer Duty Regulation

Medium-term (within 2-10 Years)

- UK/Global political instability, UK's relationship with the EU

Longer-term (10 years+)

- Climate risk, ageing population

Climate risk

Although we do not consider climate related risks to be material to the Group's business in the short- to medium-term, we acknowledge our responsibilities and must remain cognisant of relevant legislation and changes in stakeholders' attitudes and expectations. Further information on the Group's approach to climate change and climate-related risks is provided in our Environmental Strategy Report, including our TCFD disclosures, on pages 28 to 31.

Principal risks and uncertainties continued

Risk	How it arises	Mitigation	Status
Client risk/Counterparty risk			
Client failure to settle transaction **Risk appetite** Low/Medium **Status** Unchanged	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. A similar exposure also 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.	Trading volumes have returned to lower levels since the hyperactivity witnessed at the height of the pandemic. Exposures remain well managed by a robust and mature control framework.
Conduct risk			
Customer outcomes **Risk appetite** Low/Medium **Status** Increased	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 of the highest standards of behaviour central to the services of the Group, those being honesty, integrity and fairness, or where such standards are otherwise not met.	Clear and balanced financial promotions, suitable investment advice and complaints management. Board and management oversight, development of staff and training, defined roles and responsibilities, the tone from the top setting a fair, positive and ethical culture. Maintaining professional indemnity insurance.	During the year it became apparent that the mitigating factors in place, exacerbated by a failure in compliance monitoring, did not prevent or detect in a timely manner inappropriate conduct by a self-employed associate. Remedial action has been taken and continued investment made in strengthening the regulatory control environment.
Regulatory risk **Risk appetite** Zero/Low **Status** Increased	The risk of failure to comply with existing, 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 and Management oversight, regulatory change, environment scanning and oversight, development of staff and training, defined roles and responsibilities, recovery plan, compliance monitoring programme, documented policies and procedures, risk management oversight and regular contact with regulators. Investment in the compliance function and robust performance appraisal system.	As the regulatory landscape and associated regulatory scrutiny continue to expand, the Group has targeted significant investment in regulatory compliance initiatives to enhance its existing and future capabilities in this area and to underpin the development of the core investment and wealth management businesses. As reported elsewhere, the Group is presently overhauling its Financial Crime Control Framework.
Liquidity risk			
Customer outcomes **Risk appetite** Zero/Low **Status** Reduced	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 business, 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.	Maintenance of surplus liquid resources cash flow forecasting, experienced management team monitoring settlement performance and liquid financial trading book that can be realised. Group entities settle intercompany balances regularly and are not reliant on intra-group funding.	Settlement exposure monitoring controls have operated as expected. The Group continues to maintain a high proportion of liquid assets and the return to profitability strengthens its liquidity position. The Treasury regularly updates liquidity forecasts.
Market risk			
Market risk **Risk appetite** Low/Medium **Status** Unchanged	The risk of losses arising as a result of exposure to market movements in the price of securities, foreign exchange and interest rates. This risk can arise when the Group's proprietary trading book positions incur losses on negative price movement.	Proprietary trading book positions are controlled by centrally imposed trading limits and are regularly monitored.	Increased proprietary trading transactional activity in the year, in relation to the Group's structured investments division, was offset by lower activity on the Arbitrage trading desk, meaning overall market risk remained relatively unchanged. Both remained well managed, monitored and within risk tolerances.

Risk	How it arises	Mitigation	Status
Capital adequacy risk			
Capital adequacy **Risk appetite** Low/Medium **Status** Reduced	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, or market conditions lead to sustained adverse results that erode regulatory capital headroom.	A significant regulatory capital surplus is maintained and regularly monitored and stress tested based on actual performance and business projections. Surplus cash balances are also maintained and liquidity requirements carefully monitored. New initiatives are examined and stress tested prior to implementation. The Group has multiple sources of income that complement each other and a large part of the Group's portfolio management fees are accrued on a daily basis which reduces the risk of large fee reductions in a declining\volatile market. Executive Management remains focused on new business initiatives and cost management.	An improved regulatory capital surplus has resulted from cost management and revenue generation initiatives and improved market levels and activity. The firm continues to develop its strategy for revenue growth and margin improvement and to reorganise and restructure its operations to release the full potential of its business units and to continue to improve the robustness of its capital position as market conditions evolve.
Operational risk			
Business disruption **Risk appetite** Medium **Status** Reduced	The risk that an internal or external event (e.g. COVID-19) causes failure of core business activities or IT systems supporting them. This risk can arise when our companies fail to effectively control, use or administer the operating systems; fail to manage their resource requirements properly or maintain inadequate security arrangements.	Business and information system recovery plans are approved, tested and maintained. A data incident log records and analyses all unforeseen events to prevent recurrence or mitigate impact by and these are used to improve operational resilience. Insurance cover in place for certain causations (e.g. financial crime and consequential loss).	The Group continues to develop the resilience of its operational arrangements with robust working from home/hybrid working arrangements being complemented by wider reorganisation initiatives and our "simplify and digitise" vision.
Cyber security **Risk appetite** Low/Medium **Status** Unchanged	The risk of fraudulent action by internal or external parties maliciously breaching or misusing 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, in depth cyber security training programme, policies and procedures (including working from home policies), 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 based on experience to match the greater risk presented by recent threats reported in the sector.	External threats continue to increase in volume and sophistication, but risks remain well managed and mitigated by investment in our cyber security systems and controls.
Personnel **Risk appetite** Zero/Low **Status** Increased	The risk of losing key staff and self-employed associates who are the drivers of significant revenue components within the Group. This risk can arise from the failure to reward individuals with challenging performance targets, an appropriate work environment, effective technology, and competitive levels of reward.	Succession and contingency planning and appropriate compensation levels to reward and retain staff. Investment in staff through training, key person insurance cover and contractual restrictive covenants.	Personnel risk is heightened in the post pandemic recovery and continuing consolidation in the investment and wealth management sectors, which have increased the competition for staff and presented challenges for staff retention. In mitigation, additional investment in human resource staff and systems, alongside increased focus on staff engagement is ongoing.

Section 172(1) Statement
year ended 31 March 2022

Introduction
The following statement describes how the Directors have discharged their duties under Section 172(1) of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in that section (amongst others).

Our stakeholders
The Directors consider the Company's and Group's key stakeholders to be:

Our investors
Our private, professional and institutional shareholders who rely on us to protect and manage their investment in the Company and generate value for them;

Our workforce
Our directly employed staff and our network of self-employed associates;

Our clients
Those private and professional clients who have entrusted us with providing financial planning advice, managing and safeguarding their investments, and undertaking transactions execution services;

Our suppliers
The providers of goods and services on which our business relies;

Our regulators
The bodies which authorise and regulate our activities; and

Our communities and the environment
The local communities in which we operate, the wider public and the environment at large.

The arrangements through which the Board has regard for the likely long-term consequences of any decision taken, the interests of those stakeholder groups in its decision-making and the need to foster good relations with them are set out in the paragraphs below.

The likely consequences of any decision in the long term
Beyond the short-term imperatives that the pandemic had given rise to, the Board has always been careful to consider the long-term implications for the business and its stakeholders of any proposed course of action, whether tactical or strategic. All such proposed courses of action are assessed to ensure they are compliant with the law and regulations, Group risk appetite and the objective of delivering positive shareholder value. All strategic decision-making is supported by consideration of relevant financial and non-financial analysis and forecasting.

Our shareholders
The Directors recognise and fully accept their primary duty to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of our shareholders individually and collectively. The Company has only one class of shares which means that all shareholders have the same rights. Furthermore, to ensure that shareholders are treated in a consistent and equally fair manner, the Board does not take any decisions or actions, such as selectively disclosing confidential or inside information that would provide any shareholder or group of shareholders with an unfair advantage or position compared to the shareholders as a whole.

The means by which the Board and individual Directors engage with shareholders are set out on page 36 of the Report of the Directors on corporate governance matters.

The interests of our shareholders were considered as part of the Board's decision-making throughout the year, including its approval of final and interim dividends, whilst mindful of the need to preserve cash holdings to satisfy regulatory capital requirements and to maintain the strength of the Group's balance sheet. Such considerations have again been applied to the subsequent decision to recommend payment of a final dividend for approval at the 2022 AGM, as set out in the Chairman's statement on pages 4 and 5.

The Group's workforce
The Board recognises that, as a services business, our workforce is our greatest asset. Consequently, our recruitment, development and remuneration structures are designed to support our culture and our people and to reward good conduct and performance at individual and business levels. Our workforce comprises both directly employed staff and self-employed associates, all of whom are engaged at operating company level. Accordingly, day-to-day engagement with the workforce is through the Executive Management and HR functions, which report to the operational boards and to the Audit Committee on a regular basis.

In response to the FCA's Senior Managers and Certification Regime ("SM&CR"), which came into force in December 2019, we developed and implemented systems and processes to support the review and assessment of competencies of certified individuals throughout the organisation. This led to the establishment in 2020 of an SM&CR panel of senior executives with responsibility for appraising the fitness and propriety of our certified workforce. Amongst other benefits, this has continued to provide useful feedback on ways of improving our staff annual appraisal system, which is used for continual development of skills, measure performance, receive feedback and address two-way concerns.

As a consequence, our continual training and development programmes include additional training to managers to ensure that appraisals are conducted in a thorough and consistent way such that they are of equal benefit to individual development and to Management in providing an environment in which our workforce can thrive.

In addition to encouraging staff to raise with their line managers any concerns they may have, we seek to ensure the effectiveness of our whistleblowing arrangements and that all staff are conversant with our whistleblowing procedures, which are aimed at promoting good conduct and adherence to regulations and procedures, the fair treatment of all stakeholders and health and safety at work.

We also take a positive and proactive approach to staff development by supporting and sponsoring staff to continue their professional studies and secure business-related qualifications to enhance their on-the-job capabilities and personal career value.

The pandemic brought with it a heightened need to ensure effective engagement with the workforce, most of whom had to adapt to working from home, and as Covid restrictions were progressively relaxed and hybrid working patterns became the norm, the health, safety and wellbeing of staff has remained a primary concern for Management.

These considerations have featured highly in the planning and implementation of our decision to relocate our Romford-based operations to our City office, which included consulting with each member of staff affected individually to fully understand how they may be affected and to ensure that steps were taken to minimise the impact.

We have also focused on enhancing the support provided to the workforce by our HR function. In order to identify any improvements needed to ensure it is fully fit for purpose, we commissioned a thorough health check of the function by an external HR specialist and are in the course of implementing the recommendations made. These have included investment in a state-of-the-art HR administration system which will be rolled out to staff later in the year.

We have also recruited a highly experienced new Head of Group HR and Training & Competence, not only to manage the enhancement plans but also to oversee the Group's training and development programmes aimed at maximising staff potential. Greater focus will also be given to diversity and inclusion in our recruitment and employment approaches.

With increased industry demand for skilled and experienced personnel brought about by the economic recovery, it has become ever more important to maintain our reward packages in line with market movements and, as a consequence, this has been another area of attention, matched by efforts to improve the efficiency of our working practices and procedures to minimise the effect on our cost base.

Clients

Our clients are the core of our business, and we invest in improving our communication and the customer experience. Our investment professionals continually undergo professional development in order to remain fit and proper to service and advise our clients. We have deployed our new website, and investment managers' microsites to ease navigation and search for information on services. We are also investing in revamping our Client Portal, and further digitising our onboarding process to enhance the customer experience, especially when the majority of our clients have opted for electronic communications for efficiency, and to help reduce our carbon footprint by using less paper. We have set up a team to focus on the client's journey, looking at all the touch points between the business and the clients, to optimise the customer experience.

The Board aims to maintain effective oversight of the Group's client relationships and the interests of clients are a key factor in our decision-making.

We have been acutely aware of the increased level of activity and sophistication of those engaged in financial crime during the pandemic, and are taking steps to ensure that our vigilance and the robustness of our systems to any form of malicious attack are maintained at the highest level to protect our clients and their assets in our care.

The security of our clients' money and investment assets is exceptionally important to us and we ensure that we meet the FCA's associated rules at all times. As required, we maintain client money and assets separate from the Group's own holdings. We only deposit client money with approved banks and our clients' assets, when registered in the name of one of our nominee companies, are held in trust and are not under the Group's ownership.

Our compliance function regularly monitors and reports to the Board on various areas of our conduct to ensure that we are providing the best outcomes for clients. We are always happy to receive feedback from our clients and use this to address any perceived shortcomings and to make improvements wherever possible.

Suppliers

The suppliers of support services and goods to our business operations are another key element in our ability to deliver value to our shareholders and clients. We therefore seek to balance the benefits of maintaining strong relationships with key suppliers, with the need to obtain the best value for money and the service levels we reasonably demand. Our dealings with suppliers are characterised by fairness, transparency and the desire to develop a mutually beneficial relationship and are subject to high standards of due diligence in their selection.

Despite the pressures on cash flow caused by the pandemic and its effect on the Group's income, we have not sought to extend our credit terms and as disclosed in note 26 to the accounts on page 88, the Group took an average of 15 days to settle supplier invoices in the year, up only slightly from ten days in the previous year, which demonstrates our fair payment practices.

However, as part of our cost control measures during the year, we have renegotiated a number of supplier contracts to ensure we are getting the best value for money for our investors. We are currently undertaking a tender process for the supply of internal audit services to the Group.

Although the healthy state of the Group's cash holdings maintained during the year has meant that we have had no need for structural debt finance, we nevertheless see the providers of our day-to-day banking arrangements as key service suppliers. Accordingly, the Group Finance Director, the Head of Group Risk and the Group's Treasury and Payments team are responsible for managing the relationships with our banks and for the Group's liquidity management activities.

HSBC is the Group's primary banker and provides a range of transactional banking, treasury and other services. In addition, HSBC provides the Group's main trading subsidiary, Walker Crips Investment Management Limited ("WCIM"), with an intra-day CREST capital facility, as WCIM's Crest Settlement bank, which WCIM relies on to facilitate efficient settlement of a large volume of investment transactions within the CREST securities transfer system. This intra-day line is capped at £4 million, but is raised from time to time, on agreement with HSBC, to facilitate larger transaction settlement primarily in relation to the Company's structured investments business.

Regulators

The Group, containing a number of subsidiaries authorised and regulated by the Financial Conduct Authority ("FCA"), seeks to operate and interact with the FCA in an open, positive and cooperative manner at all times.

Engagement with the FCA is primarily through the CEO, the Head of Group Compliance and the Head of Group Risk. These engagements are reported into the Board, the Audit Committee, relevant subsidiary boards, the Group Risk Management Committee, and the Group Compliance Committee, to enable the Group to ensure that at all times it is meeting FCA regulatory expectations, and to assist the regulator in meeting its own statutory regulatory objectives.

Communities and environment

As shown on page 2, the Group has offices in various locations in England, and one in Scotland, and sees itself as a member of the local communities in which it operates. The conduct of the Group's people, especially in relation to local supplier and client relationships and their determination to be good, responsible and supportive neighbours, are prime ways in which local communities are impacted by our activities. Individual offices have participated in various local initiatives such as charitable events, sponsorship of local sports clubs and recycling drives.

As disclosed on page 8 of the CEO's statement, and in more detail in the "Supporting our community" section on pages 20 and 21, we are active supporters of Twining Enterprise, a registered charity helping Londoners with mental health problems get work and stay in work, supporting employers and campaigning against mental health stigma.

We are committed to minimising the impact of our activities on the environment and have implemented a range of policies, procedures and practices as set out in of the CEO's statement (page 8). We have also considered more widely the impact of our activities on the environment as well as our approach to climate change, details of which can be found in our Environmental strategy report, which includes our disclosures under the TCFD framework, on pages 28 to 31.

Reputation

The Board recognises the importance of maintaining a robust corporate governance framework and a reputation for high standards of business conduct, as is set out in the Directors' report on corporate governance matters on pages 35 to 39.

Environmental strategy (including TCFD)
year ended 31 March 2022

The Board recognises its responsibility to help protect the planet. We are committed to minimising the Group's environmental impact and to support those working to improve global environmental sustainability.

Global temperatures continue to rise at an alarming rate. Storms and flooding events which previously happened once in a century are occurring ever more frequently. The Intergovernmental Panel on Climate Change ("IPCC") has warned that to limit global warming to 1.5°C above pre-industrial levels, the world's carbon emissions need to be reduced by 45% by 2030 and reach net zero by 2050.

Achievement of this goal demands collective will and action across all sectors of the global economy. At Walker Crips, we believe it is our fiduciary duty and business responsibility to act as good stewards of the planet for the benefit of future generations. We recognise that we have a responsibility to contribute to the transition to a net zero economy. At the heart of our environmental approach is a target to align to the Paris Agreement goal to limit global warming to well below 2°C, and preferably 1.5°C. We seek to do this by becoming a net zero emissions business by 2050 or sooner.

An introduction to TCFD

In 2015, the Financial Stability Board established the Task Force on Climate-related Financial Disclosures ("TCFD") as a means of creating a framework for consistent climate-related financial risk disclosures that were increasingly requested by investors, banks and other stakeholders. The Board of Directors views the TCFD framework as a critical tool for assessing and disclosing our climate risks and opportunities across the Group.

The Task Force's recommendations are structured around four core operational elements: governance, strategy, risk management and metrics and targets. These four overarching recommendations are supported by key climate-related financial disclosures, referred to as recommended disclosures, that build out the framework with information that will help investors and others understand how reporting organisations assess climate-related issues. To find out more about the Financial Stability Board and the TCFD, please visit **fsb-tcfd.org**.

Walker Crips and TCFD

This is the first report outlining the Group's efforts towards implementing the recommendations of the TCFD, in accordance with Listing Rule 9.8.6R, which became effective for premium listed companies such as ours for financial periods beginning on or after 1 January 2021.

The disclosures below reflect a summary of the Group's progress to date in incorporating climate risk and opportunity identification and management into our overall business strategy. The analysis informing such a process is a rapidly evolving area for many companies, including Walker Crips; we expect the methodology and tools for conducting such analysis to continue improving over time. This report represents a significant step upon which we will continue to develop our understanding of climate risks and opportunities moving forward.

Governance

Appropriately for an organisation of our size, our governance structure relating to climate-related activities is relatively flat. This enables issues to be escalated and dealt with swiftly at a Senior Management level.

Board of Directors

The Board is responsible for setting the Group's climate-related goals and targets and agreeing the strategy to achieve them, and has delegated oversight of climate-related activities to the Audit Committee. The Committee's remit includes:

- reviewing risks and opportunities facing the Group in relation to climate change;
- considering the materiality of climate-related risk and its financial implications;
- monitoring adherence to externally applicable sustainability codes and principles.

Further governance arrangements

The Group is currently in the process of establishing further governance arrangements to support both the Board and the Audit Committee in discharging their responsibilities in relation to ESG matters.

A Corporate Social Responsibility ("CSR") Committee is being established to monitor and review emerging CSR trends and issues that may affect the Group, as well as to provide guidance on the development of our sustainability strategy whilst ensuring alignment with the Group's purpose, values and overall strategy. The Committee will meet quarterly and will consist of voluntary members of staff, including a Director, with meetings chaired by a member appointed by the Committee.

Role of management

The Group's Senior Management team is responsible for the day-to-day management of climate-related risks and opportunities facing the business. During this financial year, Management engaged an external sustainability consulting firm to help shape the Group's net-zero approach to carbon emissions.

The Group is currently in the process of developing a credible strategy accompanied by targets and objectives to evidence an approach which will drive down emissions and set a meaningful target date to achieve net-zero.

Net-zero can only be achieved by significant reductions in direct (i.e., Scope 1 & 2) and indirect (i.e., Scope 3) carbon emissions and requires both Group-wide commitment and senior leadership. The key steps in the Group's transition journey are:

- a reliable, robust, and data-based carbon footprint providing a clear baseline;
- Board-level commitment;
- agreed metrics, monitoring, and reporting against which to set targets;
- a clearly articulated ambition with associated targets, timeframe, expectations, and actions;
- a focus on operational reductions in office premises, and on achieving sustainable emissions reduction through an energy management approach;
- Group-wide engagement to ensure all staff and key stakeholders understand the ambition and the journey.

Strategy

Carbon reduction

The Group has been developing a sustainability strategy and approach that is both in line with wider market trends and reflects the interests and concerns of stakeholders. For any organisation embarking on a net-zero transition, the first step is to calculate accurate, robust data regarding annual carbon emissions. Assisted by our external sustainability consultants, we have calculated and analysed the Group's carbon footprint across the past three financial years (2019/20, 2020/21 and 2021/22) for each of our UK offices. Using this data, we have been able to establish the financial year 2019/20 as our baseline for calculation, as this year was the last that best reflected a "normal" operating year before the COVID-19 pandemic led the Group to adapt to a hybrid working model from March 2020.

For more information about our sustainability strategy and initiatives, please refer to our CEO's statement.

London office – projected implementation year savings

Carbon emissions	6 tCO_2e
Energy	23,515 kWhs
Energy cost saved	£4,703

York office – projected implementation year savings

Carbon emissions	7 tCO_2e
Energy	26,340 kWhs
Energy cost saved	£5,268

Methodology

The carbon footprint calculation we have carried out measures the seven greenhouse gases identified in the Greenhouse Gas Protocol and uses the appropriate year's Department for Environment, Food & Rural Affairs ("DEFRA") and Department for Business, Energy & Industrial Strategy ("DBEIS") emissions factors. These emissions are aggregated and reported as tonnes of CO_2 equivalent ("tCO_2e"). This method provides accurate, verifiable data that is both Science Based Targets Initiative ("SBTi") and Streamlined Energy and Carbon Reporting ("SECR") compliant. The footprints include carbon associated with Scope 1 (direct), 2 (indirect – purchased electricity and heat) and 3 (indirect from supply chain) emission sources.

Transition to net zero

Using the Group-wide carbon emissions data calculated, Senior Management is currently considering a possible carbon reduction timeline to be implemented to map the pathway towards a net-zero goal. See Metrics and targets on page 31.

Carbon objectives for London and York offices

During the 2022/23 financial year, we intend to implement the recommendations presented by an energy management specialist, who has identified tangible carbon savings for both our London and York offices. Recommended changes to heating, lighting, cooling and IT infrastructure are anticipated to result in a reduction in carbon emissions and a financial saving for the implementation year against the baseline measurement. These savings have been factored into the carbon reduction pathway currently under consideration.

Stewardship of resources: Closure of Romford office

As the Group has successfully adapted to hybrid working, making use of technology to ensure productivity, the Board identified that it was no longer financially or environmentally efficient to maintain our Romford office – the lease on which expires in September 2022. As both our Romford and London offices have been underutilised, with a significant percentage of the workforce working from home at any one time, the Board decided to relocate all Romford-based staff to our London office. The Romford office has already been vacated and there are no planned job losses as a result of the office relocation.

During the 2021/22 financial year, carbon emissions associated with our Romford office accounted for 22% of the Group's overall carbon footprint. Whilst the closure of the office will not reduce overall Group emissions by the same figure – due to the relocation of employees from Romford to London – it will have a significant impact in the first year of our net-zero transition.

WFH carbon calculator

As part of our effort to accurately calculate the Group's carbon emissions, including those generated through employees working from home ("WFH"), we have introduced an online WFH carbon calculator tool. We have encouraged all our workforce to make use of the tool and have been very pleased with the level of engagement. The data entered regarding individuals' energy, heating and other emissions whilst working from home feeds into the Group's overall carbon emissions totals.

The WFH carbon calculator also serves as a useful tool for employees by helping them pinpoint where their home emissions are coming from, as well as offering hints and tips to save both carbon and money on their energy and heating bills. As the calculator can be used on an ongoing basis by employees, it directly demonstrates how changes in habits and behaviours can result in reduced emissions and energy savings.

Environmental strategy (including TCFD) continued
year ended 31 March 2022

Risk management
We are working to embed climate-related risks within our overall risk management framework, with any risks identified being subject to the same process and managed in line with all other risks.

The Audit Committee, under delegated authority from the Board, is responsible for overseeing the effectiveness of our risk management process, including identification of the principal and emerging risks.

We have considered the transitional and physical risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies. For the purposes of our assessment, the time horizons we have used are as follows:

- Short term: 0-5 years;
- Medium term: around 10 years;
- Long term: 20+ years.

When identifying climate-related risks, we consider both the risk posed to the Group as well as that posed to the climate by our operational activities. We also consider the potential impact of climate-related risks on our clients and how these risks could impact our ability to deliver good customer outcomes.

Climate-related risks

Type of risk	Risk	Potential impact	Management response
Transitional – Policy and legal	Adherence with additional legal and/or regulatory requirements in response to the climate crisis. **Time period:** Short/medium term	Increased operating costs (e.g. higher compliance overheads)	We take our legal and regulatory obligations seriously and comply with all applicable climate-related requirements. Our Audit Committee monitors emerging applicable sustainability codes and principles within our operating jurisdiction.
Transitional – Market	A transition to a lower-carbon economy could lead to investment performance risk within our discretionary managed services, potentially impacting client returns. **Time period:** Short/medium term	Reduced revenue as a result of diminished assets values and reduced demand for service.	In line with increasing client expectations, we continue to integrate ESG factors, including the consideration of climate-related risks, into our investment decision making processes.
Transitional – Reputation	Perceived inadequate response by the Group to environmental/climate-related concerns by clients and other stakeholders **Time period:** Short/medium/long term	Could result in existing/prospective clients choosing to take their business elsewhere, impacting on revenues.	Our carbon net-zero strategy is integral to our overall business strategy.
Physical – Acute/Chronic	Increased severity of extreme weather events such as storms, as well as chronic changes such as rising sea levels and mean temperatures. **Time period:** Medium/long term	Disruption to business operations and/or increased expenses.	Consideration of the Group's exposure to physical climate-related risks is included as part of our business continuity procedures.

Climate-related opportunities

Opportunity	Potential impact	Management response
Opportunity to exploit changing client preferences by developing an offering of low-emission focussed products – such as ESG model portfolios. **Time period:** Short/medium/long term	Enhanced reputation and increased revenues.	We are working to embed the consideration of ESG factors, including climate-related opportunities, into our investment processes. We are updating our client profiling process to include further questions around ESG preferences.

Metrics and targets

Walker Crips Group carbon footprint

We measure our Scope 1 and 2 emissions in line with the GHG Reporting Protocol. Our Scope 3 emissions do not currently take into account investments the Group makes on behalf of its clients. However, this is something Senior Management intends to incorporate in future years.

		2019/20 (tCO_2e)	2019/20 (%)	2020/21 (tCO_2e)	2020/21 (%)	2021/22 (tCO_2e)	2021/22 (%)
Scope 1	Refrigerants	0.02	0.01	0.02	0.01	0.01	0.01%
Scope 2	Purchased electricity	114.83	54.68	85.33	41.96	78.47	39.45
	Purchased heat	50.78	24.18	54.40	26.75	52.08	26.18
Scope 3	Transmission & distribution losses	9.75	4.64	7.34	3.61	6.94	3.49
	Material use	12.94	6.16	0.18	0.09	3.34	1.68
	Business travel – flights	2.60	1.24	0.00	0.00	0.27	0.14
	Business travel – rail	2.97	1.41	2.04	1.00	2.30	1.16
	Business travel – road	6.50	3.10	2.48	1.22	9.75	4.90
	Employee WFH	0.46	0.22	46.88	23.05	43.36	21.80
	Hotel stay	0.78	0.37	0.38	0.19	0.51	0.26
	Waste disposal	0.01	0.00	0.01	0.00	0.03	0.02
	Water supply & treatment	8.37	3.99	4.3	2.11	1.87	0.94
	TOTAL (tCO_2e)	210.01	100	203.36	100	198.93	100

Target

Adhering to the current best practice, the Group is working towards a net zero target by 2050 of 90% carbon emission reductions against baseline (2019/20), with an interim target of 50% reduction by 2030. This reduction is consistent with the Global Goal of 45% reduction in global emissions by 2030 as recommended by the Intergovernmental Panel on Climate Change ("IPCC"). By adopting a 50% target by 2030 the Group will be aligned to the Paris Agreement target (agreed in 2015 at COP21) of being on a trajectory to keep global heating at 1.5°C or below.

Board of Directors

Our Board of Directors deploy their extensive expertise and experience into managing the Walker Crips Group.

Sean Lam

FCPA (Aust.), Chartered FCSI

Chief Executive Officer

Sean Lam is a passionate technologist and innovator, and has made it his quest to "engineer out complexities". He was appointed Group Chief Executive Officer in September 2017.

His tenure with Walker Crips began as Development Director in 1999 with overall responsibility for systems development and technology, Chief Operating Officer and Chief Technology Officer in 2004, and Group Managing Director in 2007. He commenced his career with Phillip Securities in Singapore in 1992 and was the Head of Internal Audit, and then Head of Operations in 1995.

Sean graduated in 1991 with a Bachelor of Commerce from the University of Western Australia majoring in accounting and finance and attained his professional qualification as a CPA in 1995. Sean is a Fellow of CPA Australia, was a member of its European Council from 2010 to 2015, and President of its European Region in 2012 and again in 2013. He is a Chartered Fellow of the Chartered Institute for Securities & Investment.

Sean is also founder and Chief Executive Officer of EnOC Technologies, Walker Crips' fintech SaaS company providing regtech to the industry, with the aim of helping smaller companies close the technology gap.

Membership

E

Sanath Dandeniya

FCCA

Finance Director

Sanath Dandeniya was appointed Group Finance Director in September 2019.

Sanath, an ACCA qualified accountant, has over 20 years' experience in the financial services sector. He joined the Group in 2016 as Group Financial Controller, promoted to Finance Director of Walker Crips Investment Management in November 2018, and then appointed to the Group Board in 2019 as Group Finance Director.

Sanath is also a proponent of technology and digital strategies and enjoys adopting appropriate technologies to drive efficiencies and to improve business effectiveness.

Membership

C E RI

Martin Wright

Chairman

Martin Wright was appointed to the Board in July 1996 as a Non-Executive Director and was appointed as Chairman in September 2020. He is a Partner of Charles Russell Speechlys LLP (Solicitors). Martin is a member of the Law Society. He is also a Non-Executive Director of a number of private companies.

Membership

N R

David Gelber

Non-Executive Director

David Gelber served as Non-Executive Independent Chairman of the Board of Walker Crips Group plc from January 2007 until September 2020 when he stood down as Chairman but has remained a Non-Executive member of the Board.

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 JPMorgan.

He currently serves as a director of AA4+ PLC, a closed end aircraft leasing company, and DDCAP Ltd, a leading arranger of Sharia compliant financial transactions.

His previous directorships include a 15-year stint at IPGL Ltd, an investment holding company with a wide range of investee companies, for many of which he served on the board. He retired from IPGL on 31 May 2022.

Membership

A N R

Clive Bouch

FCA

Senior Independent Director

Clive Bouch was appointed to the Board in March 2017 and chairs the Audit and Remuneration Committees. He is also a member of the Nomination Committee.

He is an experienced Non-Executive Director having served in this capacity for The Steamship Mutual London, Europe and Bermuda Protection & Indemnity Clubs; The Ardonagh Group Limited and Invesco UK Limited. Previously he was a partner in leading accounting firms where he provided audit and advisory services to companies in the financial services industry.

Clive is a Fellow of the Institute of Chartered Accountants in England and Wales, Chartered Fellow of the Chartered Institute for Securities & Investment and a Chartered Insurance Practitioner.

Membership

A N R

Hua Min Lim

Non-Executive Director

Hua Min Lim is the Executive Chairman of the 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. In 2018, he was named Businessman of the Year 2017 at the annual Singapore Business Awards, which is Singapore's most prestigious business accolade. He served as a board member in the Inland Revenue Authority Singapore from 2004 to 2010. Hua Min Lim holds a Bachelor of Science Degree (Honours) in Chemical Engineering from the University of Surrey and obtained a Master's Degree in Operations Research and Management Studies from Imperial College, London University. Hua Min Lim joined the Walker Crips Group Board in March 1993.

Membership

N R

Membership key

- A Audit Committee
- C Compliance Committee
- E Executive
- N Nomination Committee
- R Remuneration Committee
- RI Risk Management Committee
- Member
- Chair

Chairman's commentary on governance

In this, my second year as Group Chairman, I have had cause to reflect upon the variety of challenges we have faced in managing the business placed in our care over that time and how we have acquitted ourselves in our stewardship of the Group.

Martin Wright
Chairman

Dear Shareholder

In this, my second year as Group Chairman, I have had cause to reflect upon the variety of challenges we have faced in managing the business placed in our care over that time and how we have acquitted ourselves in our stewardship of the Group.

Although the worst effects of the pandemic appear to be over and a new normal, which has adjusted to changes in social and working practices, is in place, it is worth reminding ourselves that, at the start of our last financial year, the government had only just embarked upon its staged programme of lifting the restrictions on social contact, business and travel. It has, therefore, been a year of adjustment for the Group and its stakeholders to the changing environment.

Those relaxations have not been mirrored in our approach to governance. On the contrary, our determination to promote and deliver the highest standards of conduct and integrity from our workforce is stronger than ever, as is our commitment to act in the best interests of our shareholders and all other stakeholders, as explained in more detail in the report by the Directors on the Group's governance which follows and in the Section 172 Statement on pages 26 and 27. Against that background, it is therefore very disappointing to report the matters referred to in my statement on page 4 and our CEO's statement that have contributed to the significant exceptional costs incurred.

Our successful adaptation to working from home during the height of the pandemic has evolved into hybrid working patterns for a large proportion of our workforce which are likely to become the new normal way of working, at least for the foreseeable future, with our focus continuing to be on the health, safety and welfare of staff in tandem, of course, with enhancing the quality of our services and client experience.

A positive spin-off from this new way of working has been the reduced need for office space which has led to our decision to close our Romford office and relocate the operations based there to our City headquarters. In the process, we have been at lengths to ensure that the move will not be detrimental to the staff involved, either financially or to their wellbeing. Amongst the benefits will be a significant net reduction in the Group's carbon footprint through the more efficient utilisation of space (as is reported in our environmental disclosures on pages 28 to 31) and other efficiencies flowing from a closer integration between our front and back offices.

One of the adverse developments through the pandemic, which continues to gain momentum, is the level of fraudulent and financial crime activity. This is not only a major concern and focus of attention for regulators but could have devastating consequences for our clients and our business should our controls not be on highest alert. Consequently, considerable efforts continue to be made to ensure both that our systems, procedures and controls are as robust as we can make them to protect against these risks and that our staff and clients are fully cognisant of the dangers and protocols to be observed.

The economic recovery has also highlighted a skills shortage in our industry, leading to heightened competition for quality staff. Recruitment and retention of employees with the skills and experience we need to maintain our high standards is clearly a challenge for us but one we are determined to overcome through our reward structures, career development opportunities and providing a conducive working environment.

My purpose, in highlighting the points above, is to demonstrate that I and my fellow Directors are intent on ensuring that governance of the Group is applied in an effective, relevant and meaningful way, and is fully aligned with our culture and values.

Accordingly, in compliance with the current UK Corporate Governance Code, which provides that the Directors should be subject to annual re-election, I confirm that all current members of the Board will be putting themselves forward for re-election at the forthcoming Annual General Meeting.

Martin Wright
Chairman

29 July 2022

Report by the Directors – on corporate governance matters

year ended 31 March 2022

This report, together with the Audit Committee and Remuneration reports on subsequent pages, explains how the Company has applied the principles of the 2018 UK Corporate Governance Code ("the Code") to the governance of the Group's affairs.

Compliance

In view of the size and nature of the business of the Company and its operating subsidiaries, the Board takes a proportionate approach in applying the Code's provisions. In accordance with the "comply or explain" guidance, this report explains where the Company complies and where alternative arrangements are adopted. The principal areas of non-compliance with the Code's provisions are:

- the composition of the Board, with regard to the independence of its Non-Executive Directors, and the formal evaluation of the Board's, its members' and its Committees' effectiveness; and
- the means by which the Board engages with the Group's workforce;

all of which are addressed under the following relevant sections of this report.

Board leadership and Company purpose

Purpose, values, business model and strategy

The Group's purpose, values, business model and strategy, their alignment with our culture, and how we seek to generate and preserve value over the long term, are set out on pages 10 and 11.

Strategy execution, threats to plan, business risks, emerging opportunities and progress made are addressed by:

- evaluating strategic proposals to ensure that they are aimed at enhancing the business model and generating value for shareholders;
- considering the views and priorities of stakeholders and the impact on strategy;
- identifying and reviewing existing and emerging threats to plan and business risks, and how these are being managed or mitigated, as described on pages 22 to 25;
- ensuring the Group's resources and competencies are aligned with achievement of its strategic ambitions;
- reinforcing the Group's values by adopting workforce policies and practices that are consistent therewith;
- promoting effective channels for the workforce to raise any concerns;
- implementing robust procedures to manage conflicts of interest;
- monitoring progress towards the delivery of the Group's strategic initiatives; and
- undertaking half-yearly assessments of the Group's prospects and viability and its ability to continue as a going concern, as detailed on pages 38 and 39.

Particular attention was given during the year to reassessing the Group's principal risks and the effects upon them and the business model of the pandemic and, latterly, the impact of the Ukraine conflict on the global economy and capital markets.

Culture and workforce engagement

The Board recognises the importance of workforce engagement and ensuring that the culture throughout the Group is aligned with its purpose, values and strategy. This is addressed by the Executive Directors and at Board and Committee meetings through:

- Executives' regular engagement with the workforce as explained further on page 26;
- regular discussion at Board Meetings on culture and matters of concern to the workforce;
- promoting our speak up policies and reviewing the outcomes of whistleblowing reports and remedial actions;
- monitoring levels of absenteeism and workforce turnover;
- receiving reports on conduct, including compliance breaches and any instances of fraud, and considering non-financial behaviours when assessing individual and Group performance and reward; and
- periodic review and approval of all Group policies regarding conduct, health and safety, human resources and social responsibility, amongst others.

The Board has not adopted one of the three methods of workforce engagement set out in the Code as the Group has a relatively small number of employees with regular engagement through the Executive Directors, which the Board believes provides timely and relevant communication and awareness of key matters. Details of the methods used are also given in the Section 172 Statement on pages 26 and 27 as are the means by which the views and interests of the Group's other key stakeholders are considered and taken into account in the Board's decision-making.

Report by the Directors – on corporate governance matters continued
year ended 31 March 2022

Engagement with shareholders
The Board recognises the importance of regular, meaningful, transparent and effective communications with shareholders. This is principally achieved through:

- the Company's Interim and Annual Reports and Accounts, which include a detailed review of the business and future developments and are publicly available on the Company's website at **walkercrips.co.uk**;
- the Annual General Meeting to communicate with private and institutional investors. All Directors are available at General Meetings to answer questions and the proxy votes cast on each resolution proposed are disclosed at those meetings. The Chairman actively encourages and welcomes all shareholders' participation in the AGM;
- the Chairman and Chief Executive being in regular contact with your Group's major shareholders, the Lim family, with important factors arising from these discussions promptly communicated to the Board; and
- the Board also encouraging individual shareholders to raise any questions with the Chairman, Chief Executive Officer or Senior Independent Director and ensuring these are addressed promptly and thoroughly. This is achieved most efficiently by contacting the Company Secretary at the following address: **CoSec@wcgplc.co.uk**.

More information on how the interests of shareholders have been taken into account in the year is contained in the Section 172 Statement on page 26.

Division of responsibilities

Effectiveness
The Chairman and fellow Directors are cognisant of their responsibility to direct the Group effectively, to actively participate in and contribute to Board discussions and to promote a culture of objectivity, openness and debate. The Board believes it achieves this with its current composition of two Executive Directors and four Non-Executive Directors, with separation of the Chairman and Chief Executive Officer appointments. Priority is also placed on receiving timely and relevant information, with effective support provided by an experienced Company Secretary.

Independence of Non-Executive Directors
The Board is aware that the tenure and/or interests of a majority of its Non-Executive Directors are consistent with certain of the circumstances the Code identifies as likely to impair a non-executive's independence. Specifically, Martin Wright, David Gelber and Hua Min Lim have each served on the Board for considerably more than nine years. Hua Min Lim, together with connected parties, is also a significant shareholder. Martin Wright had served for more than nine years when he was appointed Chairman of the Board and is a partner of the Group's solicitors, Charles Russell Speechlys LLP.

Although the duration of their Board appointments and the other interests are circumstances identified by the Code that could impair independence, the Board reviews the Directors' contributions every year and is satisfied that they continue to deliver both objectivity and value, providing constructive challenge and support to the Executive Directors and Management, and demonstrate an independent approach to their responsibilities. In considering effectiveness, the Non-Executive Directors' collective and individual competencies, experience and time availability to perform their roles are kept under review.

The Non-Executive Directors meet without the Executive Directors being present, further enhancing the effectiveness with which they both scrutinise the Executive Directors' performance and hold them to account. Clive Bouch, who has served on the Board since 2017, acts as Senior Independent Non-Executive Director to provide a sounding board for the Chairman and serve as an intermediary for other Directors and shareholders. He meets with other Directors without the Chairman present as required, for example when addressing the Chairman's performance and remuneration.

Division of responsibilities
There is a clear division of responsibilities between the Chairman and Chief Executive, and their responsibilities, together with those of the Senior Independent Director, the Board and its Committees, have been set out in writing, agreed by the Board and are publicly available.

Certain Executive and Non-Executive Directors of the Group are also Directors of the Boards of the main operating companies which conduct regulated investment business, thereby exerting influence and constructive challenge at an operating level.

The plan previously reported to consolidate the Group by merging the regulated entities will allow a more holistic oversight of the business as a whole.

Governance framework
The Board has three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee, the terms of reference of each of which are available on the Company's website at **walkercrips.co.uk**. The Chairman of each of these committees is responsible for reporting to the Board on how the Committee has discharged its duties. In addition, the Chairs of the Executive Risk Management Committee and the Executive Compliance Committee provide operational input to the Audit Committee and at Board Meetings.

Matters reserved for the Board
The Board 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 plans, business risk reviews and borrowings, and monitoring the Group's progress. The full list of matters reserved for the Board is available on the Company's website at **walkercrips.co.uk**.

All operating subsidiaries' Boards and other management or operational committees include at least one main Board Executive Director who serves as the link between the Board and Management on operational decision-making.

Division of responsibilities continued

Board attendance

The following table shows the attendance of the Directors at scheduled Board Meetings and as members or invitees at Board Committee Meetings during the year:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total number of meetings	9	6	3	1
Martin Wright (Chairman)	8	6	3	1
Clive Bouch (Senior Independent Director)	9	6	3	1
David Gelber (Non-Executive Director)	5	5	1	1
Hua Min Lim (Non-Executive Director)[1]	0	n/a	0	0
Sean Lam (Chief Executive)	9	2	3	n/a
Sanath Dandeniya (Group Finance Director)	9	6	3	n/a

1 Hua Min Lim, who is based in Singapore, is provided the management information packs in advance of each Board Meeting for his comments, which are then relayed to the Board.

As indicated by the attendance table above, the Board meets regularly through scheduled meetings. It also convenes regularly at other times as necessary throughout the year. The Company Secretary attends all Board Meetings and is responsible for advising the Board on corporate governance matters. Both the appointment and the removal of the Company Secretary are matters reserved for the Board.

Composition, succession and evaluation

Diversity and inclusion

The Board recognises the governance benefits that breadth of perspective and diverse traits deliver. It is fully committed to promoting talented individuals as executives on merit, both internally and through recruitment, with the Board's whole-hearted encouragement supported by accessible training and regular open communication between Directors and staff.

Nomination Committee

The Committee's principal responsibilities are to ensure Board appointments are subject to a formal, rigorous and transparent procedure and that succession plans are based on merit and objective criteria. It also seeks to ensure the contribution of each Director is monitored and the effectiveness of the Board as a whole is evaluated. The Committee consists of Martin Wright (who acts as its Chairman), Clive Bouch, David Gelber and Hua Min Lim.

The Committee met once during the year to review the composition of the Board and its continued effectiveness.

As was reported last year, the Group is undergoing a reorganisation and the Nomination Committee and the Board have remained of the view that the existing Board members should continue to serve until completion of this project. During this timeframe the Committee will also perform a thorough Board effectiveness assessment and conduct a search to determine a successor for David Gelber.

The Committee will take full account of the Board's policy on diversity in considering any appointments within its remit, which encompasses gender, age, education, social and ethnic backgrounds, disability and cognitive and personal strengths, and includes the appointment of female members of staff to senior management roles within the Group.

Board composition and re-election

As noted earlier in this report, the Board comprises six Directors of whom two undertake executive roles as Chief Executive Officer and Group Finance Director respectively, and four are non-executives, including the Board Chairman. In accordance with the Code, all of the Directors are now subject to annual re-election. Therefore, all of the current Directors will be put forward for re-election at the forthcoming AGM. The Directors' biographies on pages 32 and 33 describe the range, depth and complementary nature of their individual skills and experience, the combination of which provides a balanced and effective Board.

Audit, risk and internal control

Audit Committee

Throughout the year, the Audit Committee comprised Clive Bouch, who acted as its Chairman, and David Gelber.

Further information about the Audit Committee, its responsibilities and activities during the year can be found in the Audit Committee report on pages 40 to 43.

Risk management

The Board is responsible for the identification and robust assessment of the Group's emerging and principal risks and this is carried out continually throughout the year. Details of the principal risks and how they are being managed or mitigated are set out on pages 22 to 25.

The Board has been assisted in discharging these responsibilities by the Audit Committee, as well as the Executive Risk Management Committee ("RMC"), the members of which have been selected based on their experience and skill sets. James Chalmers-Smith, Head of Group Risk, and a Director of Walker Crips Investment Management Limited, acts as the RMC's Chairman.

The members of the operating companies' boards, overseen by the main Board, are responsible for ensuring that adequate systems and controls are in place and that the businesses operate in accordance with all relevant legal and regulatory requirements. The Executive Directors of each Group company are responsible for its day-to-day management.

Report by the Directors – on corporate governance matters continued

year ended 31 March 2022

Audit, risk and internal control continued

Risk management continued

The objectives of the RMC are to assist the Group and operating companies' boards in fulfilling their corporate governance oversight responsibilities by evaluating, reviewing and reporting on:

- risk appetite, strategy and tolerance, including integration with the Group's culture, values and behaviour; and
- the operation of risk management frameworks in the effective mitigation of strategic, operational and external risks.

The RMC 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, thus enabling strategies for the management, mitigation, transfer or avoidance of risk to be formulated.

The Board assesses principal risks facing the Group, including those that threaten its business model, future performance, solvency and liquidity.

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 Group as communicated through the RMC. This process has been in operation throughout the year and up to the date of approval of this Annual Report and Accounts and is regularly reviewed by the Board which is satisfied that it accords with the relevant guidance. Due to the relatively small size of the Group there is a simple organisational and reporting structure. Financial results, forecasts and projections, and other information, are regularly reported to the Board throughout the year.

The Directors keep the Group's internal control and risk management systems under review by conducting an annual assessment, involving dialogue with relevant senior managers, of the effective design and operation of the controls to meet key control objectives and to mitigate key risks. In this connection, as explained in the Chairman's statement on pages 4 and 5, and CEO's statement on pages 8 and 9, investment is continuing and work is in progress to enhance our financial crime and other controls to address the weaknesses identified. The Directors consider that the controls and risk management procedures established and to be implemented are appropriate for the Group. However, any system of internal control and risk management 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;
- business plans, 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 Group and monitored through various means including routine and special reviews by both the external and internal auditors.

Compliance Committee

The Executive Compliance Committee monitors the Group's compliance with all regulatory matters and considers rule updates and guidance notes from the FCA, the Joint Money Laundering Steering Group, the Financial Ombudsman Service, the Financial Services Compensation Scheme and other UK regulatory and industry bodies.

The Committee is also responsible for interpreting new rules, guidance notes and regulations disseminated by the FCA and other regulatory and industry bodies. In the current financial year, the Committee has been engaged with improving our Financial Crime Compliance framework, developing our Product Governance and Environmental, Social and Governance ("ESG") framework, interpreting incoming regulatory changes on Consumer Duty and Diversity and Inclusion and how they can be embedded within the Group, and implementing the Investment Firms Prudential Regime, known as IFPR.

The Committee also ensures all compliance policies, procedures and guidance are adequately and properly implemented. James Hiett, Head of Group Compliance, acts as the Compliance Committee's Chairman.

Prospects

The financial year 2020/21, mainly due to the Covid pandemic, saw significant disruptions. The Group's ability to generate income was severely impacted by the cut in Bank of England base rate and lower AUM values leading to lower management fees. The second half of the financial year 2020/21, however, saw the start of the recovery of the financial markets. Nearly all business units gained momentum in this period and continued this momentum to the financial year 2021/22, demonstrating the resilience in the Group's core business, business model, staff and management resolve.

The financial year 2021/22, the year being assessed, saw the Group returning to profitability, although this was hampered by the significant increase in exceptional costs reported in the year. Nevertheless, Management remains committed to the Group's strategic priorities and has confidence in its longer-term prospects.

The Group's strategy continues to be primarily focused on building on the existing core businesses of investment management and wealth management, focusing on revenue growth, improving margins, investing in its people and attracting talented teams, underpinned by both improved technology and attention to cost control.

The Group prepares five-year projections for business planning purposes, its ICAAP and stress testing. However, the Directors continue to consider a three-year period remains appropriate for the viability statement because it is aligned with the Group's planning horizon, and also takes into account the unpredictability inherent in the financial sector. The Directors do not currently plan to revise the three-year viability statement period, but will keep it under review.

Viability statement

The Directors have assessed the outlook of the Group over three years, a period longer than the 12 months underpinning the 'Going concern' statement, in accordance with the 2018 UK Corporate Governance Code.

The Group, to articulate its corporate strategy, maintains a five-year forecasting model. The Directors, however, consider a three-year timeframe to be appropriate in view of our scale, planning cycle and uncertainties in the financial services markets. There is, however, no reason to believe the five-year view would be different, but as always, there is more uncertainty over a longer time horizon, particularly in relation to external factors.

The forecasting model, which forms part of the Group's ICCAP process, is then subjected to a range of stress tests, including reverse stress tests. These stress tests are devised through discussions with Senior Management and consists of two alternative stress scenarios, both directly linked to the Group's "base" case budget and forecasts under normal operating conditions.

The Group's base case scenario and the two alternative stress scenarios consider the Group's current financial position and the potential impact of principal risks and uncertainties facing the Group. The two alternative stress scenarios considered are: (i) a "bear stress scenario" where a fall in market and levels of activity result in a reduction in total revenue of 10%; and (ii) a "severe stress scenario" where the impact on revenues of a further significant fall in global financial markets causes reductions in commission and fee incomes of 20% and 15%, respectively.

In the bear and severe stress scenarios, the Group has positive liquidity throughout the three-year period. All regulatory prudential requirements are met in the bear scenario, but the severe scenario impacts our prudential capital ratio such that, without management action, it potentially falls below the regulatory requirement in January 2024.

The Directors consider the severe stress scenario to be remote in view of the prudence built into the plans and the further mitigations available to the Directors that are not reflected therein. Such mitigating actions within Management control include reduction in proprietary risk positions, delayed capital expenditure, further reductions in discretionary spend and additional reduction in employee headcount. Other mitigating actions which may be possible include seeking shareholder support, potential sale of assets and stronger cost reductions.

Finally, a "reversed stress scenario" is performed to assess the resilience of the Group's business model and strategy. This indicates that the Group would be placed under significant stress if it were to lose 38% of gross income over the next 12 months.

Taking account of the current financial position, strategic plans, principal risks and the Board's assessment of the Group'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.

Going concern

The Directors have considered the Group's ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements and are satisfied that it will be able to operate within the level of its current financing arrangements and regulatory capital limits imposed by the regulator, the Financial Conduct Authority ("FCA"). Accordingly, the Board continues to adopt the going concern basis for the preparation of the financial statements. Further details of the Directors' going concern assessment are provided in note 2 to the financial statements on page 66.

Remuneration

The Company's remuneration policies and practices are designed to support the business strategy and promote long-term success. In particular, the remuneration policies and structures are designed to be straight-forward and ensure executive bonus awards are subject to the Remuneration Committee's discretion, which includes consideration of both financial and non-financial performance. No Director is involved in deciding their own remuneration outcome.

The Committee and Board are aware that the current remuneration structures are reflective of legacy arrangements, particularly the formulaic profit share arrangements, and that presently there are no long-term incentive plans in place. As part of the reorganisation referred to above, the Remuneration Committee will in due course undertake a review of remuneration arrangements for Directors and Senior Management.

Information on the remuneration policy, how it was implemented in the year and the work of the Remuneration Committee can be found in the Remuneration report on pages 44 to 50.

Audit Committee report
year ended 31 March 2022

Chairman's introduction
On behalf of the Board, I am pleased to present the Audit Committee's report on its responsibilities and activities during the year.

Composition and constitution
The Board is responsible for establishing and maintaining an Audit Committee and for appointing its members.

The 2018 UK Corporate Governance Code ("the Code") provides that the Committee should comprise of only independent Non-Executive Directors of the Company with a minimum of two members. The Committee comprises two members, albeit one member has been a Director for more than nine years and formerly chaired the Board. This reflects the size of the Board and scale of the business. The Board's emphasis is to ensure that those Non-Executive Directors serving on the Committee have the necessary skills, experience, objectivity and knowledge of the sector to operate effectively and to work together in providing effective guidance and challenge.

Clive Bouch, who is a Chartered Accountant with recent and relevant financial experience, served as the Committee Chairman throughout the year, and David Gelber served as the other Committee member. As authorised by its Terms of Reference, the Committee invited the Group Finance Director and the Heads of Compliance and Group Risk to attend and report at its meetings as well as representatives of both the Group's internal and external auditors. The Group Chairman and Group Chief Executive are also invited to attend meetings.

The Committee's current Terms of Reference are available for inspection on the Company's website at **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. 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. Group's compliance with statutory tax obligations;
i. determination of distributable reserves; and
j. other issues, if any, on which the Board may request the Committee's opinion.

Meetings
There were six formal meetings of the Committee during the year. The Committee members' meeting attendances are set out in the Report by the Directors on corporate governance matters on page 37. The Company Secretary acts as Secretary to the Committee.

The Committee Chairman is responsible for developing the agendas for meetings, in consultation with the Secretary, Executive Management and external service providers as appropriate. The Chairman and Secretary ensure that the Committee's work addresses the areas within its remit. In addition to those invited to attend meetings on a regular basis as mentioned earlier, other members of the Group's workforce may be called upon to report to the Committee and respond to any questions it may have.

Outside of formal meetings, the Committee Chairman maintains a dialogue with the Board Chairman, CEO, Group Finance Director, the Heads of Compliance and Group Risk, the external audit partner and members of the internal audit leadership team.

Committee activities
The work of the Committee during the year ended 31 March 2022 fell into three main areas:

1. ***Accounting and financial reporting***
   The Committee reviewed the:

   a. annual and interim financial statements, reports and preliminary announcements;
   b significant financial reporting policy disclosures, estimates and judgements;
   c. appropriateness of the preparation of the financial statements on a going concern basis;
   d. long-term viability statement prior to Board approval;
   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 position and performance, business model and strategy; and
   f. Group's first report to comply with the new Task Force on Climate Related Financial Disclosures ("TCFD") set out on pages 28 to 31.

2. ***Internal controls***
   The Committee:

   a. monitored the integrity and effectiveness of the Group's internal financial controls through consideration of key risks and mitigating controls, and reports and presentations from internal audit, external audit and the Heads of Compliance and Risk;
   b. reviewed actions taken, and challenged the appropriateness of deadlines for implementation, in response to reports on internal controls in order to address matters identified;
   c. considered the effectiveness of the systems established to identify, manage, and monitor financial and non-financial risk.
   d. instructed Management to engage independent assurance on the Group's implementation of the new prudential regulatory regime and reporting; and
   e. challenged Management on the actions and project plans to address the weaknesses in internal control identified during the year and explained in the Chairman's Statement on page 4 and CEO's statement on page 8.

3. *External audit*
The Committee:

a. assessed the qualifications, expertise and resources of PKF Littlejohn LLP ("PKF") as the Company's and Group's auditor and the effectiveness and quality of the external audit process;
b. reviewed PKF's audit plan, audit approach, scope of work to be carried out and audit findings;
c. reviewed the auditor's independence and objectivity, including compliance with the Group's non-audit services policy; and
d. reviewed PKF's recommendations in respect of the internal control environment and management's responses thereto.

There have been no interactions between the Company and the FRC during the period. When reviewing the preparation, content and presentation of the Annual Report, the Committee considers, and challenges Management on actions to take account of, the matters raised in the FRC's letter to Audit Committee Chairs and Finance Directors.

External auditor

PKF was appointed to fill a casual vacancy in December 2020 following a competitive tender process, and reappointed by shareholders' resolution at the 2021 AGM to serve until the conclusion of the next meeting at which accounts are laid. Accordingly, a resolution to reappoint PKF as auditor will be put to shareholders at the forthcoming AGM.

PKF has reported to the Committee on how it complies with professional and regulatory requirements to ensure its independence. The Group's non-audit services policy is published on the website at **wcgplc.co.uk**. The incumbent auditor also carried out a desktop review of the Group's interim report and reports to the FCA on CASS compliance for relevant Group companies. PKF is currently completing assurance services under AAF 01/20 in respect of the Group's service organisation controls report. No other services have been provided by the auditors during the year. Details of external audit and non-audit fees are disclosed in note 9 to the financial statements on page 78.

The performance of the external auditor is monitored on an ongoing basis and takes account of its knowledge of our sector, the quality and experience of the individuals assigned, the level of engagement, effectiveness of communication, feedback from Management and Committee members and published findings of the FRC's audit quality inspection reviews. As part of the Committee's deliberations on audit quality and effectiveness, the Committee Chairman communicates directly with the external audit partner to discuss this important matter and share feedback. The Committee is satisfied that PKF has performed an effective audit.

The Committee reviews specific reports and good 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 audit has not resulted in any significant control issues or matters that required material adjustment to the accounts.

Internal audit

The provision of internal audit activities continued to be outsourced to Evelyn Partners LLP (formerly named Smith & Williamson LLP) during the year. As reported last year, as a matter of good practice, an internal audit tender process has now been initiated and is expected to be concluded later this year.

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. The budget is agreed between the Committee Chairman and Group Finance Director having regard to the planned scope of work. To support the effectiveness of assurance coverage across the second and third lines of defence, internal audit presents a three-year rolling plan.

The internal audit reports and recommendations are presented to the Committee together with Management's responses and proposed actions for discussion and challenge.

During the year, internal audit's work included reviews of the Group's approach to and controls over market abuse, the Tier 1 Investor Visa service (since discontinued), client assets procedures in relation to the FCA's rules, the Finance Department and debtor management procedures. A new internal audit plan will be developed and implemented on completion of the tender process referred to above.

The Committee monitors the effectiveness of the internal audit service provided by Evelyn Partners. The particular focus is on competence and capabilities, timely reporting and the quality of communication and recommendations. The Committee also monitors any other services that Evelyn Partners may provide to ensure the integrity and independence of the Group's third line of defence is not compromised.

Audit Committee report continued
year ended 31 March 2022

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 page 39. In considering these disclosures, the Committee reviewed the Group's strategic priorities, projections for the forthcoming year and medium term, current business performance against those projections, the stress and reverse stress scenarios updated to reflect current market conditions and the continuing effects of the COVID-19 pandemic and the Ukraine conflict, current financial resources and capital expenditure plans, together with ongoing compliance with the new prudential regime requirements. The Committee challenged the reasons for the period adopted for the viability statement and the consideration given to key assumptions and dependencies.

The Committee noted and/or challenged in particular:

- the Group's performance during the year and post year end, market outlook, financial plans and projections, and budgets;
- the effects of Management's actions to protect the safety of staff and support client service in response to COVID-19 and changing work patterns;
- dividend proposals and policy;
- Group liquidity, noting that 90% of the Group's regulatory financial resources at 31 March 2022 are held in cash or cash equivalents and there are no material restrictions on accessing or utilising required liquidity throughout the Group;
- the Group's regulatory capital at 31 March 2022 and the date of this report comfortably exceeds its regulatory capital requirement and all regulated entities within the Group held capital in excess of their solo regulatory requirements;
- the Group's principal debt obligations are the lease liabilities arising from the adoption of IFRS 16;
- an intra-day credit line is made available by our principal bankers to enable daily net settlement of market transactions in an orderly fashion; and
- the stress scenario analyses, key assumptions and Management actions demonstrating the Group meets projected solvency and liquidity requirements to continue as a going concern.

Financial reporting and significant financial judgements
The main areas considered by the Committee are set out below and overleaf:

Matter considered	Action
Carrying value of Walker Crips Group plc's investment in subsidiaries	
The carrying value of the Parent Company's investment in subsidiaries, including the value attributed to client lists arising from these acquisitions, amounts to £21.8 million. This significantly exceeds the market value of the Group as determined by reference to the quoted share price. This situation has persisted for several years.	As part of the impairment review work the discrepancy in values was again considered and the conclusion reached that the carrying value remains supported based upon valuations of the principal trading subsidiaries. Reasons for the discrepancy include the overheads incurred at the Parent Company level, the small size of the Group and illiquidity in the market for the Company's shares. The Committee also considered the procedures performed by the external auditors in respect of the carrying value, which has been identified by them as a key risk, but not a key audit matter.
Impairment of goodwill and intangible assets	
The Consolidated Statement of Financial Position includes goodwill of £4.4 million, client lists of £5.5 million, and software licences of £0.3 million. These principally arise on business combinations or hiring of individuals or teams of investment managers and purchase of software licences. The goodwill arose on, and has been allocated to, the acquisitions of London York Fund Managers Limited (£2.9 million) and Barker Poland Asset Management LLP (£1.5 million), which continue as identifiable cash-generating units ("CGUs"). The year-end amortised value of client lists attributed to these CGUs are £nil and £2.2 million, respectively, with the remaining balance being attributable to individuals or teams of investment managers hired separately, and software licences.	Management assesses 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 is no impairment, with particular challenge regarding the assumptions used and the proposed disclosures (see note 17). The Committee also considered the procedures performed by the external auditors (see the independent auditor's report on page 57). The values attributed to client lists are amortised over their estimated useful lives, being periods of between three and twenty years. Management assesses any further indicators of impairment by reference to the continuing value of Assets Under Management and Administration, peer comparisons, the loss of 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 appropriateness of the impairment charge. The Committee also considered the procedures performed by the external auditors (see the independent auditor's report on page 58).

Matter considered	Action
Provisions	
The financial statements include provisions in respect of dilapidations (£0.62 million), completion of the remediation of the financial crime framework (£0.46 million), and customer redress and associated costs (£0.65 million). These amounts are estimated with varying degrees of certainty.	The Committee considered and challenged Management's determination of the amounts provided and related disclosures (see Chairman's statement on page 4, CEO's statement on page 8, note 4 on page 74, and note 27 on page 88), concluding they were appropriate based upon the information presently available. The Committee also considered the procedures followed by the external auditors and their findings, including those in respect of provisions for redress (see independent auditor's report on page 58).
Exceptional items and alternative performance measures	
The Group classifies certain material items as exceptional and presents alternative performance measures ("APMs") to provide a clearer understanding of the underlying trading performance of the business. In 2021/22, the Group has reported exceptional charges totalling £1,437,000 (2020/21: £419,000). The exceptional items reported this year are therefore significant and relate to business reorganisation and redundancies, the independent review and remediation project in respect of the Group's financial crime control framework (see "Provisions" above), customer redress (see "Provisions" above), and settlement income. APMs presented are operating profit before exceptional items, profit before tax and exceptional items, adjusted EBITDA, and underlying cash generation from operations.	The Committee requested, received and considered explanations from Management setting out the description of items that would fall to be exceptional (see note 10 on page 79), the reasons therefore and the proposed disclosures, including the reconciliations provided in the Finance Director's review on page 17 between the IFRS reported results and the APMs. The Committee challenged Management regarding (i) the prominence and equal presentation of the IFRS results and APMs, (ii) the nature of the exceptional items and their consistency with the Group's accounting policy, and (iii) the disclosure of and references to the exceptional items in note 10, the financial highlights the Chairman's statement, the CEO's statement, the CFO's review and elsewhere in the Annual Report and Accounts. The Committee also considered the external auditor's findings in respect of these matters. Based on its deliberations the Committee is satisfied with the presentation and explanations of the exceptional items and APMs.

Performance evaluation

A formal evaluation of the Committee's performance will be undertaken before the current year end based on feedback to a questionnaire distributed to Committee members and others who regularly attend Audit Committee meetings and the principal areas identified for improvement addressed.

Committee members have maintained and developed their knowledge and awareness through a combination of self-reading, practical experience, receiving presentations and/or undertaking formal CISI or other provider modules.

Approval

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

Clive Bouch
Audit Committee Chairman

29 July 2022

Remuneration report
year ended 31 March 2022

Introduction

This report details the Directors' remuneration for the year ended 31 March 2022 in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (referred to below as Schedule 8), the 2018 UK Corporate Governance Code, the Listing Rules and the Directors' shareholder-approved Remuneration Policy applicable to that year.

The report is in two parts:

Part A – The Annual Statement from the Remuneration Committee Chairman; and
Part B – The Annual Remuneration Report, which is subject to shareholders' advisory vote.

The Remuneration Policy approved by shareholders at the 2020 Annual General Meeting and effective from 1 April 2021 was replaced by an updated Remuneration Policy approved by Shareholders at the 2021 AGM with immediate effect (28 September 2021). Both the 2020 and 2021 approved Policies are available for inspection on the Group's website at **wcgplc.co.uk** where the former can be found on pages 39 to 42 of the 2020 Annual Report and the latter on pages 50 to 53 of the 2021 Annual Report.

The parts of the Annual Remuneration Report that are subject to audit are identified. The Annual Statement which follows is not subject to audit.

Part A – Annual Statement from the Remuneration Committee Chairman

When I reported last year, I explained that as our result was a financial loss for the year, deliberations regarding salary increases and bonus awards seemed inapt, particularly given the challenges and suffering faced by our stakeholders and communities at large. This year we have seen a strong recovery in our revenue generating performance and improved gross margins reflecting profitability improvement initiatives, but what otherwise would have been a strong profits performance has been marred by exceptional charges that in large part reflect unacceptable failures in our internal control environment (see the Chairman's statement on page 4 and CEO's statement on page 8). We are also experiencing inflationary pressures on salaries in line with the tight labour market and have had to respond proportionately and promptly. These factors have impacted the Remuneration Committee's deliberations and decisions and I draw your attention to six key consequences:

1. The Committee did not authorise the deferred share-based discretionary awards to executive directors that were proposed last year and subject to both shareholder approval and the business continuing to improve profitable trading.
2. No discretionary bonuses will be awarded to Executive Directors in respect of the year.
3. The formulaic bonus pool does not crystallise as profits are insufficient.
4. Executive Directors will not receive any increase in salaries.
5. The Remuneration Committee discussed, challenged and approved salary and bonus proposals for our workforce as presented by Executive Management. Salary increases were generally in the range of 3-4% and bonuses reflected individual and team performance (including consideration of non-financial matters). Amongst other factors, the Committee instructed Management to consider gender pay equality across the workforce and market rates for the sector and geographical areas in which we operate when making their salary and bonus proposals.
6. Separate awards were made to staff moving to our London offices on closure of the Romford office, responding to the impact the transition has on their finances.

The non-payment of Executives' bonuses and their salary freeze was proactively supported by your Company's two Executive Directors. Further, no changes are proposed to Non-Executive Directors' remuneration. From an overall perspective, there have been no material changes in the fixed and variable remuneration and revenue sharing arrangements for our investment managers, associates and sales teams in respect of the year. The Company continues to match shares purchased by staff under the Share Incentive Plan in a ratio of half a matching share for every share the member of staff purchases.

One area Management and the Remuneration Committee have addressed over the past year is the impact of changing legislation. Consultations with members of the workforce affected have taken place, and in particular with our self-employed associates, on proposed modifications to their reward arrangements to align with the new MIFIDPRU Remuneration Code (SYSC 19G).

The Company does not operate a long-term incentive plan. However, consistent with the Board's philosophy to promote share ownership and alignment of Management incentivisation with shareholders, we intend that future proportions of variable awards above certain thresholds will be settled in shares and subject to deferral, malus and clawback. To allow for this the Board is presenting an employee share plan for shareholders' approval at the forthcoming AGM. Details of this arrangement are set out in the Notice of Annual General Meeting which is being issued with this Annual Report and Accounts.

Before closing I would mention that ESG is, of course, an important topic for our stakeholders and your Board believes that addressing ESG challenges are an integral part of Management's day job rather than an additional area to be incentivised. Accordingly, Management's progress in this area will be a relevant consideration by the Remuneration Committee when assessing discretionary variable pay awards. The Remuneration Committee will also be cognisant of Executive Management's performance in remediating our regulatory compliance framework and internal controls and ensuring market standards are maintained.

As you are aware, in the discharge of its duties, the Committee continues to be aided by advice from specialist financial services sector remuneration consultants in relation to corporate governance and regulatory matters, and industry good practice. I would like to express my thanks to them for their work during the year.

Clive Bouch
Remuneration Committee Chairman

29 July 2022

Part B – Annual Remuneration Report

The Remuneration Committee presents its Annual Remuneration Report, which will be put to an advisory shareholder vote at the 2022 AGM. Sections which have been subject to audit are noted accordingly.

Summary of Remuneration Policy and implementation in the year ended 31 March 2022

The table below summarises the Remuneration Policy which was approved by shareholders at the 2021 AGM on 28 September 2021 with effect from that date.

Element	Policy	How implemented in 2021/22
Salaries/Fees	Executive Directors' salaries are to reflect the value of their roles, skills and experience, avoiding excessive risk arising from over-reliance on variable income. Non-Executive Directors' fees are to reflect their skills, experience and roles.	No changes were made in the year.
Annual Profit Share (discretionary allocation from annual bonus pool)	Executive Directors are to be incentivised to deliver annual financial and operational goals through participation in a formulaically determined profit pool aimed at achieving demanding targets for Group profit before tax and increasing shareholder value.	The 2021/22 bonus pool thresholds were 5% of Group profit before tax in excess of £517,000 and 15% of Group profit before tax in excess of £1,294,000. These profit pool thresholds were not triggered and consequently no annual profit share awards made in the year.
Discretionary bonus	The Remuneration Committee may make a discretionary award to the Executive Directors in addition to any allocation, or where no award is made, from the Annual Profit Share to reflect exceptional individual performance and contribution to the Group.	No discretionary bonuses were awarded in the year.
Pension	Employer contributions of 5-10% of base salary paid to a pension scheme of the Executive Director's choice. Approved salary sacrifice arrangements in place.	Employer contributions were made at 10% of base salary for Sean Lam and 7% of base salary for Sanath Dandeniya. Additional salary sacrifice contributions of £nil and £6,000 were made for Sean Lam and Sanath Dandeniya respectively.
Share Incentive Plan ("SIP")	Executive Directors participate in the Group's tax efficient approved SIP (available to all employees) under which the Company may match contributions made by the employee to purchase Company shares.	Matching, which had been suspended with effect from 1 April 2020, was reinstated from 1 April 2021 at the rate of half a Matching Share for every share purchased by the employee.
Other benefits	Additional benefits provided for Executive Directors consist of life cover of four times base salary, permanent health insurance and family medical insurance cover. Non-Executive Directors are reimbursed for expenses incurred in the performance of their duties, grossed up for income tax and national insurance where appropriate.	Benefits maintained in the year at levels in line with those of other full-time employees. There were no expense claims made in the year.

Remuneration report continued
year ended 31 March 2022

Part B – Annual Remuneration Report continued

Remuneration for the year ended 31 March 2022 (audited information)

The table below sets out the remuneration received by the Directors in the year ended 31 March 2022 together with prior year comparatives and includes a single figure for the total remuneration due, or which will become due, to each Director.

		Fixed remuneration				Variable remuneration			
Name of Director	Year	Basic salary/ Fees (Note 1) £	Taxable benefits (Note 2) £	Pension contri-butions (Note 3) £	Total fixed £	Bonus £	SIP matching shares £	Total variable £	Total £
Executive									
Sean Lam	**2022**	**220,000**	**1,924**	**22,000**	**243,924**	**–**	**900**	**900**	**244,824**
	2021	209,000	1,750	20,900	231,650	–	–	–	231,650
Sanath Dandeniya	**2022**	**150,000**	**1,768**	**10,500**	**162,268**	**–**	**900**	**900**	**163,168**
	2021	142,500	1,615	9,975	154,090	–	–	–	154,090
Non-Executive									
Hua Min Lim	**2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	–	–	–	–	–	–	–	–
Clive Bouch	**2022**	**38,570**	**–**	**–**	**38,570**	**–**	**900**	**900**	**39,470**
	2021	36,642	–	–	36,642	–	–	–	36,642
Martin Wright*	**2022**	**42,599**	**–**	**–**	**42,599**	**–**	**–**	**–**	**42,599**
	2021	35,539	–	–	35,539	–	–	–	35,539
David Gelber	**2022**	**42,559**	**–**	**–**	**42,559**	**–**	**900**	**900**	**43,459**
	2021	40,431	–	–	40,431	–	–	–	40,431
Total	**2022**	**493,688**	**3,692**	**32,500**	**529,879**	**–**	**3,600**	**3,600**	**533,479**
	2021	464,112	3,365	30,875	498,352	–	–	–	498,352

* Charles Russell Speechlys LLP received fees of £42,599 (2021: £35,539) for the services of Martin Wright who is a partner in that firm.

Note 1: Basic salary/Fees
The basic salary and fee amounts paid to the Executive and Non-Executive Directors respectively in the year ended 31 March 2021 take account of the 20% waived by them for the three months from April to June 2020 inclusive. The amounts shown for the Executive Directors are prior to any pension contributions made by the Company in respect of any salary sacrifices made.

Note 2: Taxable benefits
The amounts shown represent the cost to the Company of providing family medical insurance cover to the relevant Executive Directors, for the year or part-year concerned.

Note 3: Pension contributions
The amounts shown are the contributions made by the Company to the approved pension scheme of the Executive Director's choice at the entitled rate and do not include any additional salary sacrifice contributions made.

Annual and deferred bonuses for the year ended 31 March 2022

Based on the Group's results and profitability, the Committee has not awarded any discretionary annual bonuses for 2021/22, whether payable in cash or equity, to the Executive Directors.

Outstanding share awards

There were no share options outstanding at 31 March 2022 or 31 March 2021. There are no share option schemes or Long-Term Incentive Plans in place for the Directors. However, as referenced in the Remuneration Committee Chairman's Annual Statement on page 44, shareholders' approval will be sought at the forthcoming AGM to the introduction of an employee share scheme to facilitate the payment of bonus awards partly in shares.

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 2021	**Beneficially owned at 31 March 2022**	**Beneficially owned at 30 June 2022**
Hua Min Lim	12,359,803	**12,359,803**	**12,359,803**
Sean Lam	638,291	**636,460**	**644,842**
Sanath Dandeniya	36,096	**45,838**	**48,083**
David Gelber	197,460	**210,088**	**212,333**
Clive Bouch	49,850	**59,684**	**61,929**
Martin Wright	16,129	**16,129**	**16,129**

The Remuneration Policy approved by shareholders at the 2021 AGM includes a requirement for future share awards to be retained by Executive Directors until a shareholding equal to one year's base salary is achieved, such shares also being subject to a two-year post-employment holding period.

Share Incentive Plan ("SIP")

Employees are eligible to participate in the SIP following three months of service. Employees may contribute 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 Parent Company (Partnership Shares). Partnership Shares are acquired monthly. For every Partnership Share purchased, the intention is that the employee receives one Matching Share (but see the restrictions imposed below).

On 1 April 2020, the Directors, as part of the COVID-19 response to preserve cash and liquidity, suspended the matching option. This continued until 1 April 2021 from when it was decided to reintroduce matching at the rate of half a Matching Share for every Partnership Share purchased. There are no present proposals to increase the level of matching, although this will be kept under review.

A total of 508,978 (2021: 300,597) new Ordinary Shares were issued to the 101 employees who participated in the SIP during the year. At 31 March 2022, 4,007,724 shares were held in the SIP on their behalf, in the employee's name. There were no forfeited shares not allocated to any specific employee.

Matching Shares awarded to Directors and still held under the SIP are as follows (audited information):

Director	31 March 2021	**31 March 2022**
Sean Lam	20,664	**19,409**
Sanath Dandeniya	14,149	**17,011**
David Gelber	54,698	**57,561**
Clive Bouch	15,410	**18,272**

Total pension entitlements (audited information)

There are no defined-benefit Group pension schemes in operation. The Group contributes a percentage of the Executive Directors' basic salaries into personal pension arrangements of their choice. Monthly employer contributions are set in the range of 7-10% of base salary for the present Executive Directors compared with a range of 5-10% for Group employees. In addition, salary sacrifice may be exercised in favour of additional pension contributions.

Payments to past Directors (audited information)

There were no payments made to past Directors in the year.

Loss of office payments (audited information)

No payments were made to any Director for loss of office in the year.

Remuneration report continued
year ended 31 March 2022

Part B – Annual Remuneration Report continued
Chief Executive remuneration
Percentage increase in the remuneration of the Chief Executive

Chief Executive	2021 £	Change	2022 £	Change
Salary	209,000	5.0%	**220,000**	5.3%
Bonus	–		**–**	
Benefits	1,750	2.7%	**1,924**	9.9%
Average per employee (£)				
– salary	41,811	2.6%	**45,961**	9.93%
– bonus	5,150	-21.5%	**8,051**	56.32%

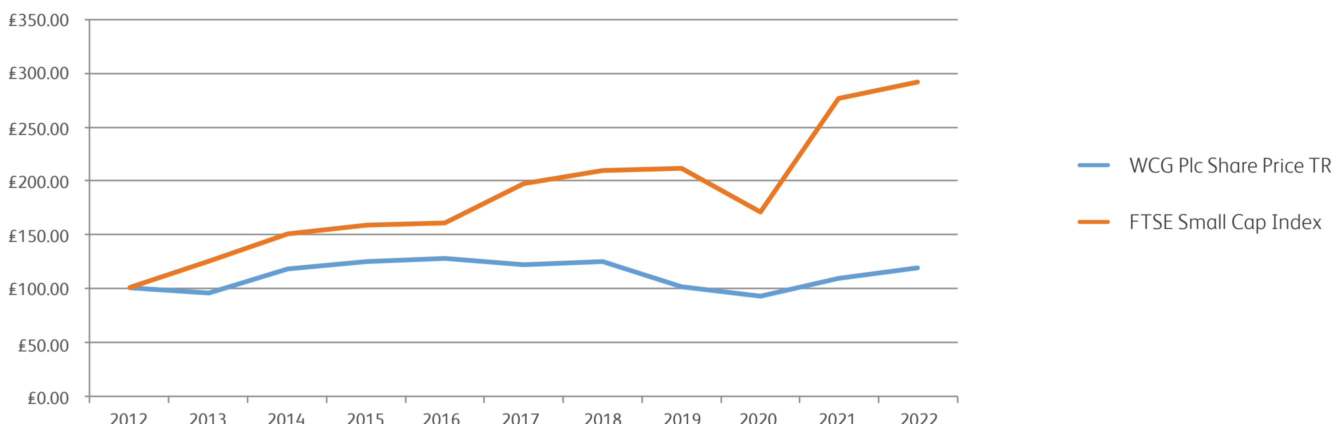
The table above shows the movement in salary and annual bonus for the Chief Executive in the current and previous financial years compared to that of the average group employee. The Committee has chosen this comparator as it provides a better reflection of the earnings of the average Group employee than the movement in the Group's total wage bill, since the latter is subject to distortion by movements in the number of employees. It should be noted that the reported year-on-year increase in the Chief Executive's salary reflects the fact he, together with other Executive Directors, voluntarily took a 20% salary reduction for the three months commencing 1 April 2021 in light of the uncertainties caused by the pandemic.

The table below shows the total remuneration for each of the individuals who has performed the role of Chief Executive during each of the past 10 financial years. The total remuneration figure includes any bonuses awarded based on performance in those years, such bonuses being discretionary within the terms of the applicable remuneration policy and not based on any maximum opportunity. No long-term incentive awards were made to any of the Executive Directors.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Year ended 31 March 2022
Sean Lam	–	–	–	–	–	–	£133,610	£245,517	£245,504	£231,650	**244,824**
Rodney FitzGerald	£174,512	£267,934	£186,769	£187,176	£189,264	£196,119	£69,843	–	–	–	**–**
Total remuneration	£174,512	£267,934	£186,769	£187,176	£189,264	£196,119	£203,453	£245,517	£245,504	£231,650	**244,824**

Performance graph
The graph below shows a comparison between the Group's total shareholder return ("TSR") performance compared with the companies in the FTSE Small Cap Index. The graph compares the value, at 31 March 2022, of £100 invested in Walker Crips Group plc on 31 March 2012 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.

Total shareholder return compared to FTSE Small Cap Index



Relative importance of the spend on pay
The table below shows the movement in spend on staff costs versus that in dividends.

	2021 £'000	**2022 £'000**	Change
Staff costs	12,690	**13,862**	9.24%
Dividends paid	64	**383**	498.44%

The total dividends paid in 2020/21 consisted solely of an interim dividend for that year totalling £64,000 with no final dividend for 2019/20 having been declared or paid due to uncertainties over the economic consequences of the COVID-19 pandemic at that time. As explained on page 5, the Directors are recommending a final dividend in respect of 2021/22 of 1.20 pence per share, which equates to a total amount payable of £511,000.

Remuneration Committee governance
The Committee is governed by formal terms of reference agreed by the Board. The terms of reference were reviewed during the year and revised to ensure they reflect the remit of the Committee and accord with proportionate application of current requirements and good practice, taking into account the size and nature of the business. The Committee's updated terms of reference approved by the Board on 20 July 2021 can be viewed on the Group's website.

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. The Committee consists of four Non-Executive Directors: Clive Bouch (Committee Chairman and also Chairman of the Audit Committee and Senior Independent Director), David Gelber, Hua Min Lim and Martin Wright.

None of the Committee's 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 Committee determines the individual remuneration packages of each Executive Director. The Chief Executive and Group Finance Director attend meetings by invitation and assist the Committee in its deliberations, except when issues relating to their own remuneration are discussed. No Directors are involved in deciding their own remuneration. The Committee can call for external reports and assistance from third-party experts and independent legal advice may be sought as required.

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

The Committee met three times in the year. Matters that were considered and discussed included but were not limited to:

- Proposed revisions to the Remuneration Policy for Executive Directors, including clarification of the annual profit sharing arrangements, the Committee's authority to make discretionary awards and the introduction of minimum shareholding requirements (approved by shareholders at the 2021 AGM).
- Determination of the remuneration of the Chairman and Executive Directors.
- Consideration of any annual incentive awards to Executive Directors in respect of the year to 31 March 2022.
- Oversight of remuneration arrangements for the Group's Senior Management and the policy on pay and conditions of employees throughout the Group.
- Application of risk and conduct considerations to the Group's reward process.
- Consideration of the impact of the prudential remuneration code on the Group's reward structures.
- Review of the Group's Pillar 3 remuneration disclosures.
- Review of the Committee's terms of reference.

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

How the remuneration policy will be applied for the year from 1 April 2022 onwards
As stated earlier in this report, a revised remuneration policy was approved by shareholders at the 2021 AGM for a period of three years from 28 September 2021.

No increases have been made to the salaries of the Executive Directors for the year from 1 April 2022.

The formulaic bonus pool in which the Executive Directors may participate under the revised policy will be based on 5% of Group profit before tax in excess of £517,000 and 15% of Group profit before tax in excess of £1,294,000. The Committee may also award in-year discretionary bonuses for the Executive Directors under the revised policy to reflect exceptional performance and contribution to the Group. Any such awards made, when combined with any allocation from the foregoing bonus pool, may not exceed 100% of the Director's annual base salary and will be predominately in shares subject to minimum shareholding restrictions.

Fees for the Chairman and Non-Executive Directors
The Group's approach to setting Non-Executive Directors' fees is summarised on page 51. These fees are reviewed periodically by the Board.
A summary of current fees for Non-Executive Directors is as follows:

	Directors' fees as at 31 March 2022 £
Martin Wright (Board Chairman)	**42,559**
Clive Bouch (Audit Committee and Remuneration Committee Chairman and Senior Independent Director)	**38,570**
David Gelber	**42,559**

Remuneration report continued
year ended 31 March 2022

Part B – Annual Remuneration Report continued

Fees for the Chairman and Non-Executive Directors continued
Martin Wright, the Group Chairman, has a letter of appointment as a Non-Executive Director 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 Group's Articles of Association. His fees have been increased to £42,559 per annum, plus VAT, plus expenses with effect from his appointment as Chairman on 9 September 2020. He is also reimbursed for expenses incurred on behalf of the Group. His fees are payable to Charles Russell Speechlys LLP, in which he is a partner, quarterly in arrears.

David Gelber was appointed as a Non-Executive Director and Chairman of the Group by a letter of 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 Group's Articles of Association. He stood down as Chairman at the conclusion of the AGM on 9 September 2020 but has continued to serve as a Non-Executive Director. His remuneration is now a fee of £42,559 per annum, plus reimbursement of expenses incurred on behalf of the Group, plus a contribution by the Group to the share incentive plan.

Hua Min Lim has no formal service agreement with and receives no remuneration from the Group.

Clive Bouch was appointed as a Non-Executive Director and later as Chairman of the Audit Committee by a letter of 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 Group's Articles of Association. He replaced Martin Wright as Remuneration Committee Chairman and Senior Independent Director on Martin Wright's appointment as Group Chairman on 9 September 2020. His remuneration is a fee of £38,570 per annum, plus reimbursement of other specific expenses incurred on behalf of the Group and contribution by the Group to the share incentive plan.

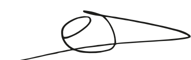
Directors' contracts are available for inspection at the Annual General Meeting or on appointment at our London head office.

LTIP for Executive Directors
There are no LTIP arrangements in place at 31 March 2022 or proposed.

Statement of shareholder voting at General Meeting
At the 2021 and 2020 Annual General Meetings, the Directors' Remuneration Report and the Remuneration Policy received the following proxy votes from shareholders:

	Directors' Remuneration Report		Remuneration Policy	
	Number	percentage	Number	percentage
2021 AGM				
Votes in favour	21,332,880	99.8%	21,307,364	99.6%
Votes cast against	51,900	0.2%	77,416	0.4%
Abstentions	1,077	<0.1%	1,077	<0.1%
2020 AGM				
Votes in favour	16,023,235	96.2%	16,023,235	96.2%
Votes cast against	623,432	3.7%	623432	3.7%
Abstentions	1,077	0.1%	1,077	0.1%

Approval
This report was approved by the Committee and the Board and signed on its behalf by:



Clive Bouch
Remuneration Committee Chairman

29 July 2022

Directors' report
for the year ended 31 March 2022

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 2022.

Results and dividends
Results, distributions and retained profits are as follows:

	2022 £'000	2021 £'000
Retained earnings at 1 April	**11,260**	11,582
Profit/(loss) for the year after taxation	**173**	(258)
Dividends paid	**(383)**	(64)
Retained earnings at 31 March	**11,050**	11,260

The Directors, having considered the impact of the pandemic and Group's liquidity requirements, recommend the payment of a final dividend of 1.20 pence per share (2021: 0.60 pence). The proposed final dividend is subject to shareholder approval at the AGM on 29 September 2022. If approved by shareholders, this will be paid on 7 October 2022 to shareholders on the Company's shareholder register at the close of business on 23 September 2022. The total dividend paid in the year was 1.50 pence per share (2021: 0.75 pence).

Capital structure
Details of the Group's share capital are shown in note 29. The Group 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 Group.

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 Group'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 Group, these shares are restricted from sale for periods of four to six years.

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

With regard to the appointment and replacement of Directors, the Group 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 a 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 32 and 33.

Directors' interests
Directors' emoluments and beneficial interests in the shares of the Company are disclosed in the Directors' remuneration report on pages 44 to 50. Other than noted on page 52, there are no other situations where a Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other than their own service contract), requiring disclosure under the Companies Act 2006.

Related party transactions
Details of related party transactions are disclosed in note 33.

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
We are committed to the principle of equality and equal opportunities in employment. We are opposed to any form of less favourable treatment or financial reward through direct or indirect discrimination, harassment, victimisation to employees or job applicants on the grounds of age, race, religion or belief, marriage or civil partnership, pregnancy or maternity, sex, sexual orientation, gender reassignment or disability.

We recognise our obligations under the Equality Act 2010 and The Codes of Practice published by the Equality and Human Rights Commission and the European Commission for the elimination of discrimination on the grounds of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, maternity and pregnancy and for the elimination of discrimination in pay between men and women who do the same work.

We report that at 31 March 2022: No Directors of the Group's Parent Company were women (2021: nil); 24% of senior managers, being individuals with responsibility for planning, directing or controlling, were women (2021: 29%); and 42% of the Group's employees were women (2021: 40%).

Directors' report continued
for the year ended 31 March 2022

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 Group'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 Group 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 Group's Articles of Association provide for the ability of the Group 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 Group to allot equity securities of up to an aggregate nominal amount of £946,162 and to authorise and empower the Group to allot equity securities.

The Companies Act 2006 permits a public group to purchase its own shares in accordance with the powers contained in its Articles of Association and with the authority of a resolution of shareholders. The Directors believe that the Group should be authorised to take advantage of these provisions and, therefore, pursuant to the power contained in the Group's Articles of Association, it is intended to propose a special resolution at the forthcoming Annual General Meeting to confer authority on the Group 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 Group 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 Group 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 Group to do so. Shareholders should note that any Ordinary Shares purchased by the Group 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 25 to the financial statements.

Substantial shareholdings
As at 31 March 2022, there were no interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Group.

	Number	Percentage
L. W. S. Lim	3,496,694	8.21
L. W. Y. Lim	3,496,694	8.21
L. W. J. Lim	3,496,692	8.21

As at 30 June 2022, the following interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Group were held:

	Number	Percentage
L. W. S. Lim	3,496,694	8.21
L. W. Y. Lim	3,496,694	8.21
L. W. J. Lim	3,496,692	8.21

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: **walkercrips.co.uk**.

Carbon emission reporting

The Board recognises its responsibility to help protect the planet. We are committed to minimising the Group's environmental impact and to support those working to improve global environmental sustainability. The Group's environmental strategy and carbon emissions are reported within the Environmental strategy (including TCFD) report on page 28.

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 Group's auditor is unaware;
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information; and
- a resolution to reappoint the auditor, PKF Littlejohn LLP, will be put to the AGM on 29 September 2022.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Going concern

The Group's forecasts and projections show sufficient cash resources, working capital and regulatory financial resources for its present requirements covering a period extending more than 12 months (see note 2 on page 66 for further details). Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Subsequent events

Details of significant events occurring after the end of the reporting period are given in note 35.

Approval

This report has been approved by the Board and signed on its behalf by:

Sanath Dandeniya
Director

29 July 2022

Statement of Directors' responsibilities

for the year ended 31 March 2022

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 UK-adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006, 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 UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, 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 Group and 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position and 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 United Kingdom 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 UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 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.

Approval

This report has been approved by the Board and signed on its behalf by:

Sanath Dandeniya
Director

29 July 2022

Independent auditor's report
to the members of Walker Crips Group plc

Opinion
We have audited the financial statements of Walker Crips Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company balance sheet, the company statement of changes in equity and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Confirmation of our understanding of management's going concern assessment process. We also engaged with management to ensure all key factors were considered in their assessment.
- We obtained management's going concern assessment, including the cash forecast for a period exceeding twelve months from the date the Directors planned to approve the financial statements. The group has modelled various scenarios in their cash forecasts to incorporate unexpected changes to the forecasted liquidity of the group.
- We reviewed the factors and assumptions included in the cash forecast. We considered the appropriateness of the assumptions and methods used to calculate the cash forecasts and determined that the assumptions and methods utilised were appropriate to be able to make an assessment for the group.
- We reviewed the group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors' considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors' with respect to going concern are described in the relevant sections of this report.

Independent auditor's report continued
to the members of Walker Crips Group plc

Our application of materiality
The scope of our audit was influenced by our application of materiality. We determined materiality for the financial statements as a whole to be £161,000 (2021: £122,000) for the consolidated financial statements using 0.5% of group revenue based on the 30 November 2021 management accounts extrapolated to 31 March 2022. We consider group revenue to be the most stable benchmark and the most relevant determinant of the group's performance used by shareholders.

We used a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This was set at 70% of overall materiality at £112,700 (2021: £85,400).

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of 5% of overall materiality at £8,050 (2021: £6,100) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We reassessed materiality at the end of the audit and did not find it necessary to revise our planning materiality.

Materiality for group financial statements was set at £161,000 and £113,000 for the parent company. Each significant component of the group was audited to an overall materiality ranging between £4,200 and £140,000. Performance materiality was set at 70% of overall materiality for the group, parent company and each significant component. We applied the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatement.

We reassessed materiality at the end of the audit and did not find it necessary to revise our planning materiality.

Our approach to the audit
Our audit approach was developed by obtaining an understanding of the group's activities, the key subjective judgements made by the Directors, for example in respect of significant accounting estimates that involved making assumptions, and considering future events that are inherently uncertain, and the overall control environment, such as impairment of goodwill, impairment of intangible assets and provision for client claims.

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 and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

All the subsidiaries of the group (components) are based in the UK and the group audit team have responsibility for the audit of all components included in the consolidated financial statements. The group consists of nineteen components. Six of the components were determined to be significant components and were subject to full scope audits. The remaining components were considered to be non-significant components and specific audit procedures were performed on material balances.

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

Area	Reason	How our scope addressed this matter
Revenue recognition Refer to notes 3 (accounting policy) and 5 (financial disclosures) of the group financial statements.	Revenue is the most relevant determinant of the group's performance used by shareholders. Inaccurate or incomplete revenue could have a material impact on group performance. The group's revenue amounting to £32,820,000 (2021: £30,348,000) consists of broking income and non-broking income from the following activities: - Stockbroking; - Investment management; - Wealth management; - Pensions administration; and - Interest income. For broking income, the risk is whether the IT system records trades accurately. For non-broking income (e.g., management fees), there is a risk that the calculation is not in accordance with the signed agreements or contracts.	We obtained an understanding and evaluated the design and implementation of controls that the group has established in relation to the recognition of revenue. We gained reliance on IT controls being operating effectively on the group's systems. In addition, we tested key manual controls in WCIM's revenue business cycle to ensure they were operating effectively. We also performed the following tests of detailed procedures tailored to each revenue stream: ***Broking income*** - We used data analytics to verify the commission balances in the underlying system. The commissions revenue data was extracted and reconciled to the figures in the final accounts providing assurance over completeness of the balance. - For a sample of trade commissions, compliance charges and other commissions, we traced revenue recorded to contract notes and deductions from client accounts. - We tested a sample of controls to ensure these were being implemented appropriately including monthly reconciliations, approval of client fees by the investment manager, approval of client fee changes on the IT system and approval of manual adjustments. ***Non-broking income*** - We used data analytics to verify the client fees schedule in the underlying system. The client fees data was extracted and reconciled to the figures in the final accounts providing assurance over completeness of the balance. - For a sample of fees, we obtained invoices and rate confirmation letters/signed client agreements to agree the amount, cut off and % fee applied to the client's Assets Under Management ("AUM"), as well as tracing the revenue to deductions from client accounts or bank receipts. The share prices used for AUM valuations in the sample were agreed to third party sources such as the London Stock Exchange. - A sample of accrued fees at the year-end were agreed to invoices to recalculate the amount accrued, and post year end settlement agreed to deduction from the client account or bank receipts. *Key observations:* Based on the procedures performed, we are satisfied that revenue is appropriately recognised and classified.
Impairment of goodwill Refer to notes 3 (accounting policy) and 17 (financial disclosures) of the group financial statements.	Goodwill amounting to £4,388,000 (2021: £4,388,000) arose from the acquisitions of London York Fund Management Limited and Barker Poland Asset Management LLP in previous years. Impairment of goodwill is considered a significant risk as significant judgement is required to be exercised by the Directors in determining the underlying assumptions used in the annual impairment reviews. Key assumptions include discount rate, long term growth rates, Enterprise Value/Asset Under Management ("EV/AUM") and Price/ Earnings ("P/E") ratios. The use of inappropriate or unsupported assumptions gives rise to the risk of material misstatement in the carrying amount of goodwill.	We obtained an understanding and tested the design and implementation of the group's controls over the impairment assessment process. We evaluated the appropriateness of management's identification of the group's CGUs. We challenged management on the appropriateness of the impairment models and reasonableness of the assumptions used through performing the following: - Benchmarked the group's key market-related assumptions in the models, including discount rates, long term growth rates, EV/AUM and P/E ratios, against external data; - Assessed the reliability of any forecasts through a review of actual past performance and compared to previous forecasts; - Tested the mathematical accuracy and performed sensitivity analyses of the models; - Understood the commercial prospects of the assets, and where possible compared assumptions with external data sources; - Assessed Management's sensitivity analysis showing the impact of a reasonably possible change in underlying assumptions; - Performed our own sensitivity analysis using a range of acceptable assumptions; and - Assessed the adequacy of the disclosures within the financial statements. *Key observations:* Based on the procedures performed, we consider Management's assessment of no impairment on goodwill to be appropriate and the carrying value of goodwill is appropriately stated.

Independent auditor's report continued
to the members of Walker Crips Group plc

Area	Reason	How our scope addressed this matter
Recognition and impairment of intangible assets (client lists) Refer to notes 3 (accounting policy) and 18 (financial disclosures) of the group financial statements.	Intangible assets (client lists) amounting to £5,497,000 (2021: £6,142,000) arise in respect of acquired client lists. Impairment of intangible assets (client lists) is considered a significant risk as significant judgement is required to be exercised by the directors in assessing whether the initial recognition criteria has been met and the estimated useful life is appropriate and supportable.	We obtained an understanding and tested the design and implementation of the group's controls over the impairment assessment process. For intangible assets (client lists), we performed the following: - Verified amounts capitalised in the year against supporting agreements; - Challenged management's assessment that any additions met the required capitalisation criteria; - Performed an assessment on the appropriateness of the useful life; - Reviewed Management's assessment of impairment indicators, considering both internal and external sources of information; and - Assessed the sufficiency of the sensitivity analyses performed by Management, focusing on what we considered to be reasonably possible changes in key assumptions. *Key observations:* Based on the procedures performed, the carrying value of intangible assets (client lists) is appropriately stated.
Provision for client claims Refer to notes 4 (Key sources of estimation uncertainty and judgements) and 27 (Provisions) of the group financial statements.	Provisions for client payments include redress, claims or complaints together with associated costs, amounting to £650,000 (2021: £205,000) arising in the year. Significant judgement is required to be exercised in the assessment of the amount of any provision that should be carried in respect of any redress, open claims or complaints, including any amounts recoverable under the group's professional indemnity insurance.	We evaluated the design and implementation of controls in respect of provisioning for client payments. Our procedures included the following: - Reviewed external legal and other professional advice obtained by Management; - Discussed with Management and reviewed relevant correspondence including the complaints register; - Assessed and challenged Management's conclusions through understanding precedents set in similar cases; and - Reviewed expenses for any litigation costs. *Key observations:* Based on the procedures performed, we consider the provision for client payments to be reasonably stated based on current information.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- 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
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's and parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 39;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate on page 38;
- Directors' statement that they consider the annual report and the financial statements, taken as a whole, to be fair, balanced and understandable set out on page 54;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 38;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 38; and
- The section describing the work of the audit committee set out on page 40.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the Directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the investment management and wealth management sectors.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be arising from Companies Act 2006, Listing Rules, Corporate Governance Code, the rules of the Financial Conduct Authority ("FCA") and the financial reporting framework. Several components within the group are authorised and regulated by the FCA and we considered the extent to which non-compliance with the FCA regulations might have a material effect on the group's financial statements.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included but were not limited to making enquiries of management and those responsible for legal and compliance matters, review of minutes of the Board and papers provided to the audit committee to identify any indications of non-compliance, and review of legal/regulatory correspondence with the FCA.

Independent auditor's report continued
to the members of Walker Crips Group plc

Auditor's responsibilities for the audit of the financial statements continued

- We also identified the possible risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in relation to the recognition of income, the assessment of any impairment of goodwill and client lists and the assessment of the provision for client claims. We addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the audit committee on 14 December 2020 to audit the financial statements for the period ending 31 March 2021 and subsequent financial periods. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 March 2021 and 31 March 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

In addition to the audit, we provided CASS audit services to three subsidiaries within the group. CASS audit services are audit related services and the threat to auditor independence is deemed to be insignificant.

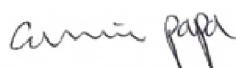
We also provided services in relation to the preparation of the Service Auditor's Report under AAF 01/20. Per section 5.40 of the Ethical Standard the AAF review is a permitted service due to this being assurance work that is authorised by those charged with governance performed on operational controls, where this work is closely linked with the audit work. Throughout the work we will not be taking the role of management or taking decisions on behalf of the entity.

We do not consider there to be any other threats that may impair our objectivity and independence.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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.



Carmine Papa (Senior Statutory Auditor)
For an on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London
E14 4HD

29 July 2022

Consolidated income statement
year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	5	**32,820**	30,348
Commissions and fees paid	7	**(9,110)**	(9,702)
Share of associate after tax profit	8	**57**	66
Gross profit		**23,767**	20,712
Administrative expenses	9	**(21,901)**	(20,271)
Exceptional items	10	**(1,540)**	(419)
Operating profit		**326**	22
Investment revenue	11	**9**	10
Finance costs	12	**(114)**	(146)
Exceptional item – Profit on disposal of associate investment	8 & 10	**103**	–
Profit/(loss) before tax		**324**	(114)
Taxation	14	**(151)**	(144)
Profit/(loss) for the year attributable to equity holders of the Parent Company		**173**	(258)
Earnings/(loss) per share			
Basic and diluted	16	**0.41p**	(0.61)p

The Accounting Policies and Notes on pages 66 to 92 form part of these financial statements.

Consolidated statement of comprehensive income
year ended 31 March 2022

	2022 £'000	2021 £'000
Profit/(loss) for the year	**173**	(258)
Total comprehensive income/(loss) for the year attributable to equity holders of the Parent Company	**173**	(258)

The Accounting Policies and Notes on pages 66 to 92 form part of these financial statements.

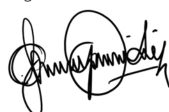
Consolidated statement of financial position

as at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	17	**4,388**	4,388
Other intangible assets	18	**5,752**	6,566
Property, plant and equipment	19	**1,169**	1,477
Right-of-use asset	20	**2,597**	3,612
Investment in associate	8	**–**	2
Investments – fair value through profit or loss	21	**–**	37
		13,906	16,082
Current assets			
Trade and other receivables	22	**50,003**	49,098
Investments – fair value through profit or loss	21	**1,647**	920
Cash and cash equivalents	23	**11,113**	8,855
		62,763	58,873
Total assets		**76,669**	74,955
Current liabilities			
Trade and other payables	26	**(49,625)**	(47,395)
Current tax liabilities		**(132)**	(123)
Deferred tax liabilities	24	**(414)**	(400)
Provisions	27	**(1,137)**	(205)
Lease liabilities	28	**(245)**	(946)
Deferred cash consideration	36	**(89)**	–
		(51,642)	(49,069)
Net current assets		**11,121**	9,804
Long-term liabilities			
Deferred cash consideration	36	**(29)**	(33)
Lease liabilities	28	**(2,300)**	(2,856)
Provision	27	**(586)**	(675)
		(2,915)	(3,564)
Net assets		**22,112**	22,322
Equity			
Share capital	29	**2,888**	2,888
Share premium account	29	**3,763**	3,763
Own shares	30	**(312)**	(312)
Retained earnings	30	**11,050**	11,260
Other reserves	30	**4,723**	4,723
Equity attributable to equity holders of the Parent Company		**22,112**	22,322

The Accounting Policies and Notes on pages 66 to 92 form part of these financial statements. The financial statements of Walker Crips Group plc (Company registration no. 01432059) were approved by the Board of Directors and authorised for issue on 29 July 2022.

Signed on behalf of the Board of Directors



Sanath Dandeniya
Director

29 July 2022

Consolidated statement of cash flows
year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Operating activities			
Cash generated from operations	31	**4,217**	1,806
Tax paid		**(120)**	(379)
Net cash generated from operating activities		**4,097**	1,427
Investing activities			
Purchase of property, plant and equipment		**(119)**	(24)
(Purchase)/sale of investments held for trading		**(342)**	78
Consideration paid on acquisition of intangibles		**(93)**	–
Consideration paid on acquisition of client lists		**–**	(100)
Consideration received on sale of associate		**105**	–
Dividends received	11	**9**	8
Dividends received from associate investment	8	**57**	64
Interest received	11	**–**	2
Net cash (used in)/generated from investing activities		**(383)**	28
Financing activities			
Dividends paid	15	**(383)**	(64)
Interest paid	12	**(21)**	(12)
Repayment of lease liabilities*		**(959)**	(999)
Repayment of lease interest*		**(93)**	(134)
Net cash used in financing activities		**(1,456)**	(1,209)
Net increase in cash and cash equivalents		**2,258**	246
Net cash and cash equivalents at beginning of period		**8,855**	8,609
Net cash and cash equivalents at end of period		**11,113**	8,855

* Total repayment of lease liabilities under IFRS 16 in the period was £1,052,000 (2021: £1,133,000)

The Accounting Policies and Notes on pages 66 to 92 form part of these financial statements.

Consolidated statement of changes in equity

year ended 31 March 2022

	Share capital £'000	Share premium account £'000	Own shares held £'000	Capital redemption £'000	Other £'000	Retained earnings £'000	Total equity £'000
Equity as at 31 March 2020	2,888	3,763	(312)	111	4,612	11,582	22,644
Comprehensive loss for the year	–	–	–	–	–	(258)	(258)
Total comprehensive loss for the year	–	–	–	–	–	(258)	(258)
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(64)	(64)
Total contributions by and distributions to owners	–	–	–	–	–	(64)	(64)
Equity as at 31 March 2021	**2,888**	**3,763**	**(312)**	**111**	**4,612**	**11,260**	**22,322**
Comprehensive income for the year	–	–	–	–	–	173	173
Total comprehensive income for the year	–	–	–	–	–	173	173
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(383)	(383)
Total contributions by and distributions to owners	–	–	–	–	–	(383)	(383)
Equity as at 31 March 2022	**2,888**	**3,763**	**(312)**	**111**	**4,612**	**11,050**	**22,112**

The Accounting Policies and Notes on pages 66 to 92 form part of these financial statements.

Notes to the accounts
year ended 31 March 2022

1. General information
Walker Crips Group plc ("the Company") is the Parent Company of the Walker Crips group of companies ("the Group"). The Company is a public limited company incorporated in the United Kingdom under the Companies Act 2006 and listed on the London Stock Exchange. The nature of the Group's operations and its principal activities are set out on pages 1 to 3. The Group is registered in England and Wales. The address of the registered office is Old Change House, 128 Queen Victoria Street, London EC4V 4BJ.

The significant accounting policies have been disclosed below. The accounting policies for the Group and the Company are consistent unless otherwise stated.

2. Basis of preparation
The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 3. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Group financial statements are presented on pages 61 to 65.

The consolidated financial statements are presented in GBP sterling (£). Amounts shown are rounded to the nearest thousand, unless stated otherwise.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, and are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Group operates. The principal accounting policies adopted are set out below and have been applied consistently to all periods presented in the consolidated financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Going concern
The financial statements of the Group have been prepared on a going concern basis. At 31 March 2022, the Group had net assets of £22.11 million (2021: £22.32 million), net current assets of £11.1 million (2021: £9.8 million) and cash and cash equivalents of £11.1 million (2021: £8.9 million). The Group reported an operating profit of £326,000 for the year ended 31 March 2022 (2021: £22,000), inclusive of exceptional expense of £1,540,000 (2021: £419,000), and net cash inflows from operating activities of £4.2 million (2021: £1.8 million).

The Directors consider the going concern basis to be appropriate following their assessment of the Group's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the Directors have taken into account the following:

- The Group's three-year base case projections based on current strategy, trading performance, expected future profitability, liquidity, capital solvency and dividend policy.
- Outcome of stress scenarios applied to the Group's base case projections prior to deployment of Management actions.
- The principal risks facing the Group and its systems of risk management and internal control.
- The Group's ability to generate positive operating cash flow during the year to 31 March 2022 and the projections over the next three years.

Key assumptions that the Directors have made in preparing the base case cash flow forecasts are that:

- Revenues reflect the impact of (i) expected client and revenue losses from Truro IM resignation, (ii) net interest income from managing client deposits prudently capped at £1.2 million, and (iii) no further significant impact from the pandemic other than what is already known. The total revenue is expected to increase by 1.27% with gains from fee income offset by the lower trading commissions. Years two and three growth expectation set conservatively at 2%.
- Base case costs prudently reflect only the actions Management has taken to date.

Key stress scenarios that the Directors have then considered include:

- A "bear stress scenario": representing a further 10% fall in income compared to the base case scenario in the reporting periods ending 31 March 2023 and 31 March 2024.
- A remote "severe stress scenario": representing a 20% fall in commission income and 15% fall in fee income compared to the base case for each forecast period.
- Both stress scenarios assume no mitigating actions and include a further prudent adjustment for the estimation uncertainty in respect of certain provisions (see note 4 on page 74).

Liquidity and regulatory capital resource requirements exceed the minimum thresholds in both the base and bear scenarios. However, in the severe stress scenario, although the Group has positive liquidity throughout the period, the negative impact on our prudential capital ratio is such that it is projected to fall below the regulatory requirement in January 2024. The Directors consider this scenario to be remote in view of the prudence built into the base case planning and that further mitigations available to the Directors are not reflected therein. Such mitigating actions within Management control include reduction in proprietary risk positions, delayed capital expenditure, further reductions in discretionary spend and additional reduction in employee headcount. Other mitigating actions which may be possible include seeking shareholder support, sale of assets and stronger cost reductions.

Following the assessment of the Group's financial position and its ability to meet its obligations as and when they fall due, including the financial implications of the pandemic, the Directors are not aware of any material uncertainties that cast significant doubt on the Group's ability to continue as a going concern.

Standards and interpretations affecting the reported results or the financial position

The accounting standards adopted are consistent with those of the previous financial year. Amendments to existing IFRS standards did not have a material impact on the Group's Consolidated Income Statement or the Statement of Financial Position.

The Group does not expect standards yet to be adopted by the UK endorsement body ("UKEB") to have a material impact in future years.

3. Significant accounting policies

Basis of consolidation

The Group financial statements consolidate the financial statements of the Group and companies controlled by the Group (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 to direct relevant activities of 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.

Entities where the interest is 49% or less are assessed for potential treatment as a Group company against the control tests outlined in IFRS 10, being power over the investee, exposure or rights to variable returns and power over the investee to affect the amount of investors' returns.

All intercompany 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. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Interests in associate

An associate is an entity in which the Group has significant influence, but not control or joint control. The Group uses the equity method of accounting by which the equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate.

The Group had a 33% associate investment in Walker Crips Property Income Limited ("WCPIL"). This investment was disposed fully during the period (see note 8).

Notes to the accounts continued
year ended 31 March 2022

3. Significant accounting policies continued

Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is 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 acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) 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, when separate payments are made to acquire clients' assets by adding teams of investment managers, or when acquiring the ownership of client relationships from retiring in-house self-employed investment managers.

The cost of acquired client lists and businesses generating revenue from clients and investment managers are capitalised. These costs are amortised on a straight-line basis over their expected useful lives of three to twenty years at inception. The amortisation period and amortisation method for intangible assets are reviewed at least each financial year end. All intangible assets have a finite useful life.

Amortisation of intangible fixed assets is included within administrative expenses 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.

(c) Software licences

Computer software which is not an integral part of the related hardware is recognised as an intangible asset when the Group is expected to benefit from future use of the software and the costs are reliably measured and amortised using the straight-line method over a useful life of up to five years.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

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.

Revenues recognised under IFRS 15

Revenue from contracts with customers:

- Gross commissions on stockbroking activities are recognised on those transactions whose trade date falls within the financial year, with the execution of the trade being the performance obligation at that point in time.
- In Walker Crips Investment Management, fees earned from managing various types of client portfolios are accrued daily over the period to which they relate with the performance obligation fulfilled over the same period.
- Fees in respect of financial services activities of Walker Crips Wealth Management are accrued evenly over the period to which they relate with the performance obligation fulfilled over the same period.
- Fees earned from structured investments are recognised on the date the underlying security of the structured investment is traded and settled, with the execution of the trade being the performance obligation at that point in time.
- Fees earned from software offering, Software as a Service ("SaaS"), are accrued evenly over the period to which they relate with the performance obligation fulfilled over the same period.

Other incomes:

- Interest is recognised as it accrues in respect of the financial year.
- Dividend income is recognised when:
  - The Group's right to receive payment of dividends is established;
  - When it is probable that economic benefits associated with the dividend will flow to the Group;
  - The amount of the dividend can be reliably measured; and
- Gains or losses arising on disposal of trading book instruments and changes in fair value of securities held for trading purposes are both recognised in profit and loss.

The Group does not have any long-term contract assets in relation to customers of any fixed and/or considerable lengths of time which require the recognition of financing costs or incomes in relation to them.

Operating expenses

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

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 include:

1. profits or losses on disposal or closure of 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 the current period are explained in note 10.

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 of the Group's companies are presented in Pounds Sterling, which is the functional currency of the Group 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.

Where consideration is received in advance of revenue being recognised, the date of the transaction reflects the date the consideration is received.

Notes to the accounts continued
year ended 31 March 2022

3. Significant accounting policies continued

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	$33^1/_3$% per annum on cost
Computer software	between 20% and $33^1/_3$% per annum on cost
Leasehold improvements	over the term of the lease
Furniture and equipment	$33^1/_3$% per annum on cost

Right-of-use assets held under contractual arrangements are depreciated over the lengths of their respective contractual terms, as prescribed under IFRS 16.

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 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 for the period comprises current and deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates, unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

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.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus transaction costs. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss ("FVTPL") are expensed in the income statement. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

The Group does not use hedge accounting.

a) Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVTOCI"); or
- Amortised cost.

Financial assets are classified as current or non-current depending on the contractual timing for recovery of the asset. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Debt instruments
Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets, to collect both the contractual cash flows and cash flows arising from the sale of assets, or solely or mainly to collect cash flows arising from the sale of assets. Factors considered by the Group include past experience on how the contractual cash flows for these assets were collected, how the assets' performance is evaluated, and how risks are assessed and managed.

Cash flow characteristics of the asset: Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' contractual cash flows represent solely payments of principal and interest ("the SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending instrument.

Based on these factors, the Group classifies its debt instruments into one of two measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVTPL, are measured at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation, using the effective interest rate method, of any difference between that initial amount and the maturity amount, adjusted by any ECL recognised. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount. Interest income from these financial assets is included within investment revenues using the effective interest rate method.

Fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at fair value through profit or loss.

Reclassification
The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Impairment
The Group assesses on a forward-looking basis the ECL associated with its debt instruments held at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. On initial recognition, the Group recognises a 12-month ECL. At the reporting date, if there has been a significant increase in credit risk, the loss allowance is revised to the lifetime expected credit loss.

The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group adopts the simplified approach to trade receivables and contract assets, which allows entities to recognise lifetime expected losses on all assets, without the need to identify significant increases in credit risk (i.e. no distinction is needed between 12-month and lifetime expected credit losses).

(ii) Equity instruments
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 instrument within the timeframe established by the market concerned, and are initially measured at fair value.

The Group subsequently measures all equity investments at fair value through profit and loss. Changes in the fair value of financial assets at FVTPL are recognised in revenue within the Consolidated income statement.

(iii) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current liabilities in the statement of financial position.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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year ended 31 March 2022

3. Significant accounting policies continued

Financial assets and liabilities continued

b) Financial liabilities

Classification and subsequent measurement
Financial liabilities are classified and subsequently measured at amortised cost.

Financial liabilities are derecognised when they are extinguished.

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 classified at amortised cost. Due to their short-term nature, their carrying amount is considered to be the same as their fair value.

Bank overdrafts
Interest-bearing bank overdrafts are initially measured at fair value and shown within current liabilities. 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
Ordinary Shares are classified as equity.

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

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders, until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Share Incentive Plan ("SIP")
The Group has an incentive policy to encourage all members of staff to participate in the ownership and future prosperity of the Group. All employees can participate in the SIP following three months of service. Employees may contribute 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 Parent Company (Partnership Shares). Partnership Shares are acquired monthly.

In response to mitigate some perceived impacts from the pandemic on the Group, the matching option was temporarily suspended during the 12-month period to 31 March 2021. On 1 April 2021, the matching option was reinstated to one-half for every Partnership Share purchased. This arrangement will continue until 31 March 2022. All shares awarded under this scheme have been purchased in the market by the Trustees of the SIP.

Provisions
Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Long-term liabilities – deferred cash and shares 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. The value of shares in all cases is derived by a formula based on the value of client assets received in conjunction with the prevailing share price at the date of issue which in turn determines the number of shares issuable.

Pension costs
The Group contributes to defined contribution personal pension schemes for selected employees. For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The contribution rate is based on annual salary and the amount is charged to the income statement on an accrual basis.

Dividends paid
Equity dividends are recognised when they become legally payable. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. There is no requirement to pay dividends unless approved by the shareholders by way of written resolution where there is sufficient cash to meet current liabilities, and without detriment of any financial covenants, if applicable.

Leases
The Group leases various offices, software and equipment that are recognised under IFRS 16. The Group's lease contracts are typically made for fixed periods of 2 to 10 years and extension and termination options enabling maximise operational flexibility are included in a number of property and software leases across the Group.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases held by the Group, the lessee's incremental borrowing rate is used.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjust to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- make adjustments specific to the lease, for example term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the lease term and the useful economic life of the underlying asset on a straight-line basis.

The Group does not have any leasing activities acting as a lessor.

Earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than Ordinary Shares;
- by the weighted average number of Ordinary Shares outstanding during the financial year, adjusted for bonus elements in Ordinary Shares issued during the year and excluding treasury shares (note 16).

There are currently no obligations present that could have a dilutive effect on Ordinary Shares.

Share-based payments
Share-based payments are remuneration payments to selected employees that take the form of an award of shares in Walker Crips Group plc. Employees are not able to exercise such awards in full until three years after the award has been made (the vesting period).

Equity-settled share-based payments to employees are measured at fair value of the equity instruments at the date of grant. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 37.

As the share-based payment awards are for fully paid free shares, fair value is measured as the market value of the shares at each grant date.

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 the number of shares that will eventually vest. At each reporting date, the Group revises its estimate of the shares expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate.

Notes to the accounts continued
year ended 31 March 2022

4. Key sources of estimation uncertainty and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 17. The carrying amount of goodwill at the balance sheet date was £4.4 million (2021: £4.4 million) as shown in note 17.

Other intangible assets – judgement

Acquired client lists are capitalised based on current fair values. During the year, one intangible asset, a client list, was purchased by subsidiary Walker Crips Investment Management Limited. 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 combination 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 twenty years to be both appropriate and in line with peers.

Key assumptions in this regard consist of the following:

1. The continuing going concern of the Company;
2. Life expectancy of clients based on the Office for National Statistics;
3. Succession plans in place for staff and investment managers;
4. Amounts of AUMA are consistent on average;
5. A growth rate of client list AUMA of a conservative 2%; and
6. A discount rate of 12%.

Provisions – estimation and judgement

The Company has provided for the estimated cost of the project relating to the upgrade of its financial crime control framework, which was subject to an independent review that highlighted the need for significant improvement. The costs of the review and to implement the remediation are estimated to be £595,000, of which £455,000 remains provided at year end. Management has a detailed project plan underpinning the estimate for the remaining provision, but this includes assumptions regarding required resources which may change.

A provision has also been made for Management's present estimate for potential customer redress and associated costs although the review remains at an early stage. Management has engaged third-party legal and regulatory expert advice and opinion to assist in this matter and ensure a fair customer outcome is achieved. The Group's insurers have been kept informed of this matter although at this time no asset has been recognised for any potential insurance recovery until the extent of cover has been formally agreed. As work remains ongoing the estimated provision is subject to change. Areas of estimation uncertainty remain the appropriateness of the methodology and validation of input assumptions pending legal and regulatory expert advice.

In light of the uncertainty in respect of the above two provisions, for the purposes of the going concern and viability assessment, Management has prudently applied a 50% adverse stress to the amounts provided. It is noted that there also may be downward revisions to the estimates and, in respect of client redress, insurance recoveries pending further discussions with and the agreement of insurers.

Finally, the Company established dilapidation provisions based on quotes and reasonable estimates of the amounts for works, as well as appropriate rates of inflation and discount rates (see below).

IFRS 16 "Leases" – estimation and judgement

IFRS 16 requires certain judgements and estimates to be made and those significant judgements are explained below.

- The Group has opted to use single discount rates for leases with reasonably similar characteristics. The discount rates used have had an impact on the right-of-use assets' values, lease liabilities on initial recognition and lease finance costs included within the income statement.
- Where a lease includes the option for the Group to extend the lease term, the Group has exercised the judgement, based on current information, that such leases will be extended to the full length available, and this is included in the calculation of the value of the right-of-use assets and lease liabilities on initial recognition and valuation at the reporting date.

Provision for dilapidations – estimation and judgement

The Group has made provisions for dilapidations under six leases for its offices. The Group did not enter into any new property leases in the period. During the year, £16,000 of additional provisions were recognised, including £4,000 of interest and released a further £77,000 of excess provision, totalling £618,000 provision at 31 March 2022.

The amounts of the provisions are, where possible, estimated using quotes from professional building contractors. The property, plant and equipment elements of the dilapidations are depreciated over the terms of their respective leases. The liabilities in relation to dilapidations are inflated using an estimated rate of inflation and discounted using appropriate gilt rates to present value. The change in liability attributable to inflation and discounting is recognised in interest expense.

5. Revenue

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

	2022			2021		
	Broking income £'000	**Non-broking income £'000**	**Total £'000**	Broking income £'000	Non-broking income £'000	Total £'000
Stockbroking commission	**8,044**	**–**	**8,044**	9,009	–	9,009
Fees and other revenue	**–**	**22,931**	**22,931**	–	19,733	19,733
Investment management	**8,044**	**22,931**	**30,975**	9,009	19,733	28,742
Wealth management, Financial planning and pensions	**15**	**1,830**	**1,845**	–	1,606	1,606
Revenue	**8,059**	**24,761**	**32,820**	9,009	21,339	30,348
Investment revenue (see note 11)	**–**	**9**	**9**	–	10	10
Total income	**8,059**	**24,770**	**32,829**	9,009	21,349	30,358
% of total income	**24.5%**	**75.5%**	**100.0%**	29.7%	70.3%	100.0%

Timing of revenue recognition

The following table presents operating income analysed by the timing of revenue recognition of the operating segment providing the service:

2022	**Investment management £'000**	**Wealth management £'000**	**SaaS £'000**	**Consolidated year ended 31 March 2022 £'000**
Revenue from contracts with customers				
Products and services transferred at a point in time	**11,894**	**260**	**38**	**12,192**
Products and services transferred over time	**17,917**	**1,585**	**–**	**19,502**
Other revenue				
Products and services transferred at a point in time	**404**	**–**	**–**	**404**
Products and services transferred over time	**722**	**–**	**–**	**722**
	30,937	**1,845**	**38**	**32,820**

2021	Investment management £'000	Wealth management £'000	SaaS £'000	Consolidated year ended 31 March 2021 £'000
Revenue from contracts with customers				
Products and services transferred at a point in time	10,389	161	16	10,566
Products and services transferred over time	16,393	1,425	–	17,818
Other revenue				
Products and services transferred at a point in time	1,089	20	–	1,109
Products and services transferred over time	855	–	–	855
	28,726	1,606	16	30,348

Notes to the accounts continued
year ended 31 March 2022

6. Segmental analysis

For segmental reporting purposes, the Group currently has three operating segments; Investment management, being portfolio-based transaction execution and investment advice; Wealth management, being financial planning and pensions administration; and Software as a Service ("SaaS") comprising provision of regulatory and admin software and bespoke cloud software to companies. Unallocated corporate expenses, assets and liabilities are not considered to be allocatable accurately, or fairly, under any known basis of allocation and are therefore disclosed separately.

Walker Crips Investment Management's activities focus predominantly on investment management of various types of portfolios and asset classes.

Walker Crips Wealth Management provides advisory and administrative services to clients in relation to their financial planning, life insurance, inheritance tax and pension arrangements.

EnOC Technologies Limited ("EnOC") provides the regulatory and admin software, Software as a Service ("SaaS"), to their business partners, including all WCG's regulated entities. Fees payable by subsidiary companies to EnOC have been eliminated on consolidation and are excluded from segmental analysis.

Revenues between Group entities, and in turn reportable segments, are excluded from the segmental analysis presented below.

The Group does not derive any revenue from geographical regions outside of the United Kingdom.

2022	Investment management £'000	Wealth management £'000	SaaS £'000	Consolidated year ended 31 March 2022 £'000
Revenue				
Revenue from contracts with customers	29,811	1,845	38	31,694
Other revenue	1,126	–	–	1,126
Total revenue	30,937	1,845	38	32,820
Results				
Segment result	1,160	(258)	(102)	800
Unallocated corporate expenses				(474)
				326
Investment revenue				9
Finance costs				(114)
Profit on disposal of associate investment				103
Profit before tax				324
Tax				(151)
Profit after tax				173

2022	Investment management £'000	Wealth management £'000	SaaS £'000	Consolidated year ended 31 March 2022 £'000
Other information				
Capital additions	466	5	–	471
Depreciation	260	43	–	303
Statement of financial positions				
Assets				
Segment assets	71,823	77	390	72,290
Unallocated corporate assets				4,379
Consolidated total assets				76,669
Liabilities				
Segment liabilities	52,189	235	237	52,661
Unallocated corporate liabilities				1,896
Consolidated total liabilities				54,557

2021	Investment management £'000	Wealth management £'000	SaaS £'000	Consolidated year ended 31 March 2021 £'000
Revenue				
Revenue from contracts with customers	26,782	1,586	16	28,384
Other revenue	1,944	20	–	1,964
Total revenue	28,726	1,606	16	30,348
Results				
Segment result	1,333	(127)	(127)	1,079
Unallocated corporate expenses				(1,057)
				22
Investment revenue				10
Finance costs				(146)
Loss before tax				(114)
Tax				(144)
Loss after tax				(258)

2021	Investment management £'000	Wealth management £'000	SaaS £'000	Consolidated year ended 31 March 2021 £'000
Other information				
Capital additions	91	201	–	292
Depreciation	304	71	–	375
Statement of financial positions				
Assets				
Segment assets	67,297	1,138	369	68,804
Unallocated corporate assets				6,151
Consolidated total assets				74,955
Liabilities				
Segment liabilities	48,486	328	10	48,824
Unallocated corporate liabilities				3,809
Consolidated total liabilities				52,633

7. Commissions and fees paid

Commissions and fees paid comprises:

	2022 £'000	2021 £'000
To authorised external agents	**61**	63
To self-employed certified persons	**9,049**	9,639
	9,110	9,702

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year ended 31 March 2022

8. Investment in associate

	2022 £'000	2021 £'000
Brought forward	**2**	–
Share of after-tax profit	**57**	66
Dividends	**(57)**	(64)
Disposals	**(2)**	–
Carried forward	**–**	2

The Group disposed of its 33.33% interest in its associate, Walker Crips Property Income Limited ("WCPIL"), during the year for a consideration of £105,000. The brought forward value of the Group's share of net assets in WCPIL was £2,000. The Board of WCPIL submitted management accounts to 31 December 2021 reporting an after-tax profit of £171,000, giving the Group a £57,000 entitlement from which a dividend of £57,000 was paid to the Group in the period.

9. Profit/(loss) for the year

Profit/(loss) for the year on continuing operations has been arrived at after charging:

	2022 £'000	2021 £'000
Depreciation of property, plant and equipment (see note 19)	**303**	375
Depreciation of right-of-use assets (see note 20)	**873**	961
Amortisation of intangibles (see note 18)	**862**	837
Staff costs (see note 13)	**13,862**	12,690
Recharge of staff costs	**(725)**	(710)
Settlement costs	**1,143**	1,148
Communications	**1,260**	1,195
Regulatory costs	**765**	756
Computer expenses	**790**	595
Other expenses	**2,540**	2,221
Auditor's remuneration	**223**	203
	21,901	20,271

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

	2022 £'000	2022 %	2021 £'000	2021 %
Audit services				
Fees payable to the Company's auditor for the audit of its annual accounts	**51**	**23**	57	28
The audit of the Company's subsidiaries pursuant to legislation – current year	**119**	**53**	133	66
Non-audit services				
FCA client assets reporting	**13**	**6**	13	6
AAF Review	**40**	**18**	–	–
	223	**100**	203	100

10. Exceptional items

Certain amounts are disclosed separately in order to present results which are not distorted by significant items of income and expenditure due to their nature and materiality.

	2022 £'000	2021 £'000
Exceptional items included within operating profit		
Change in fair value of deferred consideration	–	31
Restructuring, redundancy and other costs	516	388
Net compensation income	(221)	–
Financial crime control framework review and remediation	595	–
Client redress and associated costs	650	–
Operating exceptional items	1,540	419
Other		
Profit on disposal of associate investment	(103)	–
Total exceptional items	1,437	419

In the prior year, the Group incurred professional fees and other expenses relating to the actions taken in response to the pandemic, including restructuring and redundancy costs, and a contractual dispute. In addition, the Group recognised a change in fair value of deferred consideration in respect of acquired client relationships.

In the current year, the following items have been classified as exceptions due to their materiality and non-recurring nature. These are:

a) Completion of the Group's restructuring and redundancy activity commenced during the pandemic;

b) The Group received compensation under a confidential settlement agreement, without admission of liability by either party in relation to a dispute;

c) The costs of an independent review and resulting actions to remediate and enhance the Group's financial crime framework. See notes 4 and 27;

d) The actions of an associate combined with an internal control failure resulted in customer detriment. Provision has been made for the present estimate of redress and associated costs. We are working with our insurers to confirm scope of cover and any future recovery will also be treated as an exceptional item. See notes 4 and 27; and

e) The Group disposed of its 33.33% interest in its associate, Walker Crips Property Income Limited ("WCPIL").

In total, £1,437,000 has been expensed in the current year. The Directors acknowledge this is a significant amount but consider transparent disclosure and explanation provides readers with an improved understanding of the Group results.

11. Investment revenue

Investment revenue comprises:

	2022 £'000	2021 £'000
Interest on bank deposits	–	2
Dividends from equity investment	9	8
	9	10

12. Finance costs

Finance costs comprises:

	2022 £'000	2021 £'000
Interest on lease liabilities	(93)	(134)
Interest on dilapidation provisions	(11)	(2)
Interest on overdue liabilities	(10)	(10)
	(114)	(146)

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year ended 31 March 2022

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

	2022 £'000	2021 £'000
Wages and salaries	11,561	10,643
Social security costs	1,197	1,074
Share incentive plan	57	94
Other employment costs	1,047	879
	13,862	12,690

Staff costs do not include commissions payable mainly to self-employed account executives, as these costs are included in total commissions payable to self-employed certified persons disclosed in note 7. At the end of the year there were 39 certified self-employed account executives (2021: 40). Please see page 46 for details of Directors' remunerations.

The average number of staff employed during the year was:

	2022 Number	2021 Number
Executive Directors	2	2
Certified and approved staff	54	60
Other staff	152	150
	208	212

The table incorporates the new staff classification under Senior Managers and Certification Regime ("SM&CR").

14. Taxation
The tax charge is based on the loss/profit for the year of continuing operations and comprises:

	2022 £'000	2021 £'000
UK corporation tax at 19% (2021: 19%)	131	96
Prior year adjustments	(66)	111
Origination and reversal of timing differences during the current period	86	(63)
	151	144

Corporation tax is calculated at 19% (2021: 19%) of the estimated assessable profit for the year.

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

	2022 £'000	2021 £'000
Profit/(loss) before tax	324	(114)
Tax on profit/(loss) on ordinary activities at the standard rate UK corporation tax rate of 19% (2021: 19%)	62	(22)
Effects of:		
Tax rate changes for deferred tax	108	–
Expenses not deductible for tax purposes	21	22
Prior year adjustment	(66)	111
Fixed asset differences	26	63
Other	–	(30)
	151	144

Current tax has been provided at the rate of 19%. Deferred tax has been provided at 19% (2021: 19%).

The exceptional charge of £1,437,000 (2021: £419,000), disclosed separately on the Consolidated income statement, is tax deductible to the value of £373,000 (2021: £80,000) of corporation tax. Classifying these credits/costs as exceptional has no effect on the tax liability.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the UK corporation tax rate will increase from 19% to 25%. This will have a consequential effect on the Group's future tax charge.

15. Dividends

When determining the level of proposed dividend in any year a number of factors are taken into account including levels of profitability, future cash commitments, investment needs, shareholder expectations and prudent buffers for maintaining an adequate regulatory capital surplus. Amounts recognised as distributions to equity holders in the period:

	2022 £'000	2021 £'000
Final dividend for the year ended 31 March 2021 of 0.60p (2020: 0.00p) per share	**255**	–
Interim dividend for the year ended 31 March 2022 of 0.30p (2021: 0.15p) per share	**128**	64
	383	64
Proposed final dividend for the year ended 31 March 2022 of 1.20p (2021: 0.60p) per share	**511**	256

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.

16. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share for continuing operations is based on the post-tax profit for the financial year of £173,000 (2021: post-tax loss of £258,000) and divided by 42,577,328 (2021: 42,577,328) Ordinary Shares of $6^{2}/_{3}$ pence, being the weighted average number of Ordinary Shares in issue during the year.

No dilution to earnings/(loss) per share in the current year or in the prior year.

The calculation of the basic earnings/(loss) per share is based on the following data:

	2022 £'000	2021 £'000
Earnings/(loss) for the purpose of basic earnings/(loss) per share being net profit/(loss) attributable to equity holders of the Parent Company	**173**	(258)

Number of shares

	2022 Number	2021 Number
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**42,577,328**	42,577,328

This produced basic earnings per share of 0.41 pence (2021: basic loss per share of 0.61 pence).

17. Goodwill

	£'000
Cost	
At 1 April 2020	7,056
At 1 April 2021	7,056
At 31 March 2022	**7,056**
Accumulated impairment	
At 1 April 2020	2,668
At 1 April 2021	2,668
Impaired during the year	–
At 31 March 2022	**2,668**
Carrying amount	
At 31 March 2022	**4,388**
At 31 March 2021	4,388

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year ended 31 March 2022

17. 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:

	2022 £'000	2021 £'000
London York Fund Managers Limited CGU ("London York")	**2,901**	2,901
Barker Poland Asset Management LLP CGU ("BPAM")	**1,487**	1,487
	4,388	4,388

The recoverable amounts of the CGUs have been determined based upon value-in-use calculations for the London York CGU and fair value, less costs of disposal for the BPAM CGU.

The London York computation was 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% and the expected changes to revenues and costs during the five-year projection period based on discussions with Senior Management, past experience, future expectations in light of anticipated market and economic conditions, comparisons with our peers and widely available economic and market forecasts. 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 London York CGU. The base value-in-use cash flows were stress tested for an increase in discount rates to 16% and a 20% fall in net inflows resulting in no impairment.

The discount rate would need to increase above 16% for the London York CGU value-in-use to equal the respective carrying values. Revenues would need to fall by £341,000 per annum in present value terms for the London York CGU value-in-use to equal the respective carrying values.

The BPAM CGU recoverable amount was assessed, in accordance with IAS 36, by adopting the higher method of the fair value less cost of disposal to determine the recoverable amount (as opposed to the lower value-in-use). The recoverable amount at the year-end calculated for the BPAM CGU, determined by the fair value less cost of disposal, exceeded that produced by the value-in-use calculation. The fair value less cost of disposal amounted to £7.8 million (2021: £5.4 million) with headroom, after selling costs, of £4.2 million (2021: £1.7 million) after applying price earnings multiples based on the average of the Group's and its peers' published results. Accordingly, this measurement is classified as fair value hierarchy Level 3 having used valuation techniques not based on directly observable market data. A 58% decrease in BPAM's profit after tax would result in potential impairment of £15,000.

18. Other intangible assets

	Software licences £'000	Client lists £'000	Total £'000
Cost			
At 1 April 2020	44	10,572	10,616
Reclassification of software as intangibles*	2,783	–	2,783
Additions in the year	56	93	149
At 1 April 2021	2,883	10,665	13,548
Reclassification of assets relating to IFRS 16	(45)	–	(45)
Additions in the year	61	32	93
At 31 March 2022	**2,899**	**10,697**	**13,596**
Amortisation			
At 1 April 2020	25	3,890	3,915
Reclassification of software as intangibles*	2,230	–	2,230
Charge for the year	204	633	837
At 1 April 2021	2,459	4,523	6,982
Charge for the year	185	677	862
At 31 March 2022	**2,644**	**5,200**	**7,844**
Carrying amount			
At 31 March 2022	**255**	**5,497**	**5,752**
At 31 March 2021	424	6,142	6,566

* During the previous year, the cost and accumulated depreciation of software assets were reclassified as intangible assets from property, plant and equipment. There was no impact to the Consolidated income statement in the current or prior years.

The intangible assets are amortised over their estimated useful lives in order to determine amortisation rates. "Client lists" are assessed on a client-by-client basis and are amortised over periods of three to twenty years and "Software licences" are amortised over five years. There are no indications that the value attributable to client lists or software licences should be impaired.

19. Property, plant and equipment

Owned fixed assets	Leasehold improvement, furniture and equipment £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
1 April 2020	2,833	2,793	1,435	7,061
Reclassification of assets*	(121)	(10)	126	(5)
Reclassification of software as intangibles**	–	(2,783)	–	(2,783)
Additions in the year	54	–	21	75
At 1 April 2021	2,766	–	1,582	4,348
Reclassification of assets*	(73)	–	–	(73)
Dilapidation asset reassessment	(50)	–	–	(50)
Additions in the year	110	–	8	118
At 31 March 2022	**2,753**	**–**	**1,590**	**4,343**
Accumulated depreciation				
1 April 2020	1,063	2,301	1,367	4,731
Reclassification of assets*	19	(71)	47	(5)
Reclassification of software as intangibles**	–	(2,230)	–	(2,230)
Charge for the year	298	–	77	375
1 April 2021	1,380	–	1,491	2,871
Charge for the year	253	–	50	303
At 31 March 2022	**1,633**	**–**	**1,541**	**3,174**
Carrying amount				
At 31 March 2022	**1,120**	**–**	**49**	**1,169**
At 31 March 2021	1,386	–	91	1,477

* Adjustments were made in the year to reclassify assets more appropriately between asset classes. The net impact of these adjustments in asset costs and accumulated depreciation was nil and did not require changes or corrections to depreciation policy.

** The cost and accumulated depreciation of software assets were reclassified as intangible assets from property, plant and equipment. There was no impact to the Consolidated income statement in the current or prior years.

20. Right-of-use assets

	Offices £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
1 April 2021	4,601	744	95	5,440
Additions	104	155	–	259
Lease reassessment	(401)	–	–	(401)
At 31 March 2022	**4,304**	**899**	**95**	**5,298**
Accumulated depreciation				
1 April 2021	1,319	469	40	1,828
Charge for the year	649	204	20	873
At 31 March 2022	**1,968**	**673**	**60**	**2,701**
Carrying amount				
At 31 March 2022	**2,336**	**226**	**35**	**2,597**
At 31 March 2021	3,282	275	55	3,612

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year ended 31 March 2022

21. Investments – fair value through profit or loss
Non-current asset investments

	Investments at fair value through profit or loss £'000	Total £'000
At 31 March 2020	51	51
At 31 March 2021	37	37
Loss from change in fair value	(37)	(37)
At 31 March 2022	**–**	**–**

The Group's investment in unregulated collective investment scheme ("UCIS") were written down in the period to £nil. The investment was to cover a corresponding creditor of £25,000, therefore a net write-down of £12,000 was recognised in the Income Statement.

Current asset investments

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Trading investments		
Investments – fair value through profit or loss	**1,647**	920

Financial assets at fair value through profit or loss 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 Group's financial assets held at fair value through profit and loss under current assets 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 financial assets held at fair value through profit and loss under non-current assets fall within this category.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 March 2022				
Financial assets held at fair value through profit and loss	**1,647**	**–**	**–**	**1,647**
At 31 March 2021				
Financial assets held at fair value through profit and loss	920	–	–	920

Further IFRS 13 disclosures have not been presented here as the balance represents 2.148% (2021: 1.277%) of total assets. There were no transfers of investments between any of the levels of hierarchy during the year.

22. Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Due from clients, brokers and recognised stock exchanges at amortised cost	**42,898**	40,633
Other debtors at amortised cost	**1,522**	2,447
Prepayments and accrued income	**5,583**	6,018
	50,003	49,098

23. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash deposits held at bank, repayable on demand without penalty	**11,113**	8,855
	11,113	8,855

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 2022 was £314,424,000 (2021: £274,145,000).

The credit quality of banks holding the Group's cash at 31 March 2022 is analysed below with reference to credit ratings awarded by Fitch.

	2022 £'000	2021 £'000
A+	**7,837**	5,256
AA-	**2,959**	3,337
A-	**45**	25
Unrated or held in cash	**272**	237
	11,113	8,855

24. Deferred tax liability

	Capital allowances £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2020	(65)	(270)	(335)
Use of loss brought forward	–	32	32
Debit to the income statement	(59)	(38)	(97)
At 1 April 2021	(124)	(276)	(400)
Use of loss brought forward	**119**	**(170)**	**(51)**
Debit to the income statement	**–**	**37**	**37**
At 31 March 2022	**(5)**	**(409)**	**(414)**

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £152 (2021: £11,000) in respect of losses amounting to £800 (2021: £58,000) that can be carried forward against future taxable income. Losses amounting to £nil (2021: £nil) and £nil (2021: £nil) expire in 2021 and 2022, respectively.

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25. 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 ("the 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 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.

Financial risk management is a central part of the Group's strategic management which recognises that an effective risk management programme can increase a business's 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 management practices

The Group's credit risk is the risk of loss through default by a counterparty and, accordingly, the Group's definition of default 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 to settle a trade in full when due. Other credit risks, such as free delivery of securities or cash, are not deemed to be significant. 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.

All financial assets at the year-end were assessed for credit impairment and no material amounts have arisen having evaluated the age of overdue debtors, the quality of recourse to third parties and the availability of mitigation through the disposal of liquid collateral in the form of marketable securities. The Group's write-off policy is driven by the historic dearth of instances where material irrecoverable losses have been incurred. Where the avenues of recourse and mitigation outlined above have not been successful, the outstanding balance, or residual balance if sale proceeds do not fully cover an exposure, will be written off.

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. There is no material concentrated credit risk as the exposures are spread across a substantial number of clients and counterparties.

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 certified 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:

	2022 £'000	2021 £'000
Cash	**11,113**	8,855
Trade receivables	**42,898**	40,633
Other debtors	**1,522**	2,447
Accrued interest income	**108**	55
	55,641	51,990

An ageing analysis of the Group's financial assets is presented in the following table:

At 31 March 2022	Current £'000	0-1 month £'000	2-3 months £'000	Over 3 months £'000	Carrying value £'000
Trade receivables	42,459	245	179	15	42,898
Cash and cash equivalent	11,113	–	–	–	11,113
Other debtors	1,469	11	1	41	1,522
Accrued interest income	108	–	–	–	108
	55,149	256	180	56	55,641

Expected credit loss

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

As noted in principal risks on page 22, the Group undertakes a daily assessment of credit risk which includes monitoring of client and counterparty exposure and credit limits. New clients are individually assessed for their creditworthiness using external ratings where available and all institutional relationships are monitored at regular intervals.

As at 31 March 2022, the Directors of the Company reviewed and assessed the Group's existing assets for impairment using the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets and no additional impairments have been recognised on application and no material defaults are anticipated within the next 12 months.

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 Group. 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.

The table below analyses the Group's cash outflow based on the remaining period to the contractual maturity date.

2022	Less than 1 year £'000	Total £'000
Trade and other payables	49,625	49,625
	49,625	49,625

2021		
Trade and other payables	47,395	47,395
	47,395	47,395

(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 fair value through profit or loss trading investments and are subject to ongoing monitoring.

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year ended 31 March 2022

25. Financial instruments and risk profile continued

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 are valued at their realisable values. The Group's financial assets that are classed as current asset and non-current asset investments (fair value through profit or loss) have been revalued at 31 March 2022 using closing market prices.

A 10% fall in global equity markets would, in isolation, result in a pre-tax decrease to net assets of £164,700 (2021: £92,000). 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.

26. Trade and other payables

	2022 £'000	2021 £'000
Amounts owed to clients, brokers and recognised stock exchanges	**42,325**	39,951
Other creditors	**2,537**	3,059
Contract liability	**14**	28
Accrued expenses	**4,749**	4,357
	49,625	47,395

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 15 days (2021: 14 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

27. Provisions

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

	Professional fees £'000	Client payments £'000	Dilapi-dations £'000	Total £'000
Provisions falling due within one year				
At start of year	–	205	–	205
Additions	595	650	16	1,121
Dilapidation provision transferred from more than one year	–	–	16	16
Utilisation of provision	(140)	(205)	–	(205)
	455	**650**	**32**	**1,137**
Provisions falling due after one year				
At start of year	–	–	675	675
Dilapidation provision transferred to less than one year	–	–	(16)	(16)
Utilisation or release of provision	–	–	(77)	(77)
Interest	–	–	4	4
	–	**–**	**586**	**586**
Total as at 31 March 2022	**455**	**650**	**618**	**1,723**

Professional fees

The Group has provided for the costs to remediate and improve its financial crime control framework. See notes 4 and 10.

Client payments

These provisions relate to expected payments to clients for redress, claims or complaints together with associated costs which in the opinion of the Board, need providing for after taking into account the risks and uncertainties surrounding such events. The timing of these settlements are unknown but it is expected that they will be resolved within 12 months. See notes 4 and 10.

Dilapidations

The Group, based on revised estimates, has made an additional provision of £16,000 for dilapidations in connection with acquired leasehold premises (2021: total additional provision of £16,000), which is due within one year. These costs are expected to arise at the end of each respective lease. Provisions for dilapidations payable on leases after more than one year amounted to £586,000, including interest.

The Group had six leased properties, all of which had contractual dilapidation requirements. The dilapidation provisions in relation to these leases range from net present values as at the year-end of £10,000 to £525,000 per lease.

28. Lease liabilities

Lease liabilities	Offices £'000	Computer software £'000	Computer hardware £'000	Total £'000
At 1 April 2021	3,486	261	55	3,802
Additions	104	155	–	259
Lease reassessments	(417)	–	–	(417)
Interest	87	5	1	93
Lease payments	(923)	(248)	(21)	(1,192)
At 31 March 2022	**2,337**	**173**	**35**	**2,545**

Lease liabilities profile (statement of financial position)	2022 £'000	2021 £'000
Amounts due within one year	**245**	946
Amounts due after more than one year	**2,300**	2,856
	2,545	3,802

Undiscounted lease maturity analysis	2022 £'000	2021 £'000
Within one year	**340**	1,069
Between one and two years	**491**	266
Between two and five years	**2,058**	3,898
Over five years	**54**	65
Total undiscounted lease liabilities	**2,943**	5,298

29. Called-up share capital

	2022 £'000	2021 £'000
Called-up, allotted and fully paid 43,327,328 (2021: 43,327,328) Ordinary Shares of 6²/₃p each	**2,888**	2,888

The Group's Articles were amended in 2010 since when there has been no authorised share capital. Shareholders have no restrictions on their holdings except for certain investment managers who were awarded shares in the Group soon after joining as part of the consideration for their client relationships. These holdings cannot be sold for a period of four to six years from commencement date.

The following movements in share capital occurred during the year:

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 April 2021	43,327,328	2,888	3,763	6,651
At 31 March 2022	**43,327,328**	**2,888**	**3,763**	**6,651**

The Group's capital is defined for accounting purposes as total equity. As at 31 March 2022, this totalled £22,112,000 (2021: £22,322,000).

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 to support the development of the business;
- optimise the distribution of capital across the Group's subsidiaries, reflecting the requirements of each company;
- strive to make capital freely transferable across the Group where possible; and
- comply with regulatory requirements at all times.

Notes to the accounts continued
year ended 31 March 2022

29. Called-up share capital continued

Walker Crips Group plc 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 2022 and 2021.

Treasury shares

The Group 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 (note 30). No gain or loss has been recognised in the income statement in relation to these shares.

30. Reserves

Apart from share capital and share premium, the Group holds reserves at 31 March 2022 under the following categories:

Own shares held	(£312,000) (2021: (£312,000))	the negative balance of the Group's own shares, which have been bought back and held in treasury.
Retained earnings	£11,050,000 (2021: £11,260,000)	the net cumulative earnings of the Group, which have not been paid out as dividends, are retained to be reinvested in our core, or developing, companies.
Other reserves	£4,723,000 (2021: £4,723,000)	the cumulative premium on the issue of shares as deferred consideration for corporate acquisitions £4,612,000 (2021: £4,612,000) and non-distributable reserve into which amounts are transferred following the redemption or purchase of the Group's own shares £111,000 (2021: £111,000).

31. Cash generated by operations

	2022 £'000	2021 £'000
Operating profit for the year	**326**	22
Adjustments for:		
Amortisation of intangibles	**862**	837
Changes in the fair value of deferred consideration	**–**	31
Net change in fair value of financial instruments at fair value through profit or loss*	**(347)**	(362)
Share of associate after tax result	**(57)**	(66)
Depreciation of property, plant and equipment	**303**	375
Depreciation of right-of-use assets**	**873**	961
Decrease in debtors***	**(915)**	(24,572)
Increase in creditors***	**3,172**	24,580
Net cash inflow	**4,217**	1,806

* Revaluation (profit)/loss on proprietary positions.

** Lease liability payment associated with RoU assets were £1,052,000 (2021: £1,133,000).

*** Cash inflow from working capital movement of £2,257,000 (2021: £8,000). The movement in working capital includes provisions made in respect of accrued exceptional costs of £1,105,000 (2021: £301,000). Actual cash outflow relating to exceptional costs in the year amounted to £435,000 (2021: £118,000).

32. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £nil (2021: £nil) contracted but not provided for and £nil (2021: £nil) capital commitments authorised but not contracted for.

33. Related parties

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

	2022 £'000	2021 £'000
Commission and fees received from Directors and their close family members	**15**	15

Other related parties include Charles Russell Speechlys, of which Martin Wright, Chairman, 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 (including the fees paid to the firm for Mr. Wright's services as Director) was £268,000 (2021: £154,000).

Fees of £30,000 (2021: £nil) were received by EnOC Technologies Ltd from CyberQuote Pte Ltd (a company, where Hua Min Lim is a shareholder) for the service provided on normal commercial terms.

Commission of £4,245 (2021: £7,587) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where Hua Min Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore, where Hua Min Lim is a Director), again all on standard commercial terms, both these items being included in revenue. Transactions between the Group 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 are disclosed in the table below.

	2022 £'000	2021 £'000
Key management personnel compensation		
Short-term employee benefits	**458**	432
Post-employment benefits	**33**	31
Share-based payment	**–**	–
	491	463

34. Contingent liability

From time to time, the Group receives complaints or undertakes past business reviews, the outcomes of which remain uncertain and/or cannot be reliably quantified based upon information available and circumstances falling outside the Group's control. Accordingly, contingent liabilities arise, the ultimate impact of which may also depend upon availability of recoveries under the Group's indemnity insurance and other contractual arrangements. Other than the complaints deemed to be probable, the Directors presently consider a negative outcome to be remote or a reliable estimate of the amount of a possible obligation cannot be made. As a result, no disclosure has been made in these financial statements. As explained in note 4, certain provisions remain subject to estimation uncertainty which may result in material variations in such estimates as matters are finalised.

35. Subsequent events

There are no material events arising after 31 March 2022, which have an impact on these financial statements.

36. Deferred cash consideration

	2022 £'000	2021 £'000
Due within one year		
Amounts due to personnel under recruitment contracts/acquisition agreements	**89**	–
Due after one year		
Amounts due to personnel under recruitment contracts/acquisition agreements	**29**	33

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.

The presentation of this note was amended in this financial year to show both current and non-current liabilities for deferred cash consideration on the face of the statement of financial position. In previous years, deferred cash consideration was only separately disclosed on the statement of financial position under non-current liabilities, with current elements of deferred cash consideration being disclosed under other creditors in note 26.

Notes to the accounts continued
year ended 31 March 2022

37. Share-based payments

The Group recognised total expenses in the year of £19,431 (2021: £nil) related to equity-settled share-based payment transactions.

Free share-based payment

The Group established a single scheme in the form of conditional share awards with a three year vesting period. No performance conditions were attached to the scheme except that the relevant employee is employed at the vesting date. This was settled by the purchase of shares in the open market in benefit of the employee and no newly issued or treasury shares can be used to satisfy the award.

One award was made in the financial year.

Share Incentive Plan ("SIP")

Employees who have been employed for longer than three months and are subject to PAYE are invited to join the SIP. Employees may use funds from their gross monthly salary (being not less than £10 and not greater than £150) to purchase Ordinary Shares in the Group ("Partnership Shares"). For every Partnership Share purchased, the employee receives matching shares at a rate of 50%. Employees are offered an annual opportunity to top up contributions to the maximum annual limit of £1,800 (or 10% of salary, if lower). All shares to date awarded under this scheme have been purchased in the market monthly. It is the intention of the Directors to continue this policy in the year to 31 March 2023.

Company balance sheet
as at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Other intangible assets	42	–	3,215
Property, plant and equipment	41	–	856
Investments measured at cost less impairment	43	**21,757**	17,775
		21,757	21,846
Current assets			
Trade and other receivables	44	**758**	759
Deferred tax asset	45	–	74
Cash and cash equivalents		**335**	359
		1,093	1,192
Total assets		**22,850**	23,038
Current liabilities			
Trade and other payables	46	**(3,407)**	(3,162)
		(3,407)	(3,162)
Net current assets/(liabilities)		**(2,314)**	(1,970)
Long-term liabilities			
Landlord contribution to leasehold improvements	49	–	(335)
		–	(335)
Net assets		**19,443**	19,541
Equity			
Share capital	48	**2,888**	2,888
Share premium account	48	**3,763**	3,763
Own shares	48	**(312)**	(312)
Retained earnings	48	**8,381**	8,479
Other reserves	48	**4,723**	4,723
Equity attributable to equity holders of the Company		**19,443**	19,541

As permitted by section 408 of the Companies Act 2006 the Parent Company has elected not to present its own profit and loss account for the year. Walker Crips Group plc reported an after-tax profit for the financial year of £285,000 (2021: after-tax loss of £523,000).

The financial statements of Walker Crips Group plc (Company registration no. 01432059) were approved by the Board of Directors and authorised for issue on 29 July 2022.

Signed on behalf of the Board of Directors:

Sanath Dandeniya
Finance Director

Company statement of changes in equity

year ended 31 March 2022

	Called up share capital £'000	Share premium account £'000	Own shares held £'000	Other £'000	Retained earnings £'000	Total equity £'000
Equity as at 31 March 2020	2,888	3,763	(312)	4,723	9,066	20,128
Total comprehensive loss for the period	–	–	–	–	(523)	(523)
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(64)	(64)
Total contributions by and distributions to owners	–	–	–	–	(64)	(64)
Equity as at 31 March 2021	2,888	3,763	(312)	4,723	8,479	19,541
Total comprehensive income for the period	–	–	–	–	285	285
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(383)	(383)
Total contributions by and distributions to owners	–	–	–	–	(383)	(383)
Equity as at 31 March 2022	**2,888**	**3,763**	**(312)**	**4,723**	**8,381**	**19,443**

The Accounting Policies and Notes on pages 95 to 102 form part of these financial statements.

Notes to the Company accounts

year ended 31 March 2022

38. Significant accounting policies

The separate financial statements of Walker Crips Group plc, the Parent 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 (FRS 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 Parent Company's accounting policies (see note 39).

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

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

Going concern

After conducting enquiries, the Directors believe that the Parent 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 Parent Company's business activities, together with the factors likely to affect its future development, performance and position, has been rigorously assessed.

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	33$^{1}/_{3}$% per annum on cost
Computer software	between 20% and 33$^{1}/_{3}$% per annum on cost
Leasehold improvements	over the term of the lease
Furniture and equipment	33$^{1}/_{3}$% per annum 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 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.

Intangible assets

Client lists

Client lists are recognised when it is probable that future economic benefits will flow to the Parent Company and the cost of the asset can be measured reliably whilst the risk and rewards have also transferred into the Parent Company'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 clients' assets by adding teams of investment managers.

The cost of acquired client lists and businesses generating revenue from clients and investment managers are capitalised. These costs are amortised on a straight-line basis over their expected useful lives of three to twenty years. The amortisation period and amortisation method for intangible assets are reviewed at least each financial year end. All intangible assets have a finite useful life.

Impairment of non-financial assets

At each reporting date, the Parent 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 probable 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.

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.

Notes to the Company accounts continued
year ended 31 March 2022

38. Significant accounting policies continued

Financial instruments
Financial assets and financial liabilities are recognised in the balance sheet when the Parent Company becomes a party to the contractual provisions of the instrument. Section 11 of FRS 102 has been applied in classifying financial instruments depending on the nature of the instrument held.

Revenue
Income consists of profits distribution from Barker Poland Asset Management LLP, interest received or accrued over time and dividend income recorded when received.

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

Debtors
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 in hand and demand deposits, together with other short-term highly liquid investments, which 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 Parent Company after deducting all of its liabilities. Equity instruments issued by the Parent Company are recorded at the proceeds received, net of direct issue costs.

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.

39. 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 assets
Acquired client lists are capitalised based on current fair values. 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 our peers. There were no acquisitions made in the period to 31 March 2022.

On 1 April 2021, the Company transferred the net book value of client list assets, as well as corresponding liabilities to a fully owned subsidiary Walker Crips Investment Management Limited to reflect the correct substance of historical transactions that created them on the balance sheet of the Company (see note 42). The adjustment had no impact on the financial performance or position of the Group.

40. Profit for the year

Profit for the financial year of £285,000 (2021: loss of £523,000) is after an amount of £51,000 (2021: £57,000) related to the auditor's remuneration for audit services to the Parent Company.

Particulars of employee costs (including Directors) are as shown below. Employee costs during the year amounted to:

	2022 £'000	2021 £'000
Employee costs during the year amounted to:		
Wages and salaries	**175**	147
Social security costs	**25**	12
Other costs	**–**	3
	200	162

In the current year, employee costs are those of the Non-Executive Directors, a proportion of Executive Directors and the cost of the Group's profit share scheme. The remaining Executive Directors' employee costs are borne by Walker Crips Investment Management Limited.

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

	2022 Number	2021 Number
Executive Directors	**2**	2
Non-Executive Directors	**4**	4
	6	6

41. Property, plant and equipment

	Leasehold improvements, furniture and equipment £'000	**Computer software £'000**	**Total £'000**
Cost			
At 1 April 2021	1,674	858	2,532
Asset transfers on 1 April 2021*	(1,674)	–	(1,674)
At 31 March 2022	**–**	**858**	**858**
Depreciation			
At 1 April 2021	818	858	1,676
Asset transfers on 1 April 2021*	(818)	–	(818)
Charge for the year	–	–	–
At 31 March 2022	**–**	**858**	**858**
Net book value			
At 31 March 2022	**–**	**–**	**–**
At 31 March 2021	856	–	856

* The cost and accumulated depreciation of leasehold additions, property dilapidation assets and liabilities were transferred on 1 April 2021 to subsidiary Walker Crips Investment Management Limited to reflect the real obligation of the subsidiary to pay for the future works. The adjustment had no impact on the financial performance or position of the Group, in the current year or prior periods, due to the fact that Walker Crips Investment Management Limited is a wholly owned subsidiary.

Notes to the Company accounts continued

year ended 31 March 2022

42. Other intangible assets

	Client lists £'000	Total £'000
Cost		
At 1 April 2021	5,076	5,076
Asset transfers on 1 April 2021*	(5,076)	(5,076)
At 31 March 2022	**–**	**–**
Amortisation		
At 1 April 2021	1,861	1.861
Asset transfers on 1 April 2021*	(1,861)	(1,861)
Charge for the year	–	–
At 31 March 2022	**–**	**–**
Net book value		
At 31 March 2022	**–**	**–**
At 31 March 2021	3,215	3,215

* On 1 April 2021, the Company transferred the net book value of client list assets, as well as corresponding liabilities to a fully owned subsidiary Walker Crips Investment Management Limited to reflect the correct substance of historical transactions that created them on the balance sheet of the Company. The adjustment had no impact on the financial performance or position of the Group, in the current year or prior periods, due to the fact that Walker Crips Investment Management Limited is a wholly owned subsidiary.

43. Investments measured at cost less impairment

	2022 £'000	2021 £'000
Subsidiary undertakings	**21,757**	17,775

During the year, the Company made an investment of £250,000 in Walker Crips Wealth Management Limited, an indirect 100% owned subsidiary of the Group. The Company also recognised at £41,352 the investment value at cost of Investorlink Limited, an historically owned dormant subsidiary, which was not previously recognised in monetary terms in investments.

In addition, on 1 April 2021, the Company transferred the carrying value of intangible assets, property related assets and related liabilities to its wholly owned subsidiary, Walker Crips Investment Management Limited ("WCIM"). The transaction was funded in WCIM by raising an amount of £3,690,000 by way of a capital contribution from the Company. The Company recognised the capital contribution as an increase in its investment in WCIM by £3,690,000.

A complete list of subsidiary undertakings can be found in note 54.

44. Trade and other receivables

	2022 £'000	2021 £'000
Amounts owed by Group undertakings	**758**	751
Prepayments and accrued income	**–**	8
	758	759

A presentational change was made in this note to exclude the deferred tax asset from this grouping and to present it in its own line on the face of the statement of financial position. The deferred tax asset is presented separately in note 45.

45. Deferred taxation

	2022 £'000	2021 £'000
At 1 April	**74**	179
Use of Group Relief	**(14)**	(40)
(Charge)/credit to the income statement	**(60)**	(65)
At 31 March	–	74

Deferred tax has been provided at 25% (2021: 19%).

In the Spring Budget 2021, the Government announced that from 1 April 2023, the UK corporation tax rate will increase from 19% to 25%. This will have a consequential effect on the Company's future tax charge.

46. Trade and other payables

	2022 £'000	2021 £'000
Accruals and deferred income	**61**	142
Amounts due to subsidiary undertakings	**3,270**	2,730
Other creditors	**76**	290
	3,407	3,162

47. Risk management policies

Procedures and controls are in place to identify, assess and ultimately control the financial risks faced by the Parent 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 Parent 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 Parent 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 Parent Company and the Group are made in note 25 of the Consolidated financial statements.

Notes to the Company accounts continued
year ended 31 March 2022

47. Risk management policies continued

(i) Credit risk

Maximum exposure to credit risk:

	2022 £'000	2021 £'000
Cash	335	359
Other debtors	758	751*
As at 31 March	1,093	1,110

The credit quality of banks holding the Group's cash at 31 March 2022 is analysed below with reference to credit ratings awarded by Fitch.

	2022 £'000	2021 £'000
A	–	–
A+	335	359
AA-	–	–
As at 31 March	335	359

Analysis of other debtors due from financial institutions:

		2022 £'000	2021 £'000
Neither past due, nor impaired		758	751*
Amounts past due, but not impaired	< 30 days	–	–
	> 30 days	–	–
	> 3 months	–	–
		–	–

* These disclosures were omitted in the prior year. The correction of these items in prior year do not affect profit or loss or the statement of financial position in the prior or current year. These amounts are for disclosure purposes only.

(ii) Liquidity risk

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

	2022 £'000	2021 £'000
Creditors due within one year	3,407	3,162
Creditors due after more than one year	–	–
As at 31 March	3,407	3,162

	2022 £'000	2021 £'000
Within one year	3,407	3,162
Within two to five years	–	–
After more than five years	–	–
As at 31 March	3,407	3,162

(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

No financial instruments at fair value were held by the Parent Company in the current or prior financial year.

48. Called-up share capital

	2022 £'000	2021 £'000
Called-up, allotted and fully paid		
43,327,328 (2021: 43,327,328) Ordinary Shares of $6^{2}/_{3}$p each	**2,888**	2,888

No new shares were issued in the year to 31 March 2022 or the prior year.

The Parent Company holds 750,000 of its own shares, purchased for a 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 2021	43,327,328	2,888	3,763	6,651
At 31 March 2022	**43,327,328**	**2,888**	**3,763**	**6,651**

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 Parent Company holds reserves at 31 March 2022 under the following categories:

Own shares held	(£312,000) (2021: (£312,000))	the negative balance of the Parent Company's own shares that have been bought back and held in treasury.
Retained earnings	£8,381,000 (2021: £8,479,000)	the net cumulative earnings of the Parent Company, which have not paid out as dividends, retained to be reinvested in our core or new business.
Other reserves	£4,723,000 (2021: £4,723,000)	the cumulative premium on the issue of shares as deferred consideration for corporate acquisitions £4,612,000 (2021: £4,612,000) and non-distributable reserve into which amounts are transferred following the redemption or purchase of the Group's own shares £111,000 (2021: £111,000).

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

	2022 £'000	2021 £'000
Landlord contribution to leasehold improvements	**–**	335
	–	335

The landlord contribution towards leasehold improvements was transferred on 1 April 2021 to subsidiary Walker Crips Investment Management Limited to reflect the real obligation of the subsidiary to pay for the future works. The adjustment had no impact on the financial performance or position of the Group, in the current year or prior periods, due to the fact that Walker Crips Investment Management Limited is a wholly owned subsidiary.

Notes to the Company accounts continued
year ended 31 March 2022

50. Financial commitments

Capital commitments
At the end of the year, there were capital commitments of £nil (2021: £nil) contracted but not provided for and £nil (2021: £nil) capital commitments authorised but not contracted for.

Lease commitments
The Company did not have any annual commitments under non-cancellable operating leases (2021: £nil).

51. Related party transactions
Key Management are those persons having authority and responsibility for planning, controlling and directing the activities of the Parent Company and Group. In the opinion of the Board, the Parent Company and Group's key management are the Directors of Walker Crips Group plc.

Total compensation to key management personnel is £491,000 (2021: £463,000).

52. Contingent liability
From time to time, the Company receives complaints or undertakes past business reviews, the outcomes of which remain uncertain and/or cannot be reliably quantified based upon information available and circumstances falling outside the Company's control. Accordingly contingent liabilities arise, the ultimate impact of which may also depend upon availability of recoveries under the Company's indemnity insurance and other contractual arrangements. Other than the complaints deemed to be probable, the Directors presently consider a negative outcome to be remote or a reliable estimate of the amount of a possible obligation cannot be made. As a result, no disclosure has been made in these financial statements.

53. Subsequent events
There are no material events arising after 31 March 2022, which have an impact on these financial statements.

54. Subsidiaries and associates

	Principal place of business	Principal activity	Class and percentage of shares held
Group			
Trading subsidiaries			
Walker Crips Investment Management Limited[1]	United Kingdom	Investment management	Ordinary Shares 100%
London York Fund Managers Limited[2]	United Kingdom	Management services	Ordinary Shares 100%
Walker Crips Wealth Management Limited[2]	United Kingdom	Financial services advice	Ordinary Shares 100%
Ebor Trustees Limited[2]	United Kingdom	Pensions management	Ordinary Shares 100%
EnOC Technologies Limited[1]	United Kingdom	Financial regulation and other software	Ordinary Shares 100%
Barker Poland Asset Management LLP[1]	United Kingdom	Investment management	Membership 100%
Non-trading subsidiaries			
Walker Crips Financial Services Limited[1]	United Kingdom	Financial services	Ordinary Shares 100%
G & E Investment Services Limited[2]	United Kingdom	Holding company	Ordinary Shares 100%
Ebor Pensions Management Limited[2]	United Kingdom	Dormant company	Ordinary Shares 100%
Investorlink Limited[1]	United Kingdom	Agency stockbroking	Ordinary Shares 100%
Walker Cambria Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
Walker Crips Trustees Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
W.B. Nominees Limited[1]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (PEP) Nominees Limited[1]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (ISA) Nominees Limited[1]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB Nominees Limited[1]	United Kingdom	Nominee company	Ordinary Shares 100%
Walker Crips Consultants Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
Walker Crips Ventures Limited[1]	United Kingdom	Financial services advice	Ordinary Shares 100%

The registered office for companies and associated undertakings is:

1 Old Change House, 128 Queen Victoria Street, London, England, EC4V 4BJ.
2 Apollo House, Eboracum Way, York, England, YO31 7RE.

Officers and professional advisers

Directors

Executive Directors
Sean Lam FCPA (Aust.), Chartered FCSI – Chief Executive Officer
Sanath Dandeniya FCCA – Group Finance Director

Non-Executive Directors
Martin Wright – Chairman
Clive Bouch FCA – Audit Committee & Remuneration Committee Chairman & Senior Independent Director
David Gelber
Hua Min Lim

Secretary

Rod Goddard

Registered office

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London

Solicitors

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London

Auditor

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